

NORDIC ELECTRICITY MARKET

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COOL AND WET WEATHER TYPE CONTINUES, EMISSION ALLOWANCE DOWN FROM PEAK

Forecast to week 30:

ENOFUTBLQ4-20	📉 Bearish (<0%)
ENOYR-21	📉 Bearish (<0%)
NP System	📉 Bearish (<0%)
NEDEC20	📉 Bearish (<0%)

FORECAST TO WEEK 30

POWER FUTURES

Front quarter

The forecasts are considerably wetter weather during the weekend and clearly wetter than normal. The forecasts show no signs of a change in the weather type and the whole period is also cooler than normal. The hydro balance forecast has risen almost 3 TWh since last week and this is squeezing near products. We expect the near product to continue falling even though the price level is already very low.

Annual products

Forecasts for wetter weather and a softening of emission allowances are exerting downward pressure on the nearest annual product. The fall in emission allowance could bring a downward sentiment to the market but should not result in any real fall to annual products, which have not mustered the strength to rise along with emission allowances. The price difference between Germany and the marginal cost of coal/gas condensate is very high and forms the risk of a rise once the weather type changes in due course. Annual products are expected to show only a slight fall at the weekly level as the emission allowance retreats.

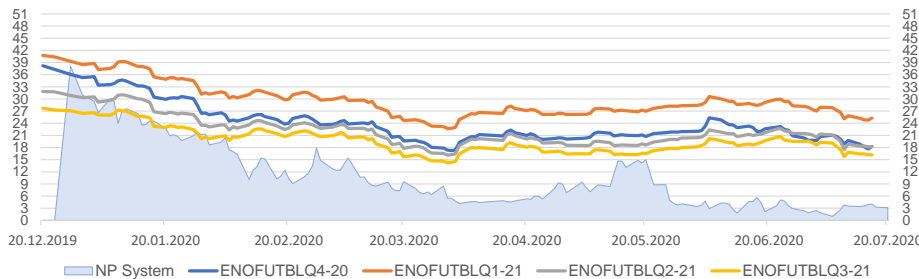
SPOT MARKET

The current week will be much wetter than normal and flow rates have risen to above normal. From Tuesday onwards, wind power production will increase to double the normal and not return until Sunday to below normal. Also in Finland, wind power production will rise to above normal. Because of the summer holiday season, consumption is very low. We expect the system price to remain very low as flow rates rise and with abundant wind power production. The Finnish area price is expected to fall from Wednesdays onwards because of increasing wind power production, which means that the Finnish price is usually linked to the Swedish price level. At the weekly level, the system price is expected to fall to about €3 and the Finnish area price to fall to about €20/MWh at the weekly level.

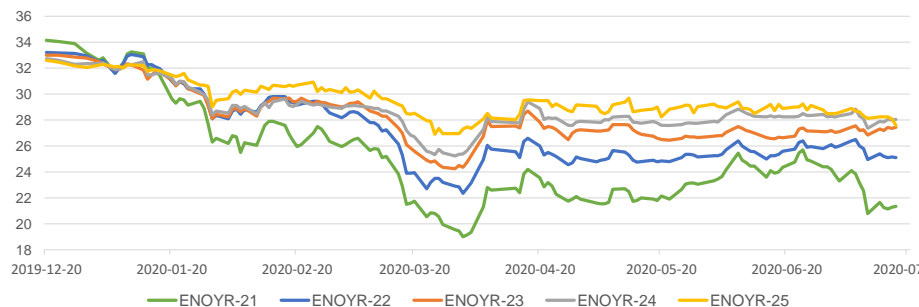
EMISSIONS

Last week saw a corrective downward movement in the emission allowance price and the technical picture has deteriorated as the MACD indicates a decline. The fundamentals picture has long been weak, but growing incidences of coronavirus around the world may bring additional pressure to the emission allowance price through softer stock and fuel markets. EU decision-makers continued talking at the coronavirus EU recovery plan summit on Monday and the outcome may also bring some direction to the market. We expect the emission allowance price to continue to remain relatively strong but last week's downward price movements and the threats facing the global economy are adding to the risk of a fall.

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



Years EUR/MWh



Market signals

	spot	Q4-20	YR-21
Hydrologic balance	↓	↓	↓
Precipitation forecast	↓	↓	↓
Temperature forecast	→	→	→
Spot	→	↓	↓
Production and transmission exch.	↓	→	→
Emissions allowance	→	↓	↓
Coal price	→	↑	↑
German prices	↑	↑	↑
Technical analysis	↓	↓	→

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ4-20	17.7.2020	18.25	-3.2%	-0.60
ENOFUTBLQ1-21	17.7.2020	25.25	0.6%	0.15
ENOFUTBLQ2-21	17.7.2020	18.15	3.4%	0.60
ENOFUTBLQ3-21	17.7.2020	16.20	2.5%	0.40
ENOYR-21	17.7.2020	21.35	2.7%	0.56
ENOYR-22	17.7.2020	25.10	0.6%	0.15
ENOYR-23	17.7.2020	27.45	2.2%	0.60
ENOYR-24	17.7.2020	28.05	2.5%	0.68
ENOYR-25	17.7.2020	27.58	-2.0%	-0.55
NEDEC20	17.7.2020	27.90	-4.0%	-1.16
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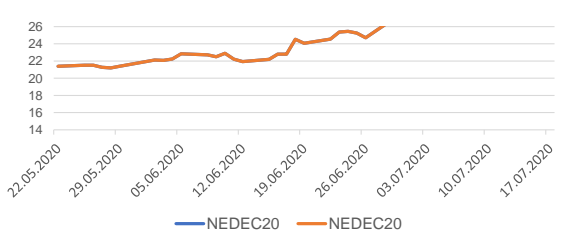
EPAD settlements

