

NORDIC ELECTRICITY MARKET

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VERY STRONG MARKET TECHNICALLY

Forecast to week 36:

ENOFUTBLQ4-20	↗ Bullish (>0%)
ENOYR-21	↗ Bullish (>0%)
NP System	↗ Bullish (>0%)
NEDEC20	↔ Sideways (± 0,5%)

FORECAST TO WEEK 36

POWER FUTURES

Front quarter

The week is getting off to a dry start, but the dry weather is coming to an end and rainfall amounts will rise to higher than normal towards the end of the week. There is still uncertainty surrounding the weather picture next week, but some forecast models indicate the possibility of the weather type again turning dry. Nevertheless, the weather type is unlikely to turn dry for any length of time and rainfall amounts will rise towards the end of next week. Rainfall amounts as a whole over the two-week forecast will approach the normal level. However, near products are technically very strong and continuously rising spot prices are maintaining support. For the time being, we expect near products to continue rising.

Annual products

The emission allowance price has continued to be very strong and also fuel prices have strengthened. Rising near-term products are supporting the front annual. Prices of the two following annual products have risen north of the summer's highest trading levels and this being the case the technical trend is very strong. We expect the prices of annual products to continue rising. However, the approach of robust resistance levels in the emission allowance price can limit further upward pressure also in annual products.

SPOT MARKET

The week is getting off to a very dry start and flow rates will continue falling over the next few days. However, flow rates will start to rise towards the end of the week. During the early part of the week, particularly on Tuesday, Nordic wind power production will be very low. After Tuesday, wind power production will start to rise and towards the end of the week will be higher than normal. Nuclear power output in Sweden has increased but is still much lower than normal. The Ringhals 4 unit is scheduled to re-start on Thursday. We expect the system price to continue rising at the weekly level and to settle at an average level of €22.5/MWh. In Finland, wind power production will be mostly lower than normal during the first half of the week but approach the normal level in the second half of the week. At the weekly level, we expect the Finnish area price to remain near last week's level.

EMISSIONS

The emission allowance price has risen on the back of a strong technical picture and general optimistic market sentiment. However, the price is approaching very strong resistance levels having already risen to very close to the product's highest prices. Auction availability will increase now that the halved volumes of August come to an end, although auction availability will still be scant during the current week. We expect the rise in the emission allowance price to calm down in the proximity of the robust resistance level. In the short term, we expect the price to seek direction near the existing level.

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	28.8.2020	24.85	21.5%	4.40
ENOFUTBLQ1-21	28.8.2020	29.38	10.7%	2.83
ENOFUTBLQ2-21	28.8.2020	22.14	17.5%	3.29
ENOFUTBLQ3-21	28.8.2020	20.40	17.9%	3.10
ENOYR-21	28.8.2020	25.15	13.0%	2.90
ENOYR-22	28.8.2020	26.20	7.2%	1.75
ENOYR-23	28.8.2020	27.15	5.8%	1.50
ENOYR-24	28.8.2020	28.43	2.9%	0.80
ENOYR-25	28.8.2020	28.81	0.9%	0.26
NEDEC20	28.8.2020	29.47	14.8%	3.79
NEDEC20	28.8.2020	29.47	14.8%	3.79

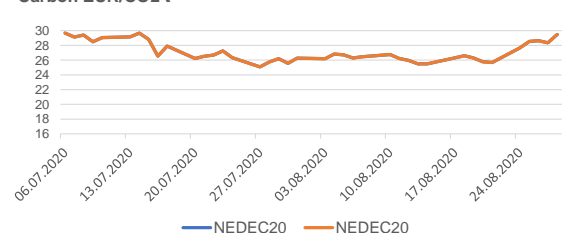
EPAD settlements

28.8.2020 (€/MWh)	2021	2022	2023
SYHEL	13.50	7.20	4.30
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

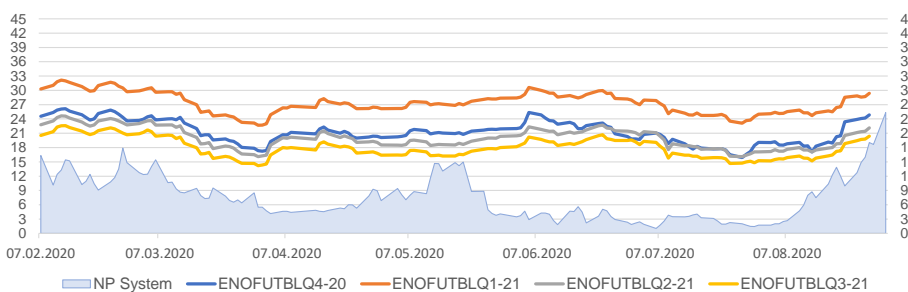
Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	30.8.2020	16.11	62.0%	6.17
NP Area FI	30.8.2020	43.58	-5.4%	-2.47
NP Area SE1	30.8.2020	26.14	-7.3%	-2.05
NP Area SE2	30.8.2020	26.16	-7.2%	-2.02
NP Area SE3	30.8.2020	41.69	-0.4%	-0.16
NP Area SE4	30.8.2020	41.69	-0.4%	-0.16

