

NORDIC ELECTRICITY MARKET

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WET WEATHER TYPE MAINTAINING DOWNWARD PRESSURE

Forecast to week 39:

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

FORECAST TO WEEK 39

POWER FUTURES

Front quarter

The weather type is humid and warm for the time of year. There are no clear signs of a turn in the weather and during the two-week forecast the hydro balance is again rising to a very high level. A rainy weather picture and low spot prices are maintaining downward pressure on near products. We expect near products to continue falling.

Annual products

We expect the nearest annual products to fall with forecasts for wet weather and the rising hydro balance. The emission allowance price has been robust, but the downturn in share indexes are exerting downward pressure on the emission allowance price. Annual products are technically falling in the near term. We expect annual products to fall.

SPOT MARKET

The weather is rainy, warm for the time of year and largely windier than normal. The prevailing weather type and rising hydro balance are exerting downward pressure on the system price. Also flow rates will rise to higher than normal after Monday. We expect the system price to fall at the weekly level and to settle at around €13.5/MWh. In Finland, wind power production is plentiful on Monday and Tuesday, but after Tuesday will vary at around the normal level. The transmission link between Finland and South Sweden will be subject to restrictions from Wednesday onwards. However, we expect the Finnish area price to fall at the weekly level and to settle at an average level of €33.0/MWh.

EMISSIONS

During the current week, Monday's weak auction result and falling stock markets in the shadow of coronavirus concerns have kept the stock markets in retreat. Last week, rumors about the EU climate policy steered trading and the price started to fall once the facts had been confirmed. A strong support level of €27/t could limit the fall. In addition, weak wind power production in Europe could bring slight support for the emission allowance price during the current week even though fundamental demand is still weak in the longer term. We expect the market price to continue to fall and to trade at between €26-€29/t.

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	18.9.2020	20.40	-22.0%	-5.75
ENOFUTBLQ1-21	18.9.2020	27.00	-9.1%	-2.70
ENOFUTBLQ2-21	18.9.2020	19.63	-11.8%	-2.62
ENOFUTBLQ3-21	18.9.2020	18.15	-11.5%	-2.35
ENOYR-21	18.9.2020	22.85	-9.3%	-2.35
ENOYR-22	18.9.2020	24.65	-1.2%	-0.30
ENOYR-23	18.9.2020	25.50	-0.4%	-0.10
ENOYR-24	18.9.2020	27.00	-0.9%	-0.25
ENOYR-25	18.9.2020	27.50	0.0%	-0.01
NEDEC20	18.9.2020	27.99	-0.8%	-0.23
NEDEC20	18.9.2020	27.95	-1.0%	-0.27

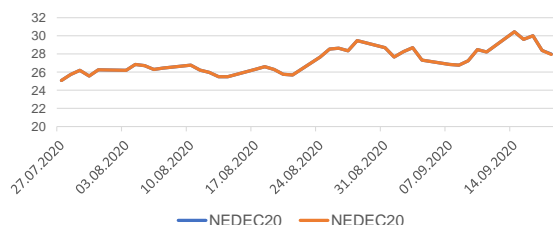
EPAD settlements

18.9.2020 (€/MWh)	2021	2022	2023
SYHEL	15.10	7.33	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

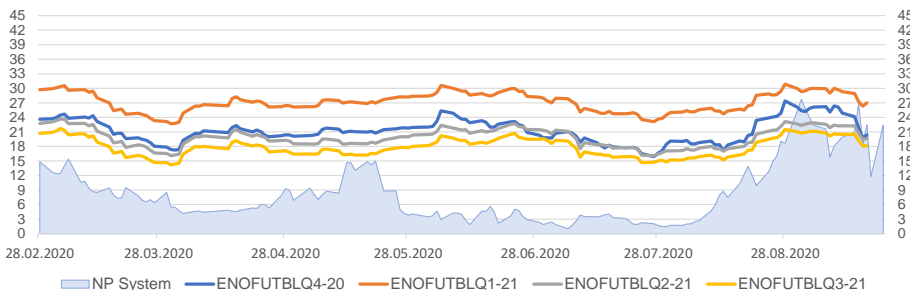
Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	20.9.2020	16.85	-0.6%	-0.10
NP Area FI	20.9.2020	40.96	6.0%	2.31
NP Area SE1	20.9.2020	34.17	22.6%	6.30
NP Area SE2	20.9.2020	34.17	22.6%	6.30
NP Area SE3	20.9.2020	39.94	25.9%	8.21
NP Area SE4	20.9.2020	39.94	25.9%	8.21

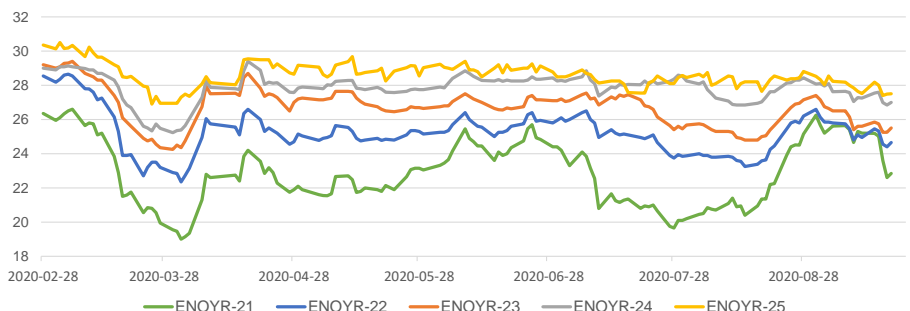
Carbon EUR/CO2 t



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



Years EUR/MWh



COMMENTS ON WEEK 38

POWER FUTURES

Front quarter

Last week, near products fell sharply. The forecasts were for very wet weather and showed no signs of an end to the wet weather. Lower spot prices in the latter part of the week also brought downward pressure on near products. Near products recovered slightly on Friday but remained sharply down at the weekly level.

