

NORDIC ELECTRICITY MARKET

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DRIER WEATHER IN SIGHT NEXT WEEK

Forecast to week 41:	
ENOFUTBLQ1-21	↗ Bullish (>0%)
ENOYR-21	↗ Bullish (>0%)
NP System	↗ Bullish (>0%)
NEDEC20	↔ Sideways (± 0,5%)

Market signals	spot	Q1-21	YR-21
	Hydrologic balance	↓	↓
Precipitation forecast	↑	↑	↑
Temperature forecast	↑	↑	→
Spot	↓	↓	→
Production and transmission exch.	↓	→	→
Emissions allowance	→	→	→
Coal price	→	→	→
German prices	↑	↑	↑
Technical analysis	↓	→	→

FORECAST TO WEEK 41

POWER FUTURES

Front quarter

The current week will be very rainy, and the hydro balance will rise to a very high level. Very high water basin levels in Norway and the resulting low spot prices will bring downward pressure on near products. However, the weather forecasts are showing signs of drier weather next week and a possibility of the weather type turning dry. The drier weather picture will provide support for near products, which we expect to rise, but the high hydro balance will keep the potential for a rise very limited for the time being. Any clearing up in next week's weather picture during the current week will bring fluctuation in near products.

Annual products

Annual products have no clear trend in the immediate short term as emission allowance and fuel prices seek direction. The meeting of the European Parliament and consideration of the climate targets during the current week could trigger some movement in the emission allowance price. Political support could see the emission allowance turning to a rise, which could, together with slightly strengthening near products and a potential change in the weather type, provide support for annual product prices. However, concerns about the coronavirus pandemic and political uncertainty (incl. Brexit and the US presidential elections) will keep general market sentiment jittery.

SPOT MARKET

The weather will be rainy and flow rates higher than normal during the current week. Wind power production will largely be more plentiful than normal during the early part of the week, but after Tuesday wind power production will largely fall to a slightly lower level than normal. The weather is still quite warm for the time of year, but temperatures are dropping. Towards the end of the week the weather will be only slightly warmer than normal. We expect the system price to rise slightly from last week's level and to settle at an average level of €11.5/MWh. In Finland, wind power production will be largely plentiful in the early part of the week but after Tuesday will fall to approach the normal level. We expect the Finnish area price at the weekly level to remain close to last week's level.

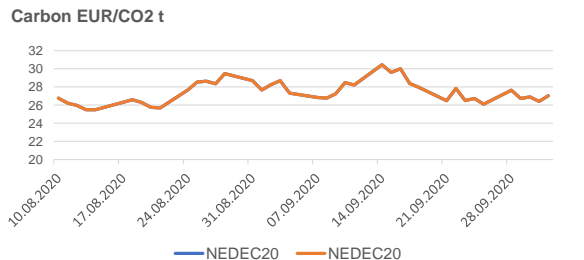
EMISSIONS

During the current week, the European Parliament will be in plenary session and vote, among other things, on the European Climate Law, including the climate targets for 2030. The outcome of the plenary could trigger movement in the emission allowance price this week, but it is unlikely that political pressure will push the price to new peaks this week. Further, Brexit negotiations and the development of the virus pandemic may provide a direction for the emissions market. Auction availability in October is at its highest in 2020 but from next week onwards the weather in Europe will grow cooler. The technical trend for the emission allowance has turned sideways and we expect the price to continue to move between €26-€29/t.

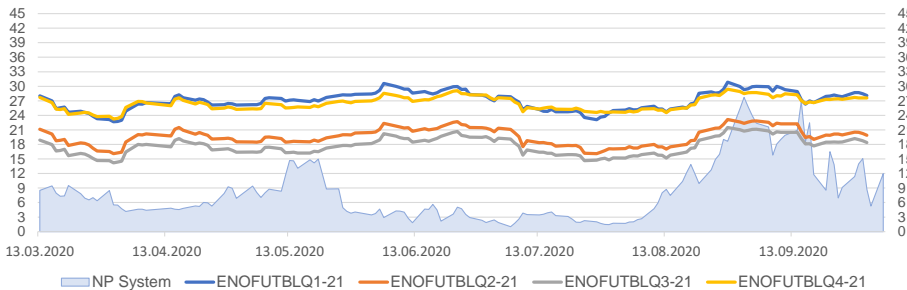
Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ1-21	2.10.2020	28.10	0.4%	0.10
ENOFUTBLQ2-21	2.10.2020	19.90	-1.2%	-0.25
ENOFUTBLQ3-21	2.10.2020	18.40	-0.3%	-0.05
ENOFUTBLQ4-21	2.10.2020	27.60	0.6%	0.17
ENOYR-21	2.10.2020	23.30	-1.4%	-0.33
ENOYR-22	2.10.2020	24.50	-0.4%	-0.10
ENOYR-23	2.10.2020	25.20	-0.6%	-0.15
ENOYR-24	2.10.2020	26.56	-0.2%	-0.06
ENOYR-25	2.10.2020	26.80	-0.2%	-0.05
NEDEC20	2.10.2020	27.03	3.5%	0.92
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EPAD settlements			
2.10.2020 (€/MWh)	2021	2022	2023
SYHEL	16.10	8.05	4.35
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

