

NORDIC ELECTRICITY MARKET

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WETTER WEATHER PICTURE EXERTS DOWNWARD PRESSURE ON NEAR PRODUCTS

Forecast to week 38:	
ENOFUTBLQ4-20	📉 Bearish (<0%)
ENOYR-21	↔ Sideways (± 0,5%)
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 38

POWER FUTURES

Front quarter

Last week the weather forecasts showed signs of a potential turn to dry weather but during the weekend the forecasts took a wet turn and there are no longer any signs of a more lasting change to a dry weather type. Rainfall during the two-week forecast is higher than normal and the hydro balance will rise. We expect near products to fall.

Annual products

General market sentiment has calmed and with this fuel and emission allowance prices have strengthened. Also the political debate on increasing the EU's emission reduction goals is bringing support to the emission allowance price. However, the wetter weather picture, rising hydro balance and falling near-term products are exerting downward pressure on the nearest annual product. We expect the nearest annual product to move close to last week's level. We expect longer annual products to show a slight rise.

SPOT MARKET

During the current week, the weather will be wetter than normal and flow rates slightly higher than normal. Nordic wind power production will fall during the earlier part of the week and on Tuesday momentarily drop to a very low level. After Tuesday, wind power production will rise to a slightly higher than normal level. In Sweden, nuclear power output has risen with the restart of the Forsmark 3 unit. The plant is expected to reach normal capacity on Wednesday. We expect the system price to rise at the weekly level and to settle at an average level of €19.0/MWh. In Finland, wind power production will fall to a very low level on Tuesday but rise to a very high level on Wednesday and Thursday. Finnish and Swedish spot prices rose abundantly on Tuesday because of low wind power production. After Tuesday, however, we expect spot prices to show a clear fall. We expect the Finnish area price to rise at the weekly level and to settle at an average level of €40.0/MWh.

EMISSIONS

Technically the emission allowance price has again strengthened. Auction results were slightly stronger despite higher auction availability last week. This week, more news is expected about the increase in the European Commission's climate targets. The expectation is that the Commission will propose an emissions reduction target of at least 55% compared to 1990 levels. News about the European Union's climate ambitions could bring volatility to the market this week. We expect the emission allowance price to show a cautious rise this week and to seek direction from the EU's climate ambitions and stock market movements.

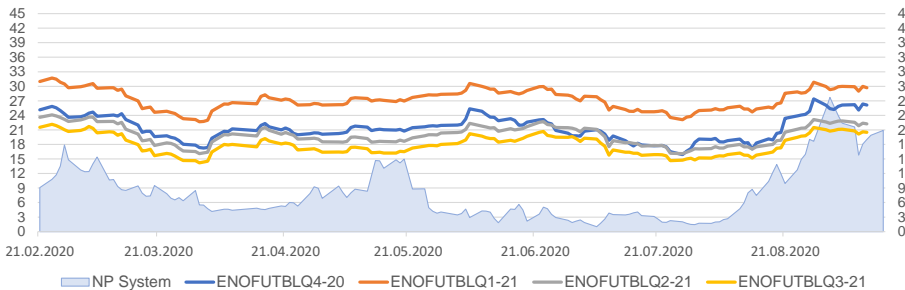
Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ4-20	11.9.2020	26.15	1.2%	0.30
ENOFUTBLQ1-21	11.9.2020	29.70	-0.7%	-0.20
ENOFUTBLQ2-21	11.9.2020	22.25	-2.4%	-0.55
ENOFUTBLQ3-21	11.9.2020	20.50	-2.8%	-0.60
ENOYR-21	11.9.2020	25.20	-1.6%	-0.42
ENOYR-22	11.9.2020	24.95	-3.3%	-0.85
ENOYR-23	11.9.2020	25.60	-3.4%	-0.90
ENOYR-24	11.9.2020	27.25	-1.4%	-0.38
ENOYR-25	11.9.2020	27.51	-2.6%	-0.72
NEDEC20	11.9.2020	28.22	3.3%	0.89
NEDEC20	11.9.2020	28.22	3.3%	0.89

EPAD settlements			
11.9.2020 (€/MWh)	2021	2022	2023
SYHEL	14.13	7.15	4.13
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

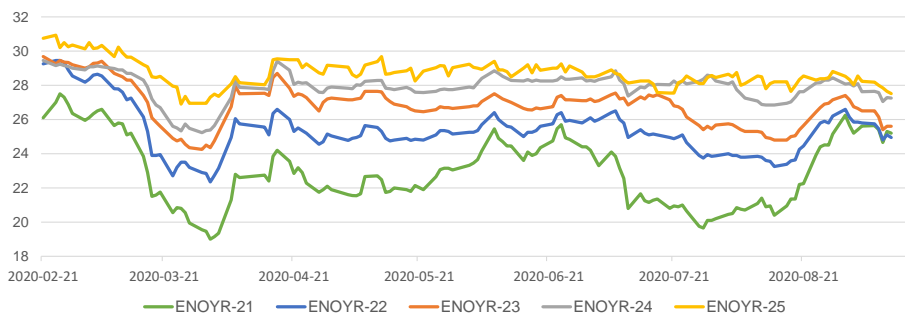
Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	13.9.2020	16.94	-25.4%	-5.76
NP Area FI	13.9.2020	38.65	-8.2%	-3.45
NP Area SE1	13.9.2020	27.87	-22.1%	-7.93
NP Area SE2	13.9.2020	27.87	-22.1%	-7.93
NP Area SE3	13.9.2020	31.73	-22.7%	-9.31
NP Area SE4	13.9.2020	31.73	-22.7%	-9.31

Carbon EUR/CO2 t	
NEDEC20	26.5
NEDEC20	26.5

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



Years EUR/MWh



COMMENTS ON WEEK 37

POWER FUTURES

Front quarter

Last week, near products sought direction. Last week was wetter than normal and the hydro balance rose. Clearly lower spot prices also brought downward pressure. However, the following week's weather picture was uncertain and some forecasting models indicate the possibility of high pressure and with it a potential turn to a dry weather type. The uncertainty resulted in no major changes in near products at the weekly level. The nearest quarter product ultimately rose slightly at the weekly level.

