

### NORDIC ELECTRICITY MARKET

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### DRY AND WARM FORECAST, BUT WEATHER NORMALIZING

Forecast to week 25:	
ENOFUTBLQ3-20	↗ Bullish (>0%)
ENOYR-21	↔ Sideways (± 0,5%)
NP System	↗ Bullish (>0%)
NEDEC20	↘ Bearish (<0%)

Market signals	spot	Q3-20	YR-21
Hydrologic balance	→	↑	↑
Precipitation forecast	↑	↑	→
Temperature forecast	↓	→	→
Spot	→	↓	↓
Production and transmission exch.	↓	→	→
Emissions allowance	→	↑	↑
Coal price	→	→	↓
German prices	→	→	→
Technical analysis		↑	↑

### FORECAST TO WEEK 25

#### POWER FUTURES

##### Front quarter

The forecast is still for very dry weather for next week but from Sunday onwards rainfall will begin to be normal. The forecast is for temperatures way over normal until the middle of next week. However, there are still no signs of wet weather on the way. The very dry weather combined with evaporation has reduced the total hydro situation to only slightly above normal. Flow rates will continue to be very high as the warm weather melts the snow in the mountains. We expect front prices to rise as the hydro situation weakens, but pricing is particularly sensitive to changes in the weather type.

##### Annual products

The weakening hydro situation will strengthen the front year, but any change in the weather type towards normal will dampen the change. A softening of the stock markets in recent days, which had been pushed up partly by growing fears of a second wave of coronavirus, is exerting pressure on annual products. Also oil and coal prices have again fallen slightly with continued concerns about demand. Emission allowance prices have shown an upward trend, but at the same time have slightly softened. We expect annual products to remain close to their current level unless stock market sentiment starts to fall further.

#### SPOT MARKET

Recent days have seen flow rates increase slightly as the weather accelerates melting. Wind power production will be very low, roughly half the normal rate, for the whole week. Very dry weather will weaken the hydro situation, but hydropower producers cannot yet raise the water value because of high flow rates. Consumption will be lower than normal during Midsummer week. We expect the system price to rise only slightly and to settle at a level averaging €3.5/MWh. Oililuoto 1 is in normal production and the transmission link between Finland and Estonia is in use. Wind power production in Finland will be lower than normal throughout the week. We expect the Finnish area price to fall at the weekly level but to settle at clearly higher than the system price for weekdays.

#### EMISSIONS

Emission allowance prices are currently still technically rising, but with low demand and economic sentiment having taken a turn for the worse there is no great support for the price. However, warmer weather in Europe may drive the price slightly upwards in the short term. It can be assumed that emission allowance prices will continue to react to the direction taken by the stock markets and fuels. A level of €20.80/t is now a strong support level, which if breached would see emission allowance prices on a downward trend.

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ3-20	12.6.2020	13.40	16.5%	1.90
ENOFUTBLQ4-20	12.6.2020	23.60	1.5%	0.35
ENOFUTBLQ1-21	12.6.2020	29.40	0.9%	0.25
ENOFUTBLQ2-21	12.6.2020	21.45	1.7%	0.35
ENOYR-21	12.6.2020	24.45	1.2%	0.29
ENOYR-22	12.6.2020	25.55	-0.6%	-0.15
ENOYR-23	12.6.2020	27.00	-0.2%	-0.05
ENOYR-24	12.6.2020	28.28	-0.4%	-0.12
ENOYR-25	12.6.2020	28.50	-1.5%	-0.43
NEDEC20	12.6.2020	21.94	-4.0%	-0.91
NEDEC20	12.6.2020	21.94	-4.0%	-0.91

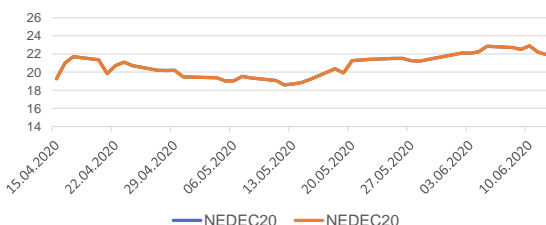
#### EPAD settlements

12.6.2020 (€/MWh)	2021	2022	2023
SYHEL	8.78	4.93	3.70
SE1- NP System	-1.50	-2.90	-3.50
SE2 - NP System	-1.50	-2.90	-3.50
SE3 - NP System	1.73	1.70	1.70
SE4 - NP System	3.80	3.50	3.50

