

### NORDIC ELECTRICITY MARKET

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#### WETTER THAN NORMAL WEATHER PICTURE AND LOW SPOT PRICES MAINTAIN DOWNWARD PRESSURE

##### Forecast to week 31:

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

#### FORECAST TO WEEK 31

##### POWER FUTURES

###### Front quarter

Apart from a brief dry spell at the end of the week, the weather type will continue to be wetter than normal. Next week will see higher rainfall than normal and nor do the forecasts show any clear signs of drier weather on the way. Overall, the forecast for the next two weeks is wetter than normal, which means the hydro balance will continue rising. We expect near products to continue falling with the rising hydro balance and very low spot prices.

###### Annual products

Forecasts for rainy weather and a constantly rising hydro balance are maintaining downward pressure on the nearest annual product. Weakened emission allowance prices are also adding to the downward pressure. In the short term, the emission allowance price technically continues to fall. General market sentiment is more jittery and share indexes have slightly fallen. The US Fed meets on Wednesday and any news of stimulus measures could trigger movement on the stock, forex and fuel markets.

##### SPOT MARKET

Wetter weather than normal will continue during the current week and flow rates are high. Wind power production will be plentiful during the working week only to fall to below normal at the weekend. In Finland, wind power production will mostly be weaker than normal in the first half of the week but will rise to slightly above normal in the second half. We expect the system price to remain very low because of heavy flow rates, the high hydro balance and plenty of wind power production. We expect the system price to settle at an average level of about €2.0/MWh. We expect the Finnish area price to increase slightly on last week's level and to settle at an average level of €19.5/MWh.

##### EMISSIONS

Cases of coronavirus continue to increase around the world and a slight softening has been seen on the stock markets. The fall in the emission allowance price has weakened the technical picture and the emission allowance still technically has room to fall to a level approaching €23/t. This week sees the last normal auction availability before the halving of auction amounts in August. Actual demand for emission allowances is low and good renewables production will not bring support this week either. We expect the emission allowance price to fall.

##### 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	24.7.2020	17.50	-4.1%	-0.75
ENOFUTBLQ1-21	24.7.2020	24.60	-2.6%	-0.65
ENOFUTBLQ2-21	24.7.2020	17.38	-4.2%	-0.77
ENOFUTBLQ3-21	24.7.2020	15.65	-3.4%	-0.55
ENOYR-21	24.7.2020	20.65	-3.3%	-0.70
ENOYR-22	24.7.2020	24.65	-1.8%	-0.45
ENOYR-23	24.7.2020	26.15	-4.7%	-1.30
ENOYR-24	24.7.2020	28.08	0.1%	0.03
ENOYR-25	24.7.2020	28.55	3.5%	0.97
NEDEC20	24.7.2020	26.34	-5.6%	-1.56
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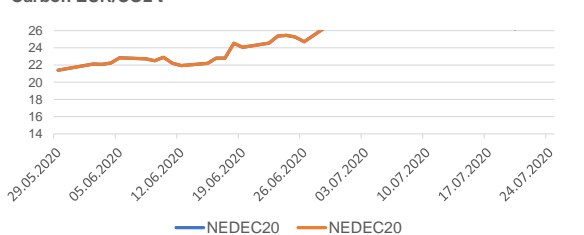
##### EPAD settlements

24.7.2020 (€/MWh)	2021	2022	2023
SYHEL	11.23	6.00	4.28
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

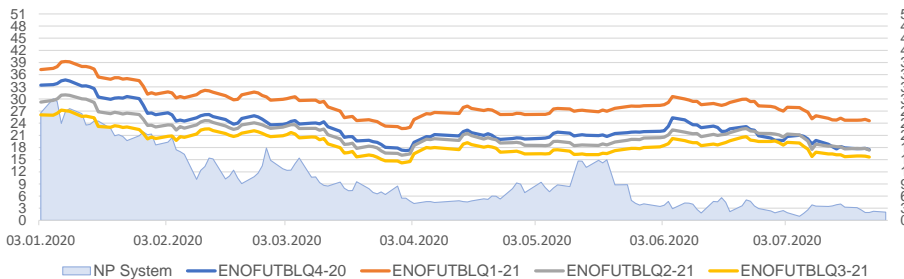
##### Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	26.7.2020	2.25	-31.8%	-1.05
NP Area FI	26.7.2020	17.16	-25.6%	-5.90
NP Area SE1	26.7.2020	5.63	-59.3%	-8.19
NP Area SE2	26.7.2020	5.63	-59.3%	-8.19
NP Area SE3	26.7.2020	5.63	-59.3%	-8.19
NP Area SE4	26.7.2020	5.63	-59.3%	-8.19