Annual products

Last week, the prices of annual products dipped slightly. More nervous market sentiment in the early part of the week and lower share indexes exerted downward pressure on fuel and emission allowance prices. However, the sentiment calmed after the early part of the week and the downward pressure on fuel prices eased. Following the early part of the week, the emission allowance price started on a strong upward trajectory. The German electricity market rose at the same time. However, the recovery of annual products was modest after the early part of the week and annual products were down at the weekly level.

SPOT MARKET

Last week, the weather was rainier than normal and flow rates after the early part of the week were higher than normal. Nordic wind power production was very plentiful after Monday. Also nuclear power output in Sweden was more plentiful compared to a week earlier. The system price was well down at the weekly level. In Finland, wind power production varied during the week but also the Finnish area price showed a clear fall at the weekly level. However, the Finnish area price fell less than the system price at the weekly level and thus the spread grew between the Finnish area price and system price.

EMISSIONS

Last week, the emission allowance price showed a slight recovery. The week opened on a downward note on the close of the previous week and the fall spilled over into Tuesday following the example seen in the stock and energy markets. The European Parliament's ENVI (Environment, Public Health and Food Safety) Committee voted for a 60% climate target and this lifted the market on Wednesday and Thursday. On Friday, the emission allowance price touched the highest levels of the week but at the intraday level reversed to a slight fall following a volatile trading day. On Friday, the emission allowance price closed at a level of €28.22/t, up €0.89 on the week.

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	37	Chg	36	Chg
ENOFUTBLQ4-20	↓	1.2%	↑	4.0%
ENOYR-21	↓	-1.6%	↑	1.9%
NP System	↓	-25.4%	↑	20.0%
NEDEC20	↔	3.3%	↑	-7.3%

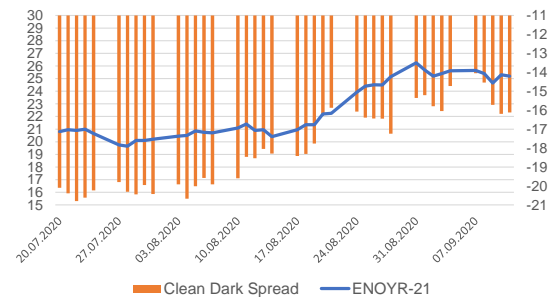
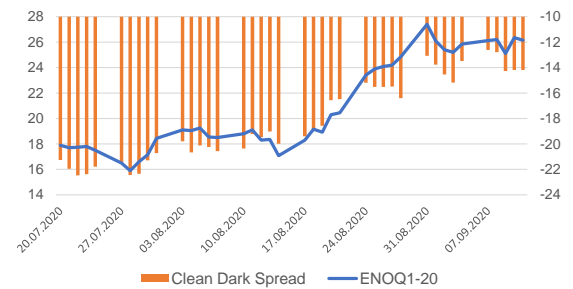
DETERMINANTS AFFECTING THE MARKET ON WEEK 38

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Loviisa 1 (507 MW), 29.8.-13.10.2020 maintenance, in use 0 MW
 Forsmark 1 (984 MW), 20.9.-28.10.2020, maintenance, in use 0 MW
 Oskarshamn 3 (1400 MW) 1.8.-26.10.2020 maintenance, in use 0 MW
 Ringhals 4 (1130MW) 9.-15.9.2020 failure, in use 0 MW

RU-FI (1300 MW, 30.8.-19.9.2020 maintenance, in use 910 MW
 SE1-FI (1500 MW) 7.-18.9.2020, maintenance, in use 1300 MW
 FI-SE3 (1200 MW) 26.8.-15.9.2020 maintenance, in use 0 MW
 FI-SE1 (1100 MW) 10.-27.9.2020, in use 750 MW

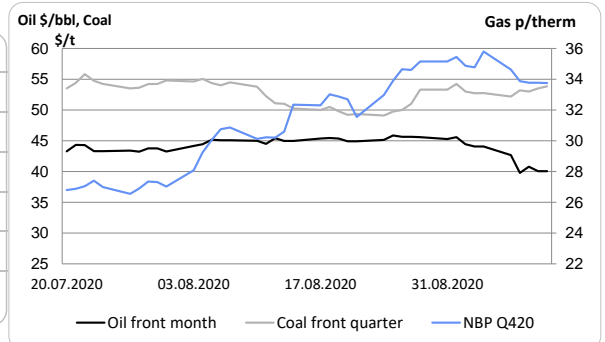
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 72%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 36 % of the maximum



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	9.82
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	15.73
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	3.38
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	3.38
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	9.15
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	13.15

*Average for period between 1.1.2020-14.9.2020.



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 Source for data: intStream, Tilastokeskus

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