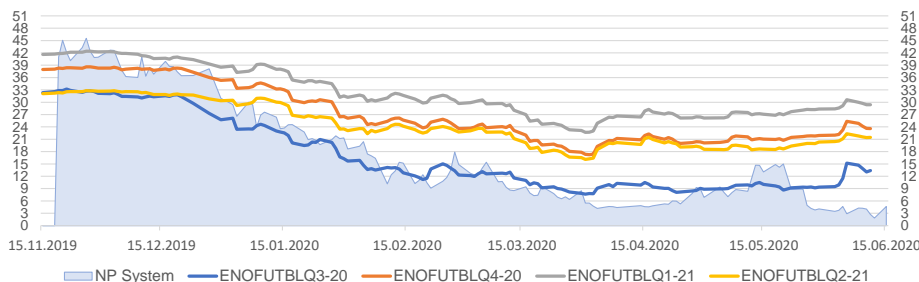
#### Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	14.6.2020	2.88	-7.9%	-0.25
NP Area FI	14.6.2020	18.42	-25.9%	-6.45
NP Area SE1	14.6.2020	7.32	-18.2%	-1.63
NP Area SE2	14.6.2020	7.32	-18.2%	-1.63
NP Area SE3	14.6.2020	13.13	-30.3%	-5.70
NP Area SE4	14.6.2020	13.13	-30.3%	-5.70

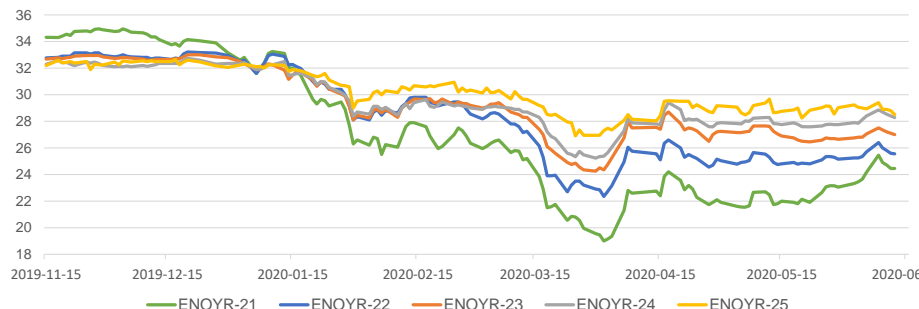
#### Carbon EUR/CO2 t



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



Years EUR/MWh



COMMENTS ON WEEK 24

**POWER FUTURES**

**Front quarter**

At the start of last week, the weather forecasts were for considerably drier weather than the previous week. Strong evaporation was forecast for the whole of last week and the dry weather continued during the current week. Also emission allowance prices had climbed to a level north of €23/t already at the close of the previous week. The front quarter product opened on Monday with a strong upward trend and closed at the end of the day at a level north of €15/MWh, the highest price since the start of February. Even though the forecast for the rest of the week was for mainly very dry weather, front quarter products retreated after something of a rally on Monday and the front quarter product closed the week slightly higher than the opening on Monday. However, at the weekly level there was a considerable rise.

**Annual products**

Because of very dry weather annual products too opened last week on a strong upward note, with the price exceeding the previous resistance level of €24.25/MWh. Also annual products retreated during the week as fuel and emission allowance prices fell. However, at the weekly level the nearest annual product showed a clear rise and closed slightly north of the earlier resistance level of around €24.50/MWh.