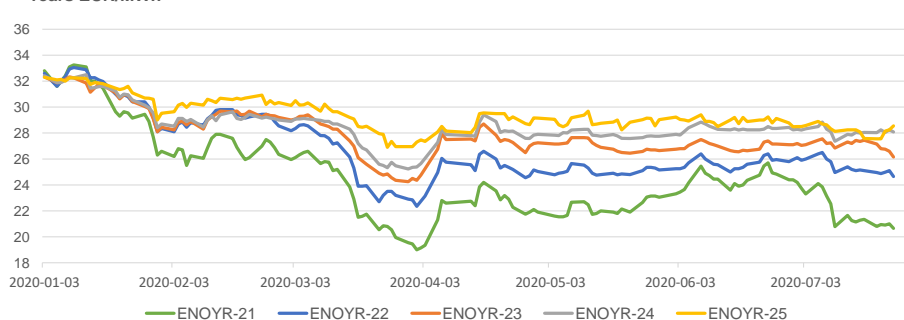
##### Carbon EUR/CO2 t



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



Years EUR/MWh



COMMENTS ON WEEK 30

**POWER FUTURES**

**Front quarter**

Last week near products fell. The forecasts were for wetter weather and indicated that the weather type would remain wet. The high hydro balance, wet weather forecasts and very low spot prices put downward pressure on near products.

**Annual products**

Prices of annual products fell last week. Forecasts for wet weather and soft near-term products put downward pressure on the nearest annual products. Low emission allowance prices put pressure on annual products generally. Additionally, there were once again concerns about the relationship between the US and China. Concerns sparked a fall in the share indexes even though the EU reached agreement on a €750bn recovery fund.

**SPOT MARKET**

Last week was wet and flow rates were higher than normal. Since Monday, Nordic wind power production rose high and was plentiful until Sunday. The system price fell at the weekly level and settled at a very low level. Also the Finnish area price fell at the weekly level. In Finland, wind power production rose to above normal later in the week and the Finnish area price again fell noticeably on Tuesday. At the weekly level, the Finnish area price fell more than the system price but still settled at well above the system price.

**EMISSIONS**

The emission allowance price softened last week. The week opened on a downward note before seeking a direction for a few days. On Thursday, the price recovered only to take a downward turn on Friday. Softer stock markets and a weak auction result lowered the price as the market tried to absorb increased auction availability due to Innovation Fund emission allowances. The emission allowance price was down 5% at the weekly level.

Indicator	ENOFUTBLQ4-20	ENOYR-21
Coal-fired production	5%	23%
Coal price	5%	13%
Gas price (NBP)	32%	38%
German price level	6%	85%
Spot	43%	28%
Crude oil Brent	39%	55%
Water reservoirs	0%	3%
EUR/USD FX rate	1%	0%
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	30	Chg	29	Chg
ENOFUTBLQ4-20	↘	-4.1%	↻	-3.2%
ENOYR-21	↘	-3.3%	↗	2.7%
NP System	↘	-31.8%	↗	-6.5%
NEDEC20	↘	-5.6%	↻	-4.0%

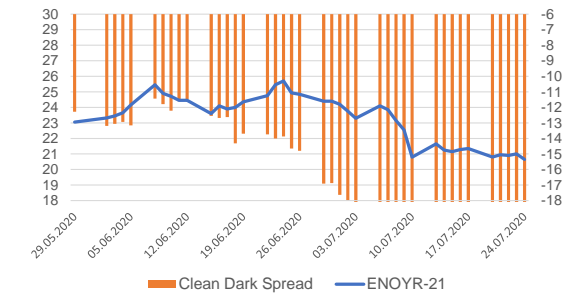
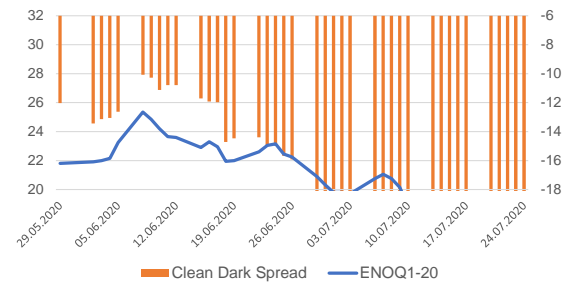
DETERMINANTS AFFECTING THE MARKET ON WEEK 31

**RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY**

Oskarshamn 3 (1400 MW) 1.8.-26.10.2020 maintenance, in use 0 MW  
 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

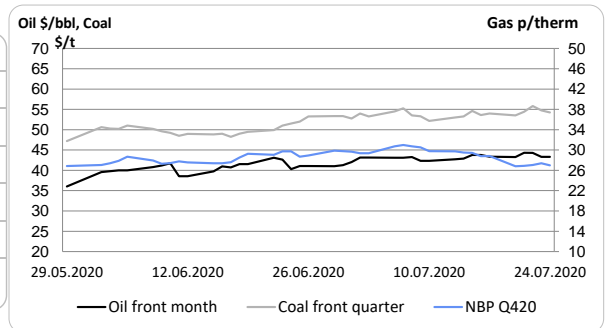
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 80%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 6.8 % of the maximum



**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	9.49
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	12.83
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	2.07
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	2.07
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	6.46
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	10.06

\*Average for period between 1.1.2020-27.7.2020.



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Source for data: intStream, Tilastokeskus

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