17.7.2020 (€/MWh)	2021	2022	2023
SYHEL	10.23	5.68	4.38
SE1-NP System	-1.50	-2.70	-2.50
SE2 - NP System	-1.50	-2.70	-2.50
SE3 - NP System	2.48	2.25	2.05
SE4 - NP System	4.75	3.75	3.75

Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	19.7.2020	3.30	36.2%	0.88
NP Area FI	19.7.2020	23.06	37.0%	6.23
NP Area SE1	19.7.2020	13.82	25.4%	2.80
NP Area SE2	19.7.2020	13.82	25.4%	2.80
NP Area SE3	19.7.2020	13.82	24.8%	2.74
NP Area SE4	19.7.2020	13.82	24.8%	2.74

Carbon EUR/CO2 t



COMMENTS ON WEEK 29

POWER FUTURES

Front quarter

With the drier weather type during the weekend, the front quarter opened the week on an upward note and was also supported by the rising emission allowance price. However, already in Tuesday the direction took a downward turn as weather forecasts confirmed a continuation of the cool, rainy weather type. Also the emission allowance price took a downward turn during the course of the week. The near quarter closed the week just under €1 down at the weekly level. Continued low spot prices and the forecast for a slightly higher hydro balance also provided support for the fall.

Annual products

Last week, the nearest annual product, like other near products, opened with a rise on the back of the weather forecast and strong emission allowance. Also the direction of the annual product reversed with wetter weather and the downward correction in the earlier rise of the emission allowance. The price of coal again rose to north of USD 60/t and has clearly strengthened since the spring. The price of German electricity fell slightly along with the emission allowance. There is still a very big price difference between the German and the Nordic price. Annual products closed slightly up at the weekly level.

SPOT MARKET

Last week the weather was notably cooler than normal and flow rates remained below normal. Wind power production was largely below normal. Consumption is very low because of the summer holiday season. Transmission restrictions continued aplenty from South Norway to other areas and Norwegian hydropower producers have still not been able to significantly increase pricing. At the weekly level, the system price rose less than €1 to settle at a level of €3.3/MWh. Buoyed by low wind power production, the Finnish area price rise rose a lot to nearer Baltic prices.

EMISSIONS

The emission allowance price fell last week. On Monday, the emission allowance price broke last year's record of €30.34/t to reach its highest level since 2006. The new high for the year reached €30.80/MWh, but during the day the price started to slip and ultimately fell to a level of €29.35. Wednesday saw a softening of the emission allowance price following a very weak auction and the fall spilled over to the following day. Friday saw an upward correction in the emission allowance price, which closed the week €1.20 down at the weekly level.

Indicator	ENOFUTBLQ4-20	ENOYR-21
Coal-fired production	16 %	36 %
Coal price	19 %	26 %
Gas price (NBP)	37 %	42 %
German price level	6 %	85 %
Spot	52 %	37 %
Crude oil Brent	56 %	68 %
Water reservoirs	32 %	23 %
EUR/USD FX rate	0 %	2 %
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	29	Chg	28	Chg
ENOFUTBLQ4-20	↻	-3.2%	↗	-4.3%
ENOYR-21	↗	2.7%	↗	-10.8%
NP System	↗	36.2%	↗	86.2%
NEDEC20	↻	-4.0%	↗	3.9%

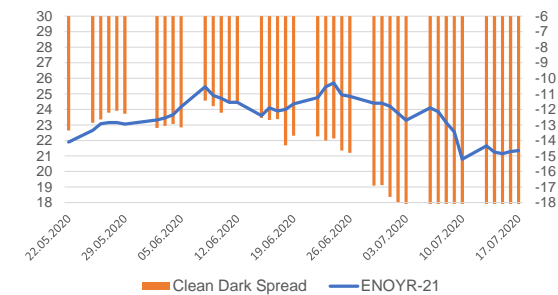
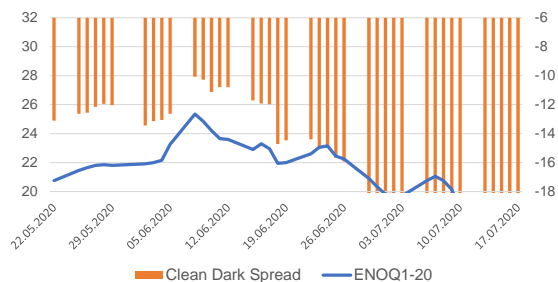
DETERMINANTS AFFECTING THE MARKET ON WEEK 30

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Ringhals 3 (1063 MW) 22.4.-31.7.2020 maintenance, in use 0 MW
Ringhals 4 (1130 MW) 5.7.-31.8.2020 maintenance, in use 0 MW

RU-FI (1300 MW), 30.6.-31.7.2020 maintenance, in use 400 MW
FI-RU (320 MW), 30.6.-31.7.2020 maintenance, in use 0 MW

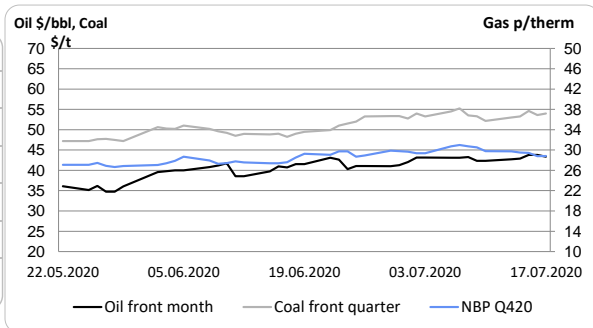
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 80%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 0 % of the maximum



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	9.74
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	13.17
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	2.04
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	2.04
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	6.58
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	9.69

*Average for period between 1.1.2020-20.7.2020.



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Source for data: intStream, Tilastokeskus

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