

NORDIC ELECTRICITY MARKET

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STRONG DOWNWARD PRESSURE CREATED BY NERVOUS MARKET SENTIMENT, WET WEATHER FORECASTS AND CRASHING OIL PRICES

Forecast to week 11:

ENOFUTBLQ2-20	📉 Bearish (<0%)
ENOYR-21	📉 Bearish (<0%)
NP System	📉 Bearish (<0%)
NEDEC20	📉 Bearish (<0%)

Market signals

	spot	Q2-20	YR-21
Hydrologic balance	↓	↓	↓
Precipitation forecast	↓	↓	↓
Temperature forecast	↓	↓	↓
Spot	↔	↓	→
Production and transmission exch.	↓	↓	→
Emissions allowance	↓	↓	↓
Coal price	↓	↓	↓
German prices	↓	↓	↓
Technical analysis	↔	↓	↓

FORECAST TO WEEK 11

POWER FUTURES

Front quarter

Over the weekend, the weather forecasts started to indicate an increase in precipitation and higher temperatures. The weather type will mainly continue to be rainier than normal and the hydro balance will increase. The temperatures will drop temporarily towards the end of the week, but mild weather will continue again next week. The weather forecasts are not showing signs of a turn for a dry or cold weather type. We expect quarterly products to fall.

Annual products

Oil prices crashed on Monday following Saudi Arabia's oil output hike announcement. The announcement has been interpreted as a declaration of a price war as OPEC and Russia failed to agree on oil production cuts last week. The general market sentiment is very nervous and stock indices are plummeting again. We expect annual product prices to fall in the wake of the weak oil prices and the nervous market sentiment. The wet and mild weather picture and the high hydro balance are strengthening the downward pressure on the front-year product.

SPOT MARKET

The weather is milder than normal for the time of year. The temperatures will take a downturn towards the end of the week, however, and the weekend's weather will be momentarily colder than normal. Nordic wind power production will rise to a high level after the first days of the week until a momentary drop in output on Saturday. The high hydro balance and wetter-than-normal weather picture are exerting downward pressure on spot prices. Nuclear power output will drop at the weekend as the Ringhals 1 unit is closed for maintenance on Friday. Finnish wind power production will be abundant on Monday but will drop to a level slightly below normal after Tuesday morning. At the weekend, Finnish wind power production will rise to a level slightly above normal. We expect the system price to fall at the weekly level and to settle at an average of €10.5/MWh. We expect the Finnish area price to also fall and settle at an average of €23.5/MWh.

EMISSIONS

The nervous mood, crashing oil prices and weak German power market are putting downward pressure on emission allowance prices. On Monday, the closest emission allowance price support level at €23 was also broken. We expect emission allowance prices to fall, but last autumn's low at around €22 may restrict the downward pressure.

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ2-20	6.3.2020	12.60	-4.5%	-0.60
ENOFUTBLQ3-20	6.3.2020	13.15	-1.5%	-0.20
ENOFUTBLQ4-20	6.3.2020	24.67	1.4%	0.34
ENOFUTBLQ1-21	6.3.2020	30.55	0.2%	0.05
ENOYR-21	6.3.2020	26.60	0.9%	0.25
ENOYR-22	6.3.2020	28.55	0.0%	0.00
ENOYR-23	6.3.2020	29.40	0.7%	0.20
ENOYR-24	6.3.2020	29.08	0.3%	0.08
ENOYR-25	6.3.2020	30.33	-0.1%	-0.02
NEDEC20	6.3.2020	23.40	-0.8%	-0.18
NEDEC20	6.3.2020	23.40	-0.8%	-0.18

