

NORDIC ELECTRICITY MARKET

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WET, MILD WEATHER PICTURE MAINTAINING DOWNWARD PRESSURE ON NEAR PRODUCTS

Forecast to week 44:	
ENOFUTBLQ1-21	📉 Bearish (<0%)
ENOYR-21	📉 Bearish (<0%)
NP System	📉 Bearish (<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 44

POWER FUTURES

Front quarter

Rainfall amounts will approach normal levels during the current week, but on Sunday and in the early part of next week will rise to a high level. Temperatures will be well above normal for the time of year. Towards the end of next week, rainfall amounts and temperatures will fall but a turn in the weather type to dry or cold seems unlikely for the time being. The hydro balance will continue rising. We expect near products to fall as a result of the wet, mild weather.

Annual products

The wet, mild weather picture and weak near-term products will bring downward pressure on the nearest annual product. The emission allowance price recovered towards the end of last week, but jittery general market sentiment reversed the upward price on Monday. The price of natural gas has enjoyed a strong upward trend, but jittery general sentiment and falling stock markets are also bringing downward pressure on fuel prices. We expect the price of annual products to fall.

SPOT MARKET

The current week will be very mild for the time of year. Rainfall amounts will approach normal this week but Sunday and the start of next week will see a rainy weather picture, which in turn will increase the hydro balance and reduce water value. Flow rates will be slightly higher than normal. Nordic wind power production will be abundant on Tuesday and Wednesday but will momentarily weaken on Friday. In Finland, wind power production will be largely abundant but fall to a low level on Friday and Saturday. Nuclear power production in Finland has normalized. Maintenance of the transmission link between Sweden and Lithuania will increase the Baltic price level and may also push the Finnish area price up when Finnish wind power production is weak. We expect the system price to fall at the weekly level and to settle at an average level of €13.0/MWh. We expect the Finnish area price to settle at an average level of €24.0/MWh.

EMISSIONS

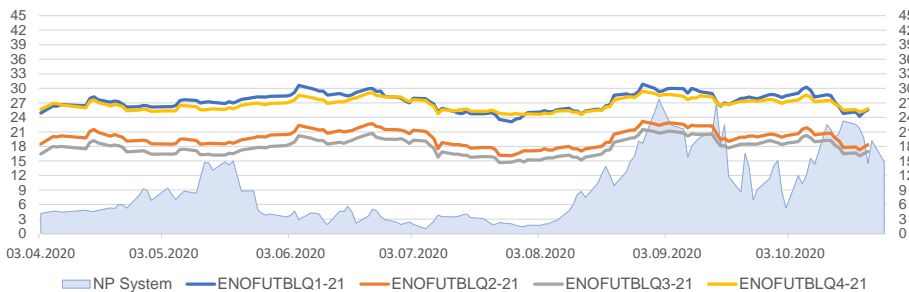
The emission allowance price saw an upward turn towards the end of last week but the technical picture in the price is still weak for the time being. Jittery general market sentiment following high rates of coronavirus infections is exerting downward pressure on the price. The advance of the virus pandemic may lead to stricter restriction measures, and share indexes were in clear retreat on Monday. With the general weak sentiment and technical trend, we expect the emission allowance price to fall.

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ1-21	23.10.2020	25.55	-2.3%	-0.60
ENOFUTBLQ2-21	23.10.2020	18.35	-3.9%	-0.75
ENOFUTBLQ3-21	23.10.2020	16.96	-4.2%	-0.74
ENOFUTBLQ4-21	23.10.2020	25.80	-2.3%	-0.60
ENOYR-21	23.10.2020	21.70	-3.3%	-0.75
ENOYR-22	23.10.2020	23.85	-1.4%	-0.35
ENOYR-23	23.10.2020	24.87	-1.3%	-0.33
ENOYR-24	23.10.2020	26.60	-0.6%	-0.17
ENOYR-25	23.10.2020	27.20	0.4%	0.10
NEDEC20	23.10.2020	25.51	2.8%	0.69
NEDEC20	23.10.2020	25.51	2.8%	0.69

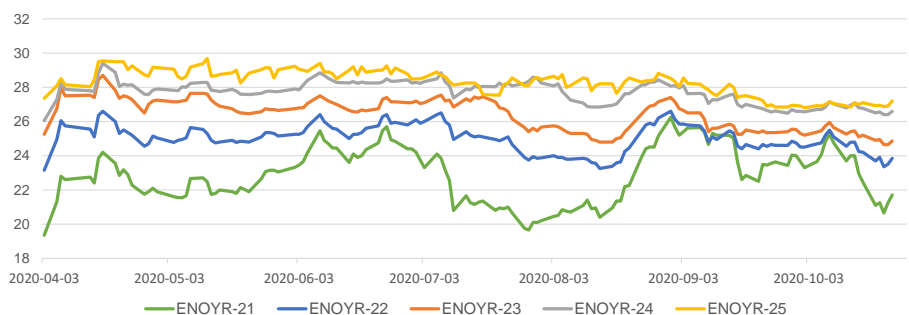
EPAD settlements			
23.10.2020 (€/MWh)	2021	2022	2023
SYHEL	15.20	7.85	4.33
SE1- NP System	-1.50	-2.70	-2.50
SE2 - NP System	-1.50	-2.70	-2.50
SE3 - NP System	2.48	2.25	2.05
SE4 - NP System	4.75	3.75	3.75

Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	25.10.2020	17.46	-14.5%	-2.95
NP Area FI	25.10.2020	33.86	-7.5%	-2.76
NP Area SE1	25.10.2020	18.97	-35.7%	-10.51
NP Area SE2	25.10.2020	18.97	-35.7%	-10.51
NP Area SE3	25.10.2020	24.26	-19.8%	-6.01
NP Area SE4	25.10.2020	24.26	-19.8%	-6.01

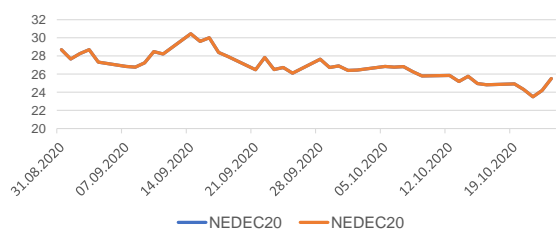
Quarters EUR/MWh (left), NP System EUR/MWh (right)



Years EUR/MWh



Carbon EUR/CO2 t



COMMENTS ON WEEK 43

POWER FUTURES

Front quarter

In the early part of last week, near products continued to spiral downwards driven by the wet, mild weather picture. Also, the very weak technical picture strengthened the downward pressure. However, the downward pressure eased towards the end of the week and after a sharp fall in near products an upward correction movement was seen. Weather forecasts for the end of the week were slightly drier. Also the emission allowance price took an upward turn and fuel prices strengthened. However, near products were down at the weekly level.

Annual products

Last week, annual products fell sharply in the early part of the week with near products and the continued weak emission allowance price. However, also annual product prices recovered towards the end of the week, supported by the emission allowance price, which had taken an upward turn. Also fuel prices strengthened. The price of natural gas in particular rose a lot, which brought upward pressure on the German electricity market. This in turn was supportive of the price of coal and annual products on the Nordic market. However, also prices of annual products were down at the weekly level.

SPOT MARKET

Last week, the weather turned rainy and after the early part of the week flow rates rose to higher than normal. The week got off to a cold start for the time of the year but after Tuesday temperatures rose to higher than normal. After the early part of the week, spot prices fell and were clearly down at the weekly level. In Finland, spot prices rose momentarily high on Tuesday because of weak wind power production. After Tuesday, however, Finnish wind power production rose and the Loviisa 1 unit was re-started towards the end of the week. This being so, there was also a clear drop in the Finnish area price.

EMISSIONS

Last week, the emission allowance price fell following a weak technical picture and weak auction results. However, Thursday saw strong auctions, which were supportive. Also share indexes strengthened towards the end of the week. On Friday, the emission allowance price showed strong recovery as the rise was boosted by more confident market sentiment and the price of natural gas, which had shown a strong rise. The emission allowance price ultimately rose 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	43	Chg	42	Chg
ENOFUTBLQ1-21	⬇️	-2.3%	⬇️	-11.7%
ENOYR-21	⬇️	-3.3%	⬇️	-9.3%
NP System	⬇️	-14.5%	⬆️	62.6%
NEDEC20	↔️	2.8%	⬇️	-3.8%

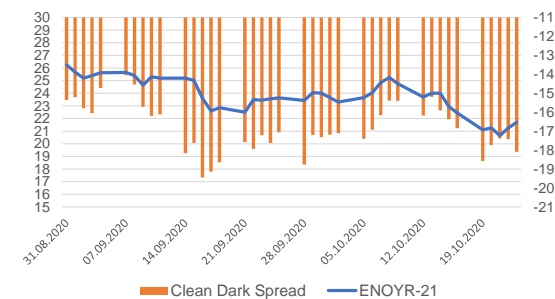
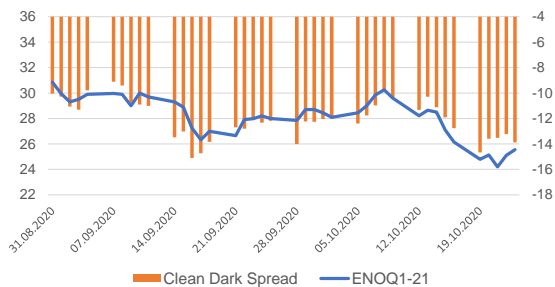
DETERMINANTS AFFECTING THE MARKET ON WEEK 44

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Ringhals 1 (881 MW), 25.10.-31.12.2020, maintenance before end of production, in use 700 MW
 Forsmark 1 (988 MW), 26.10.-6.1.2021, maintenance, in use 494 MW
 Oskarshamn 3 (1400 MW) 1.8. -9.11.2020 maintenance, in use 0 MW

FI-SE1 (1100 MW), 21.-26.10.2020 maintenance, in use 750 MW

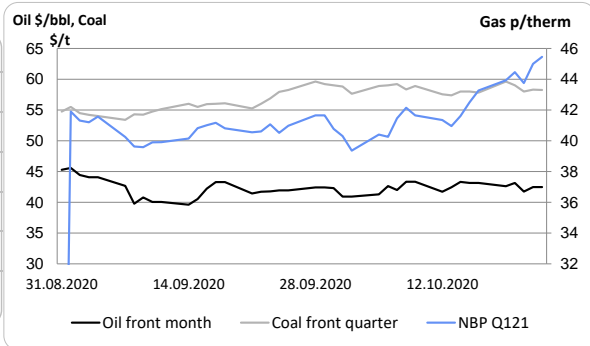
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 81%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 23 % of the maximum



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	10.45
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	16.51
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	4.38
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	4.38
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	9.61
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	13.44

*Average for period between 1.1.2020-26.10.2020.



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 Source for data: intStream, Tilastokeskus

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