

NORDIC ELECTRICITY MARKET

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DRY, WARM WEATHER TYPE COMING TO AN END BUT STRONGER SPOT PRICES BRING SUPPORT

Forecast to week 34:

ENOFUTBLQ4-20	↗ Bullish (>0%)
ENOYR-21	↗ Bullish (>0%)
NP System	↗ Bullish (>0%)
NEDEC20	↗ Bullish (>0%)

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	↑	→	↑

FORECAST TO WEEK 34

POWER FUTURES

Front quarter

The weather type is still dry and very warm for the time of year. However, the high pressure is retreating and thus the dry, warm weather type is coming to an end. After Thursday, rainfall amounts will become higher than normal. At the same time, temperatures will drop to near the normal level for the time of year. Stronger fuel and emission allowance prices will bring support. Higher-than-expected spot prices also bring support for near products. We expect near products to slightly recover since last week's fall but the wet weather picture means limited room for a rise.

Annual products

The steep upswing in the price of natural gas and strengthening natural gas price are providing support for the German electricity market. The rising price of natural gas and strengthening German electricity market are also bringing support for the emission allowance price. We expect the prices of annual products to rise. However, the wet weather picture will limit support for the front annual product and we expect the rise to be modest.

SPOT MARKET

The weather will remain very dry until Thursday and flow rates will continue to fall during the following days. At the end of the week, flow rates will start to rise and on Sunday will reach almost normal levels. Low flow rates and weak nuclear power production during the working week will support the system price, as will continued scant wind power production until Thursday. We expect the system price to settle at an average weekly level of €9.5/MWh. Scant nuclear power production will increase the price level in Finland and South Sweden. There is also a restriction on the transmission link between North Sweden and Finland. Wind power production in Finland will be very weak on Tuesday but after Wednesday will increase to higher than normal. We expect the Finnish area price to rise at the weekly level and to settle at about €42.0/MWh.

EMISSIONS

The end of last week and start of this week saw an increase in the price of oil and gas. Friday saw a very robust rise in the price of natural gas in particular and the technical picture for natural gas has improved. Auction availability will remain halved for two more weeks and this may also provide support for emission allowances. Exchange volumes have been low and auction results remained fairly weak last week. We expect the emission allowance price to recover slightly from the close of last week and to still remain north of €25/t, but the quieter market of recent weeks may limit any greater rises.

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ4-20	14.8.2020	17.08	-7.7%	-1.42
ENOFUTBLQ1-21	14.8.2020	24.70	-1.9%	-0.48
ENOFUTBLQ2-21	14.8.2020	17.05	-1.2%	-0.20
ENOFUTBLQ3-21	14.8.2020	15.20	-2.6%	-0.40
ENOYR-21	14.8.2020	20.40	-1.4%	-0.30
ENOYR-22	14.8.2020	23.25	-2.3%	-0.55
ENOYR-23	14.8.2020	24.80	-2.0%	-0.50
ENOYR-24	14.8.2020	26.85	-1.5%	-0.40
ENOYR-25	14.8.2020	28.20	0.4%	0.10
NEDEC20	14.8.2020	25.49	-3.6%	-0.96
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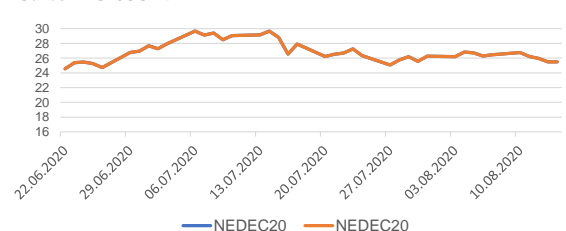
EPAD settlements

14.8.2020 (€/MWh)	2021	2022	2023
SYHEL	13.70	5.95	4.15
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

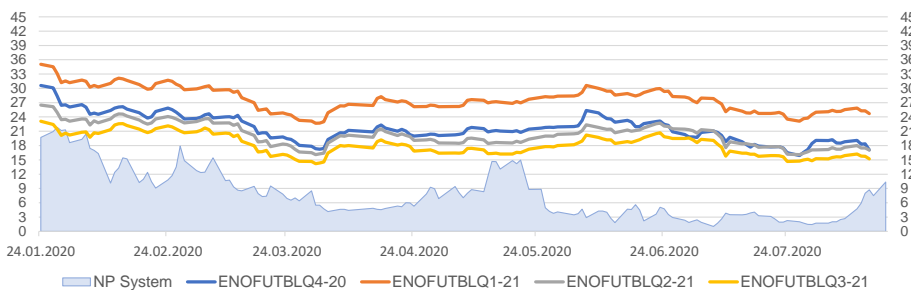
Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	16.8.2020	6.53	190.2%	4.28
NP Area FI	16.8.2020	37.46	3.2%	1.16
NP Area SE1	16.8.2020	12.14	138.1%	7.04
NP Area SE2	16.8.2020	12.14	138.1%	7.04
NP Area SE3	16.8.2020	30.77	25.7%	6.29
NP Area SE4	16.8.2020	30.77	25.7%	6.29

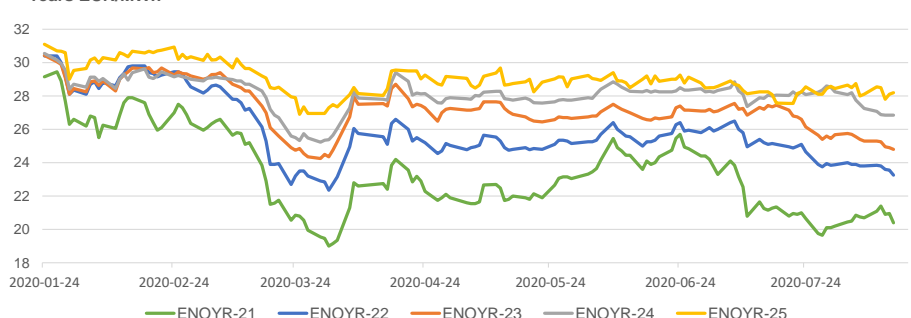
Carbon EUR/CO2 t



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



Years EUR/MWh



COMMENTS ON WEEK 33

POWER FUTURES

Front quarter

The first half of last week saw near products rise buoyed by forecasts for dry weather at the weekend and the forecasts showed signs of a delay to the end of the dry weather type. At the same time, the signs of a turn in the weather were uncertain. However, towards the end of the week it already seemed likely that the weather type would turn wetter than normal and this triggered a steep fall in near products, which ultimately closed the week lower.

