

NORDIC ELECTRICITY MARKET

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CURRENT WEEK DRY BUT POSSIBLE END TO DRY WEATHER TYPE NEXT WEEK

Forecast to week 42:	
ENOFUTBLQ1-21	📉 Bearish (<0%)
ENOYR-21	📉 Bearish (<0%)
NP System	📈 Bullish (>0%)
NEDEC20	📉 Bearish (<0%)

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 42

POWER FUTURES

Front quarter

The current week will be very dry and after the early part of the week temperatures will fall to below normal for the time of year. Chiller, dry weather together with falling flow rates will be supportive for spot prices. Dry weather, a falling hydro balance and higher spot prices will bring upward pressure on near products. However, in the second half of next week forecasts show signs of an end to the dry weather type and higher than normal rainfall amounts. With the end of the dry weather type, we expect near products to fall slightly. However, the turn of the weather type is still uncertain and should the weather forecasts dry up during the week, near products have the potential to return to a rise.

Annual products

A softer emission allowance price and a possible change in the weather type will put downward pressure on annual products. Fuel prices are without any clear direction in the short term. We expect the prices of annual products to fall slightly but this week we see the possibility of an upturn in annual products when the emission allowance price may receive support from approaching strong support levels. Also, a potential drying in next week's weather picture may reverse the direction of annual products. EU and UK Brexit negotiations might bring volatility to the emission allowance price and general market sentiment.

SPOT MARKET

The weather will be dry and after the first part of the week flow rates will fall to a lower level than normal. Temperatures are dropping and will fall towards the end of the week. After Monday, the weather will grow chillier than normal for the time of year and demand for electricity will rise considerably compared to last week's level. Nordic wind power production will be weak in the early part of the week. In Finland, wind power production will be low in the early part of the week but plentiful on Wednesday and Thursday before being weak at the end of the week. The Loviisa 1 unit will return to production at the end of the week after annual maintenance. We expect spot prices to rise compared to last week's level. We expect the system price to settle at an average level of €23.0/MWh. We expect the Finnish area price to settle at an average level of €36.0/MWh.

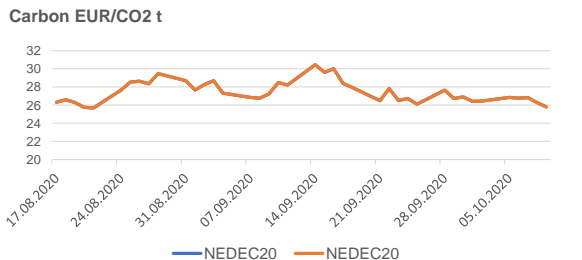
EMISSIONS

The coronavirus pandemic, the US presidential elections and Brexit negotiations, the deadline of which is the current week, will continue to bring market uncertainty during the current week. The technical picture of the emission allowance has weakened and may continue to decrease but strong support for the emission allowance price can be found at €24.80/t; on the other hand breaking through the resistance level would strengthen the downward trend. Also auction results could bring direction to the market. The current week will be slightly chillier than normal in Europe and the weather and natural gas price could increase demand for emission allowances this week. We expect the price to continue to show a slight fall and to move between €24 – €27/t.

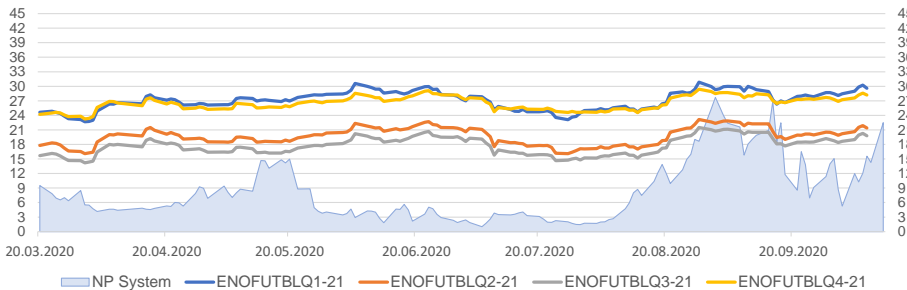
Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ1-21	9.10.2020	29.60	5.3%	1.50
ENOFUTBLQ2-21	9.10.2020	21.40	7.5%	1.50
ENOFUTBLQ3-21	9.10.2020	19.80	7.6%	1.40
ENOFUTBLQ4-21	9.10.2020	28.20	4.8%	1.30
ENOYR-21	9.10.2020	24.75	6.2%	1.45
ENOYR-22	9.10.2020	25.10	2.4%	0.60
ENOYR-23	9.10.2020	25.65	1.8%	0.45
ENOYR-24	9.10.2020	27.03	1.8%	0.47
ENOYR-25	9.10.2020	27.05	0.9%	0.25
NEDEC20	9.10.2020	25.80	-2.5%	-0.65
NEDEC20	9.10.2020	25.80	-2.5%	-0.65

EPAD settlements			
9.10.2020 (€/MWh)	2021	2022	2023
SYHEL	14.40	7.70	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