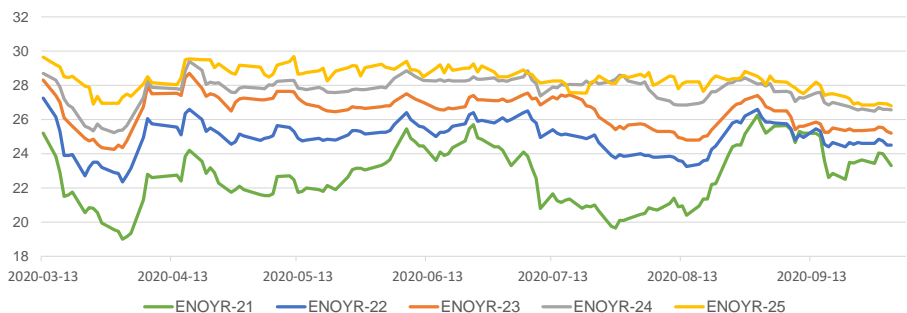
Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	4.10.2020	8.88	1.1%	0.10
NP Area FI	4.10.2020	33.05	17.2%	4.85
NP Area SE1	4.10.2020	28.51	70.3%	11.76
NP Area SE2	4.10.2020	28.51	70.3%	11.76
NP Area SE3	4.10.2020	28.59	54.3%	10.05
NP Area SE4	4.10.2020	28.59	54.3%	10.05



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



Years EUR/MWh



COMMENTS ON WEEK 40

POWER FUTURES

Front quarter

Last week saw products seek direction. Last week was dry during the working week but the very rainy weather picture especially at the turn of the week and the following week brought downward pressure on near products. Low spot prices also provided downward pressure. The weather forecasts for the second half of the following week were, however, potentially drier, which limited the downward pressure. The front quarter product ultimately ended the week a shade higher.

Annual products

Last week saw annual products seek direction. The emission allowance price sought direction in a rather narrow range. Likewise, fuel prices sought direction but fell in the latter part of the week along with uncertainty and weak stock markets. Concerns about the coronavirus pandemic, Brexit – which had again arisen and uncertainty about the US presidential elections following the announcement that Trump had tested positive for Covid brought general uncertainty. Annual product prices retreated slightly towards the end of the week and closed the week slightly down at the weekly level.

SPOT MARKET

During the first half of last week, Nordic wind power production was largely lower than normal, which supported spot prices. However, extremely plentiful Norwegian hydropower availability and low spot prices limited the rise in the system price in the early part of the week. During the second half of the week, wind production rose and especially at the weekend wind power production was very plentiful. Plentiful wind power production saw spot prices settle low at the weekend. The system price rose slightly at the weekly level but low wind production in the early part of the week triggered a clear rise in Finnish and Swedish spot prices.

EMISSIONS

Last week, the emission allowance market calmed slightly, and the emission allowance price fluctuated between €25.92-€27.80/t. Monday saw a strong opening supported by the fundamental markets, but the emission allowance price fell on Tuesday. On Wednesday, the emission allowance price settled close to a level of €27/t. The emissions market declined on Thursday when uncertainty about the completion of the Brexit negotiations, along with falling fuel markets, affected the market. On Friday, a small upward correction movement was seen in the price. On Friday, the emission allowance price closed at a level of €27.03/t, up €0.92 at the weekly level.

Indicator	ENOFUTBLQ1-21	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)

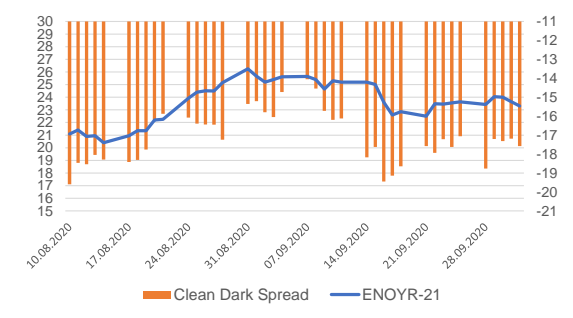
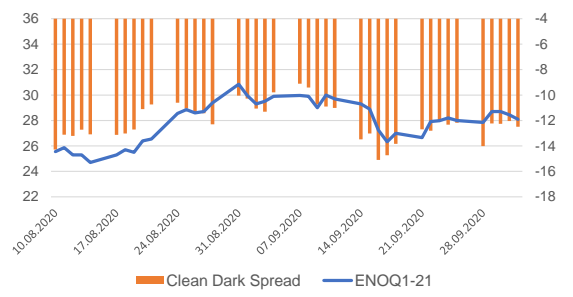
Forecast history	40	Chg	39	Chg
ENOFUTBLQ1-21	⬇️	0.4%	⬇️	3.7%
ENOYR-21	⬇️	-1.4%	↔️	3.4%
NP System	⬇️	1.1%	⬇️	-22.8%
NEDEC20	⬇️	3.5%	⬇️	-6.6%

DETERMINANTS AFFECTING THE MARKET ON WEEK 41

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) 4.-6.10.2020 failure, in use 980 MW

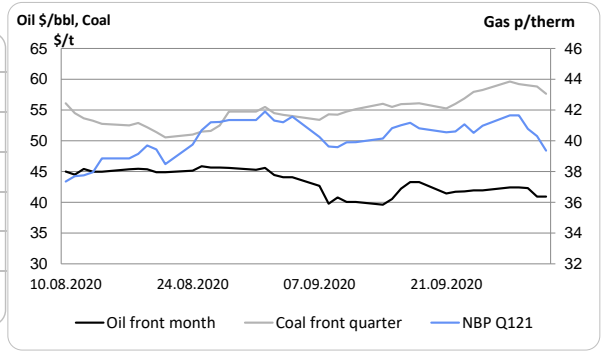
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 72%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 21 % of the maximum



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	9.92
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	16.53
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	4.27
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	4.27
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	9.75
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	13.56

*Average for period between 1.1.2020-5.10.2020.



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