Annual products

In the early half of last week, the nearest annual product was rising as a result of a falling hydro balance and near-term products that had risen. The emission allowance price also strengthened in the early part of the week. However, coal prices took a steep fall, which put downward pressure on annual products. Also the emission allowance price took a downward turn after the early part of the week. In addition, a change in the weather type and sharp fall in near-term products put pressure on the nearest annual product. Annual products were down at the weekly level.

SPOT MARKET

Last week, the weather was very dry and flow rates fell to a much lower level than normal. Also wind power production was largely weak and the ramp up of the Ringhals 3 unit in Sweden was delayed. The system price rose relatively much at the weekly level but still remained at a low level. Wind power production in Finland was also largely weak. The Finnish area price rose less than the system price but the difference between the Finnish area price and system price remained very high.

EMISSIONS

The emission allowance price fell slightly last week. On Monday, the emission allowance price opened with a rise but the price softened slightly as the day went on. Mid-week the emission allowance price was in retreat but on Friday the price showed signs of a rise having tested the support level of €25/t. The technical picture and weaker fuel and finance market prices exerted a weakening of the emission allowance price, which closed on Friday at a level of €25.49/t, down €0.96.

Indicator	ENOFUTBLQ4-20	ENOYR-21
Coal-fired production	1 %	4 %
Coal price	5 %	1 %
Gas price (NBP)	15 %	20 %
German price level	6 %	85 %
Spot	22 %	14 %
Crude oil Brent	5 %	19 %
Water reservoirs	3 %	0 %
EUR/USD FX rate	13 %	4 %
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	33	Chg	32	Chg
ENOFUTBLQ4-20	↗	-7.7%	↗	0.4%
ENOYR-21	↗	-1.4%	↗	2.5%
NP System	↗	190.2%	↗	52.9%
NEDEC20	↗	-3.6%	↗	0.7%

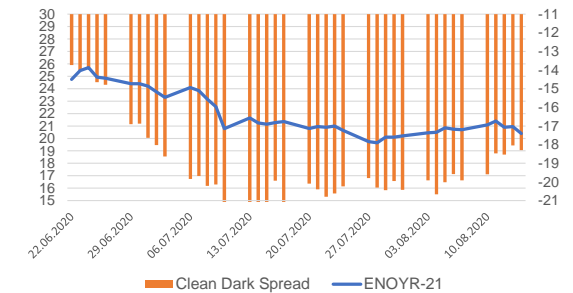
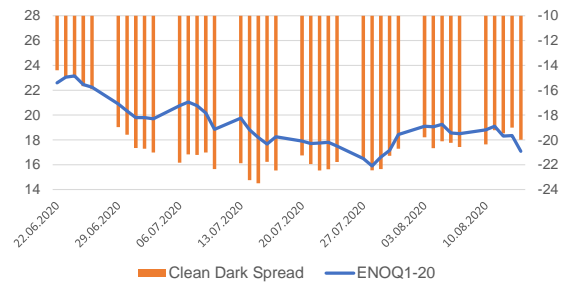
DETERMINANTS AFFECTING THE MARKET ON WEEK 34

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

- Ringhals 1 (881 MW), 13.-18.8.2020, failure, in use 0 MW
- Forsmark 3 (1167 MW), 16.8.-13.9.2020, maintenance, in use 0 MW
- Loviisa 2 (507 MW) 2.-26.8.2020 maintenance, in use 0 MW, 26.-28.8.2020 in use 253 MW
- Oskarshamn 3 (1400 MW) 1.8.-26.10.2020 maintenance, in use 0 MW
- Ringhals 3 (1063 MW) 15.-18.8.2020 maintenance, in use 660 MW
- Ringhals 4 (1130MW) 5.7.-31.8.2020 maintenance, in use 0 MW

- FI-RU (320 MW), 2.-30.8.2020 maintenance, in use 0 MW
- FI-SE3 (1200 MW) 12.-23.8.2020, maintenance, in use 0 MW
- SE1-FI (1500 MW) 17.-28.8.2020, maintenance, in use 1000 MW

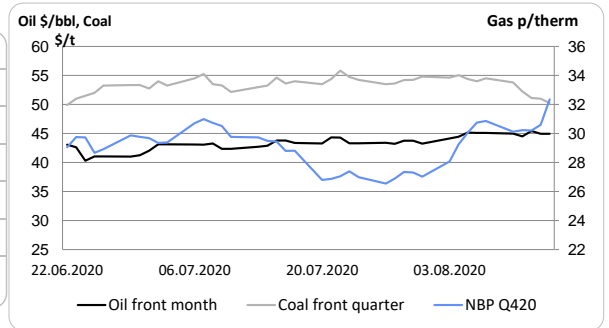
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 50%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 21 % of the maximum



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	8.97
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	14.86
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	2.19
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	2.19
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	7.58
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	11.66

*Average for period between 1.1.2020-17.8.2020.



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Source for data: intStream, Tilastokeskus

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