**SPOT MARKET**

Last week flow rates decreased during the first half the week but rose again at the weekend to a level approaching 2.5 TWh/day. Wind power production rose from a low level earlier in the week to slightly above the normal level towards the end of the week. However, wind power production in Finland was at quite a low level throughout the week because of the warm weather. Transmission restrictions continued from South Norway to different areas such as Denmark, the Netherlands and South Sweden. Because of this and high flow rates, the South Norway spot price level settled at a level of around €1.5/MWh as was the case the previous week. At the same time, the system price remained low and settled at a level of south of €3/MWh. In Finland, the annual maintenance of Oikiluoto 1 ended and the unit returned to production earlier in the week. The strong transmission restriction between Norway and Sweden, however, lifted Swedish area prices and also the Finnish area price during a period of low wind power production. At the weekend, the Finnish area price fell to a very low level approaching the system price. At the weekly level, the Finnish area price ultimately fell to slightly above €18/MWh and at the same time the area price difference narrowed compared to the previous week.

**EMISSIONS**

Last week emission allowance prices were in retreat. Monday opened at the highest level since March, but prices immediately started to fall from these levels. Stronger fuel prices brought support during the week, but the US economic outlook and concerns about new coronavirus infections put downward pressure on stock markets. Emission allowance prices mostly followed the stock markets and closed 5% down at the weekly level.

Indicator	ENOFUTBLQ3-20	ENOYR-21
Coal-fired production	76 %	89 %
Coal price	72 %	68 %
Gas price (NBP)	70 %	69 %
German price level	6 %	85 %
Spot	90 %	81 %
Crude oil Brent	72 %	85 %
Water reservoirs	32 %	23 %
EUR/USD FX rate	22 %	23 %
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	24	Chg	23	Chg
ENOFUTBLQ3-20	↗	16.5%	↘	25.0%
ENOYR-21	↗	1.2%	↘	4.8%
NP System	↗	-7.9%	↘	-28.7%
NEDEC20	↗	-4.0%	↻	6.8%

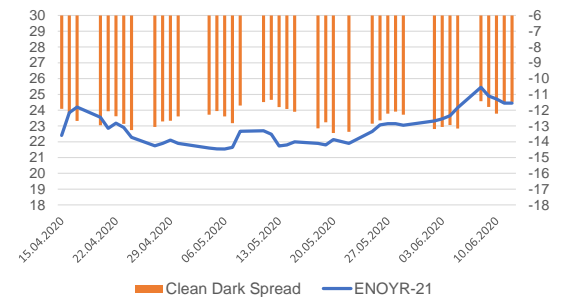
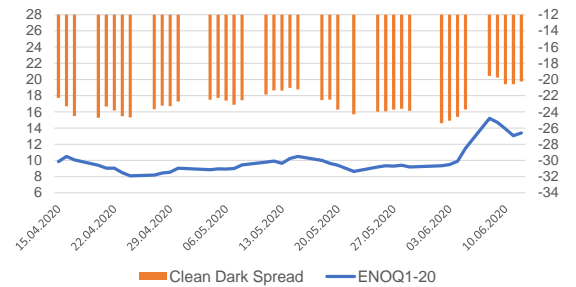
DETERMINANTS AFFECTING THE MARKET ON WEEK 25

**RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY**

Forsmark 2 (1120 MW), 3.5.-19.6.2020, maintenance, in use 0 MW  
 Ringhals 3 (1063 MW), 22.4-2.7.2020 maintenance, in use 0 MW  
 Ringhals 1 (881 MW), 13.3.-30.9.2020 maintenance, in use 0 MW

RU-FI (1300 MW), 10.-15.6.2020 failure, in use 800-1080 MW

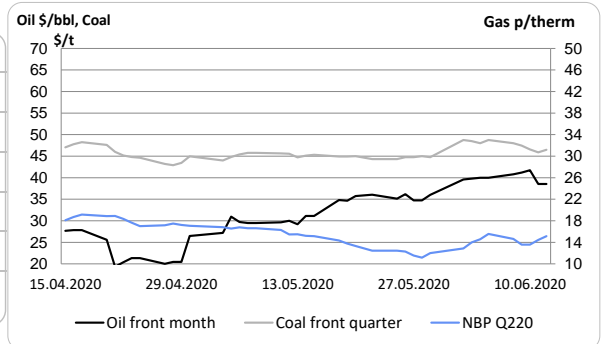
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 72%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 3 % of the maximum



**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	11.19
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	11.07
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	0.72
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	0.72
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	4.44
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	6.47

\*Average for period between 1.1.2020-15.6.2020.



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Source for data: intStream, Tilastokeskus

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