Annual products

Last week, the nearest annual product fell driven by forecasts for wet weather and the rising hydro balance. However, in the early part of the week, a very strong emission allowance price provided support for annual products. Coal and natural gas prices also strengthened, which provided strong support for the German electricity market. However, after the early part of the week the rise in the emission allowance price then discontinued. Following a weakened emission allowance price and very weak near-term products, all annual products took a downward turn. At the weekly level, the fall was, however, very modest for products following the nearest annual product.

SPOT MARKET

Last week, wind power production varied a lot during the week. In the early part of the week, wind power production fell and on Tuesday Nordic wind power production fell to an exceptionally low level. Low wind power production pushed up spot market prices to a high level in Finland, Sweden and Denmark. After Tuesday, wind power production rose and spot prices took a clear downward turn. Forecasts for wet weather and falling water values exerted downward pressure on the system price. At the end of the week, the system price fell to a low level, but there were no significant changes in the system price at the weekly level. The Finnish area price rose at the weekly level with Tuesday's high spot price.

EMISSIONS

Last week, the emission allowance price rose in the early part of the week but fell in the latter part. During Monday, the price rose by about €2 and reached a level of €30.53/t at its highest. The price rose on the back of a leaked draft showing the European Commission's aim to increase the 2030 climate target from the current emissions reduction target of 40% to at least 55%. On Tuesday, the emission allowance price tested the level of €30.80/t, the highest price of the day being just €0.02 south of the level. However, the price retreated from this level. On Wednesday, a small recovery of the price was seen after the State of the European Union speech by the President of the European Commission but on Thursday and Friday the emission allowance price was again falling. Friday closed at a level of €27.99/t, down €0.27.

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	38	Chg	37	Chg
ENOFUTBLQ4-20	🔻	-22.0%	🔻	1.2%
ENOYR-21	🔄	-9.3%	🔻	-1.6%
NP System	🔼	-0.6%	🔻	-11.3%
NEDEC20	🔼	-0.8%	🔄	3.3%

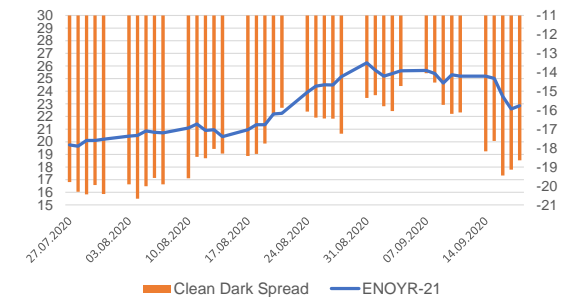
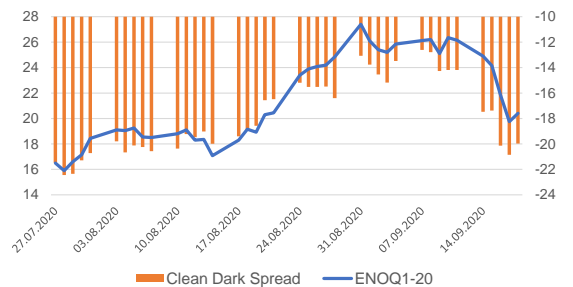
DETERMINANTS AFFECTING THE MARKET ON WEEK 39

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) 20.-24.9.2020 failure, in use 525 MW

FI-SE3 (1200 MW) 23.-27.9.2020 maintenance, in use 0-800 MW
 SE3-FI (1200 MW) 23.-27.9.2020 maintenance, in use 0-800 MW
 FI-SE1 (1100 MW) 10.-27.9.2020, in use 750 MW

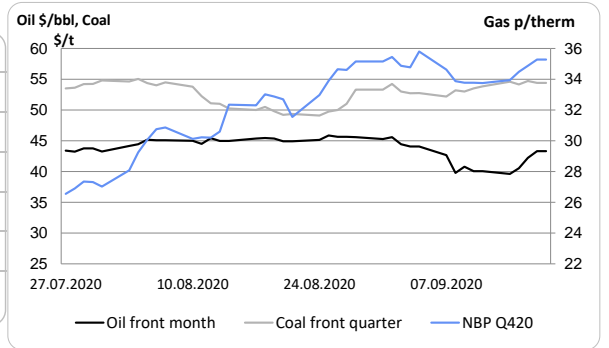
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 68%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 42 % of the maximum



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	9.99
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	16.21
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	3.77
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	3.77
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	9.50
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	13.45

*Average for period between 1.1.2020-21.9.2020.



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 Source for data: intStream, Tilastokeskus

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