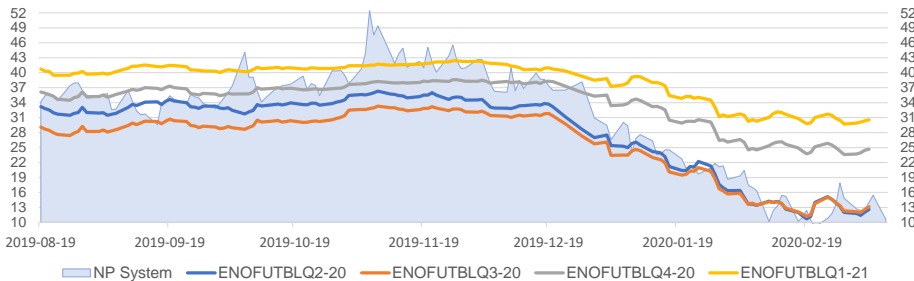
EPAD settlements

6.3.2020 (€/MWh)	2021	2022	2023
SYHEL	8.05	4.50	3.75
SE1-NP System	-1.50	-2.25	-2.25
SE2 - NP System	-1.50	-2.25	-2.25
SE3 - NP System	1.25	1.35	1.35
SE4 - NP System	2.60	2.60	2.60

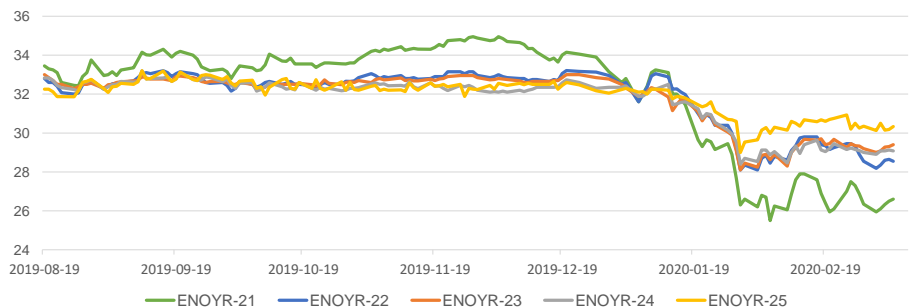
Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	8.3.2020	12.83	1.0%	0.12
NP Area FI	8.3.2020	26.79	-18.4%	-6.05
NP Area SE1	8.3.2020	13.80	-26.9%	-5.08
NP Area SE2	8.3.2020	13.80	-26.9%	-5.08
NP Area SE3	8.3.2020	22.17	-8.8%	-2.14
NP Area SE4	8.3.2020	22.17	-8.8%	-2.14

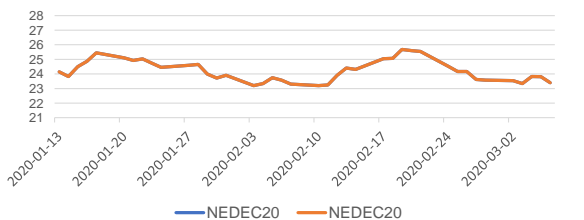
Quarters EUR/MWh (left), NP System EUR/MWh (right)



Years EUR/MWh



Carbon EUR/CO2 t



COMMENTS ON WEEK 10

POWER FUTURES

Front quarter

Last week, quarterly products declined in the first half of the week due to the wet and mild weather picture. The rest of the week saw a slight recovery in quarterly products as the weather forecasts showed slight signs of drier weather after the week ahead. Support was also provided by the slightly higher spot prices. At the weekly level, quarterly products showed a decline, however.

Annual products

Last week, annual products took an upturn after the first days of the week. In the stock markets, indices recovered slightly after the previous week's steep drop. The calmer market sentiment provided some support for fuel and emission allowance prices. Consequently, annual products recovered. At the weekly level, annual products ended up mainly on a slight upward trajectory.

SPOT MARKET

Last week, Nordic wind power production was mainly weaker than normal and temperatures dropped towards the end of the business week. This resulted in the system price rising at the weekly level. The high hydro situation curbed the support for spot prices, however. The weather also remained slightly milder than normal and nuclear power output increased from the previous week. On the other hand, Finnish wind power production rose to a high level on Wednesday and Thursday and the Finnish area price dropped at the weekly level. The Finnish area price still remained clearly above the system price, however.