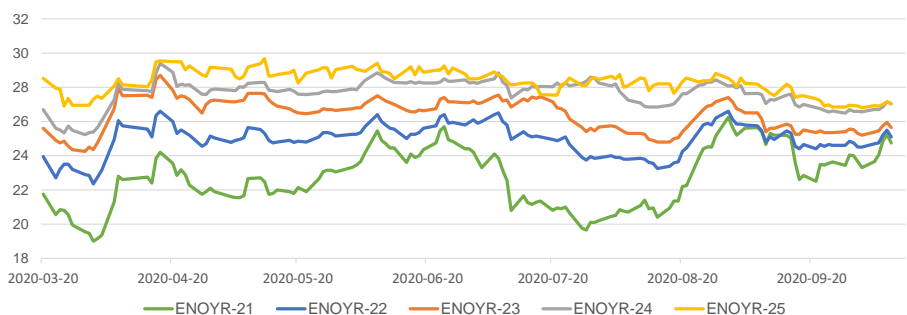
Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	11.10.2020	13.76	55.0%	4.88
NP Area FI	11.10.2020	33.44	1.2%	0.39
NP Area SE1	11.10.2020	22.71	-20.3%	-5.79
NP Area SE2	11.10.2020	22.71	-20.3%	-5.79
NP Area SE3	11.10.2020	22.98	-19.6%	-5.60
NP Area SE4	11.10.2020	22.98	-19.6%	-5.60



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



Years EUR/MWh



COMMENTS ON WEEK 41

POWER FUTURES

Front quarter

Last week's weather was rainy but near products rose. The weather picture for the following week, where the turn to dry weather was confirmed during the course of the week, was supportive for near products. At the same time, the forecasts also showed signs of clearly chillier weather. The chillier, drier weather picture provided clear support for near products, which rose to north of the highest trading figures seen at the end of September. This being the case, also the stronger technical picture intensified the upward pressure. However, near products retreated on Friday when the weather forecasts again showed wetter signs after the following week. Nevertheless, near products closed clearly up at the weekly level.

Annual products

Prices of annual products rose last week. The following week's dry weather picture and higher near-term products were supportive for the nearest annual products. However, the prices of annual products retreated slightly at the end of the week as the emission allowance price softened. Also, a potential change in the weather type and downward near-term products exerted downward pressure. At the weekly level, however, the prices of annual products were up.

SPOT MARKET

Last week the weather was rainy and flow rates were higher than normal. Wind power production in the early part of the week was also largely more plentiful than normal, but after Tuesday wind power production fell to a slightly weaker level than normal. Temperatures started to drop but the weather was still considerably warmer than usual for the time of year, especially in the early part of the week. After the early part of the week, the system price rose and rose clearly at the weekly level. In Finland, wind power production was also plentiful in the early part of the week before falling to largely slightly lower than normal. The Finnish area price rose less than the system price at the weekly level, but all the same the large gap continued between the Finnish area price and both the system price and Swedish area prices.

EMISSIONS

Last week, the emission allowance price was in retreat; poor auction results among other things brought about a softening. On Monday and Tuesday, a softening was seen in the price with news about Brexit. On Wednesday, the price coveted levels of €28/t as the European Parliament voted 60% in favor of the climate target. However, this was not enough to support the price and the market took a downward turn, closing at a slight rise on the intraday level. The downward trend spilled over into Thursday and Friday. On Friday, the emission allowance price closed at a level of €25.71/t, down €1.32 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)

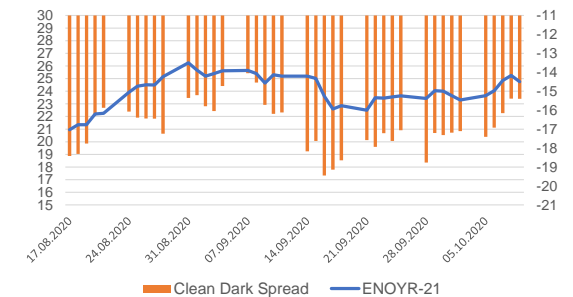
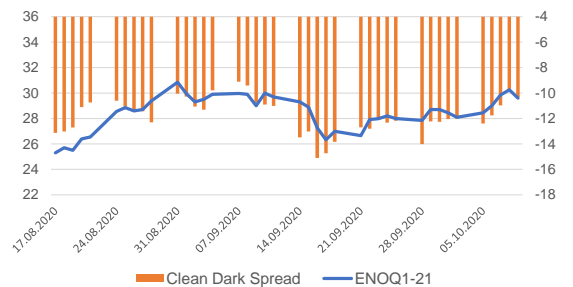
Forecast history	41	Chg	40	Chg
ENOFUTBLQ1-21	⬇️	5.3%	⬇️	0.4%
ENOYR-21	⬇️	6.2%	↻	-1.4%
NP System	⬇️	55.0%	⬇️	-42.1%
NEDEC20	⬇️	-2.5%	⬇️	1.3%

DETERMINANTS AFFECTING THE MARKET ON WEEK 42

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

- Loviisa 1 (507 MW), 29.8.-15.10.2020 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

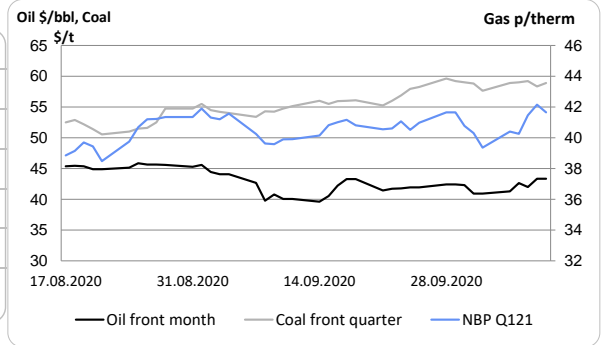
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 74%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 29 % of the maximum



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	10.05
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	16.40
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 1.1.2020-12.10.2020.



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Source for data: intStream, Tilastokeskus

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