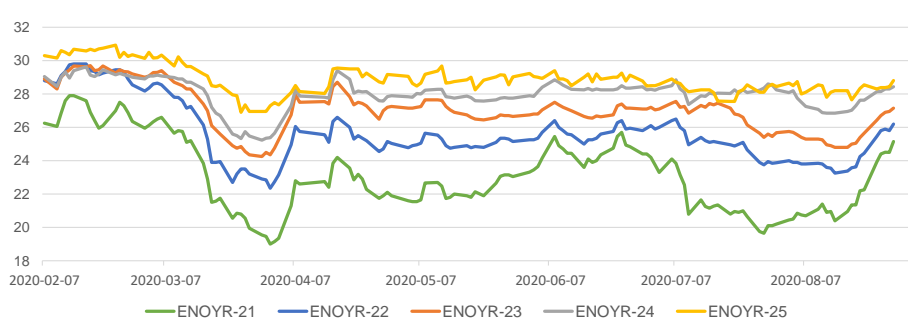
Carbon EUR/CO2 t



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



Years EUR/MWh



COMMENTS ON WEEK 35

POWER FUTURES

Front quarter

Last week, near products rose very strongly as the forecasts were for much drier weather. The drier weather picture meant a fall in the hydro balance and flow rates, which in turn was reflected in spot prices. An ample rise in the system price strengthened the rise of near products. Upward pressure was also brought by a clearly stronger emission allowance price and higher fuel prices. Towards the end of the week, the approach of robust resistance levels and the uncertainty surrounding the following week's weather forecasts, however, already limited any further rise.

Annual products

Last week, the price of annual products rose amply with near products. Also, the emission allowance price rose particularly strongly. On top of this, fuel prices rose. The price of natural gas continued to show a clear rise and towards the end of the week, the price of coal also began to show a strong rise. A falling hydro balance and clearly higher spot prices brought strong additional upward pressure on the nearest annual product.

SPOT MARKET

Last week, the weather was dry and flow rates fell towards the end of the week. Nordic wind power production approached normal during the first half of the week but after Wednesday wind power production was lower than normal. The system price rose noticeably after the earlier part of the week and rose strongly at the weekly level. Nuclear power output continued to be scant but rose slightly in Sweden in the latter part of the week. The Loviisa 2 unit returned to production but the Loviisa 1 unit was idled for annual maintenance. The Finnish area price fell at the weekly level and the spread between the area price and the system price narrowed considerably. However, the Finnish area price settled at clearly higher than the system price.

EMISSIONS

Last week saw an ample rise in the emission allowance price. General optimistic market sentiment and rising share indexes brought support for the emission allowance price. The technical picture of the emission allowance price strengthened significantly as the €27.50/t resistance level was broken. This means that technically there was room for a rise in the emission allowance price towards the highest trading figures seen in July. The higher price of natural gas also supported the emission allowance price.

DETERMINANTS AFFECTING THE MARKET ON WEEK 36

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Loviisa 1 (507 MW), 29.8.-13.10.2020 maintenance, in use 0 MW
 Forsmark 3 (1167 MW), 16.8.-13.9.2020, maintenance, in use 0 MW
 Oskarshamn 3 (1400 MW) 1.8.-26.10.2020 maintenance, in use 0 MW
 Ringhals 4 (1130MW) 5.7.-3.9.2020 maintenance, in use 0 MW

RU-FI (1300 MW, 30.8.-13.9.2020 maintenance, in use 910 MW
 EE-FI (1016 MW) 1.-2.9.2020, maintenance, in use 808 MW
 SE1-FI (1500 MW) 3.-9.9.2020, maintenance, in use 1150 MW
 FI-SE3 (1200 MW) 26.8.-15.9.2020 maintenance, in use 0 MW

- Nordic nuclear power plants are currently operating at a capacity utilization rate of 62%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 40 % 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	9.34
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	15.81
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	2.97
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	2.97
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	8.81
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	12.86

*Average for period between 1.1.2020-31.8.2020.

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Source for data: intStream, Tilastokeskus

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Indicator	ENOFUTBLQ4-20	ENOYR-21
Coal-fired production	2 %	2 %
Coal price	10 %	2 %
Gas price (NBP)	10 %	11 %
German price level	6 %	85 %
Spot	14 %	6 %
Crude oil Brent	0 %	6 %
Water reservoirs	10 %	3 %
EUR/USD FX rate	3 %	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	35	Chg	34	Chg
ENOFUTBLQ4-20	↗	21.5%	↗	19.7%
ENOYR-21	↗	13.0%	↗	9.1%
NP System	↗	62.0%	↗	32.9%
NEDEC20	↗	14.8%	↗	0.7%