EMISSIONS

Last week, the situation calmed down slightly in the stock markets and the calmer market sentiment also put a halt to the downward pressure on emission allowance prices. The UK auctions restarted last week after a long pause. The auctions went well, however, lending support to emission allowance prices. At the weekly level, emission allowance prices closed on a slight downward trajectory, however.

Indicator	ENOFUTBLQ2-20	ENOYR-21
Coal-fired production	70 %	64 %
Coal price	74 %	65 %
Gas price (NBP)	78 %	68 %
German price level	6 %	85 %
Spot	91 %	84 %
Crude oil Brent	39 %	50 %
Water reservoirs	92 %	90 %
EUR/USD FX rate	10 %	12 %
Temperature	8 %	5 %
Precipitation	16 %	13 %

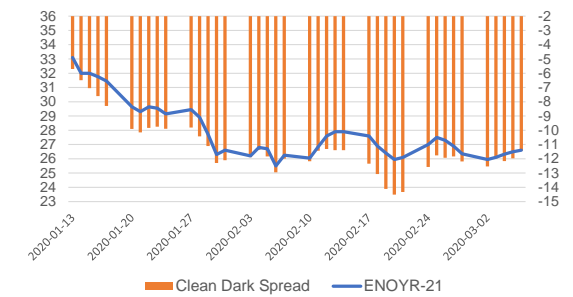
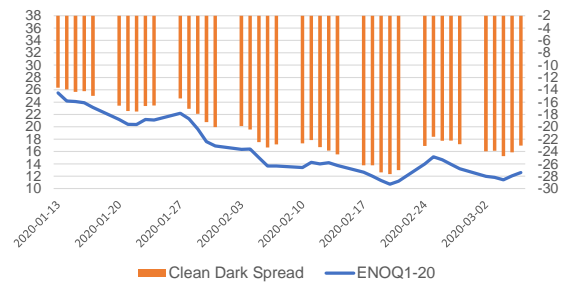
Definition
The above figures measure the ability of market determinants to describe the price changes occurred in last 6 months. The affect is measured as Coefficient of Determination*. Each variable is evaluated independently. We use a color scale to demonstrate efficacy, green (strong), yellow (moderate), red (weak)

Forecast history	10	Chg	9	Chg
ENOFUTBLQ2-20	↘	-4.5%	↗	17.9%
ENOYR-21	↘	0.9%	↗	1.0%
NP System	↻	1.0%	↗	63.3%
NEDEC20	↘	-0.8%	↘	-7.7%

DETERMINANTS AFFECTING THE MARKET ON WEEK 11

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

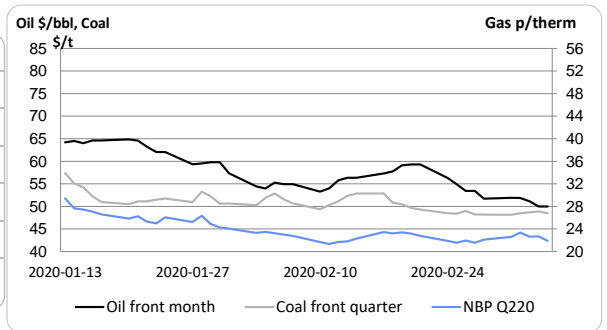
- Ringhals 1 (881 MW), 13.3.-10.4.2020, in use 13.-14.3.2020 440 MW, 14.3.-10.4.2020 0 MW
- FI-EE (1016 MW), maintenance 6.-12.3.2020, in use 658-1016 MW
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 100%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 12 % of the maximum



AVERAGE SPOT PRICE AND EPAD

Price area (€/MWh)	2012	2013	2014	2015	2016	2017	2018	2019	2020*
NP System	31.20	38.10	29.60	21.00	26.91	29.41	43.99	38.94	17.92
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	7.95
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	0.28
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	0.28
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	3.03
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	4.99

*Average for period between 1.1.2020-9.3.2020.



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Source for data: intStream, Tilastokeskus

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