

NORDIC ELECTRICITY MARKET

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**NEXT WEEK'S RAINY WEATHER PICTURE AND HIGH HYDRO BALANCE KEEP NEAR PRODUCTS WEAK, BUT GENERAL SENTIMENT IS OPTIMISTIC**

Forecast to week 46:	
ENOFUTBLQ1-21	📉 Bearish (<0%)
ENOYR-21	📉 Bearish (<0%)
NP System	📈 Bullish (>0%)
NEDEC20	📈 Bullish (>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 46**

**POWER FUTURES**

**Front quarter**

A high pressure front that has settled above the Nordic countries means very dry weather, particularly during the first part of the week. However, the high pressure will recede towards the end of the week and rainfall amounts will increase. Next week's weather picture is rainier than normal and at the same time the weather type will remain fairly mild for the time being. Next week's rainy weather picture, a high hydro balance and a weak technical picture mean near products will continue to be weak. There is still great uncertainty in the weather picture following next week but so far, the weather forecasts show no clear signs of a turn to a dry or cold weather type. We expect near products to continue falling for the time being, but the products have fallen sharply and there is already a clearly increased risk of an upward correction movement.

**Annual products**

Next week's weather picture, weak near-term products and a high hydro balance are maintaining downward pressure on the nearest annual product. Also, the very weak technical picture is strengthening the downward pressure. However, general market sentiment is optimistic and share indexes are rising now that the uncertainty surrounding the US presidential election has lifted. On Monday, there was also positive news of a coronavirus vaccine. General market sentiment is supporting fuel and emission allowance prices, which will be supportive of prices of annual products. We expect the prices of annual products following the nearest annual product to approach last week's emission levels or to increase slightly.

**SPOT MARKET**

Nordic wind power production will be weak during the first part of the week but will rise to a high level at the weekend. The weather is mild for the time of year and temperatures will rise towards the end of the week. However, the week will be mostly very dry and flow rates will fall towards the end of the week. All the same, flow rates will remain slightly higher than normal. Hydropower availability will remain plentiful because of very high water basin levels in Norway and next week's rainy weather picture. In Finland, wind power production will fall to a very low level on Tuesday and Wednesday, but also in Finland will rise to a higher than normal level later in the week. We expect the system price to rise at the weekly level and to settle at an average level of €7.5/MWh. We expect the Finnish area price to show a clear rise with the high level at the start of the week and to settle at an average level of €37.5/MWh.

**EMISSIONS**

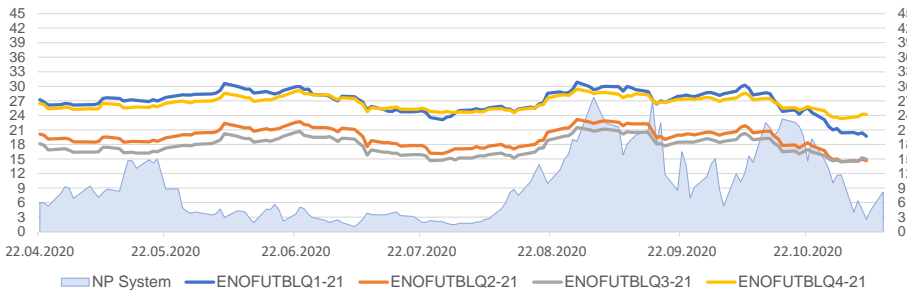
The emission allowance technical picture has strengthened as the price breached the last peak of €25.72/t. The stock markets have reacted positively to Biden's winning the US presidential election, but on the other hand coronavirus cases still continue to grow around the world, which may dampen market sentiment. The mild weather during the current week is not supportive of the emission allowance price but on the other hand wind power production will also be weak. The profitability of coal condensate power has improved as the market price of gas has risen. There is limited room for the emission allowance price to rise but on the other hand there is strong support for the emission allowance price as the price drops towards €23/t. We expect the emission allowance price to seek direction from the stock markets and the economic outlook.

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ1-21	6.11.2020	19.70	-7.5%	-1.60
ENOFUTBLQ2-21	6.11.2020	14.60	-2.7%	-0.40
ENOFUTBLQ3-21	6.11.2020	14.95	1.0%	0.15
ENOFUTBLQ4-21	6.11.2020	24.20	2.5%	0.60
ENOYR-21	6.11.2020	18.35	-2.4%	-0.45
ENOYR-22	6.11.2020	23.40	3.3%	0.75
ENOYR-23	6.11.2020	24.65	2.1%	0.50
ENOYR-24	6.11.2020	26.20	1.9%	0.50
ENOYR-25	6.11.2020	26.95	1.2%	0.33
NEDEC20	6.11.2020	25.43	7.4%	1.76
NEDEC20	6.11.2020	25.43	7.4%	1.76

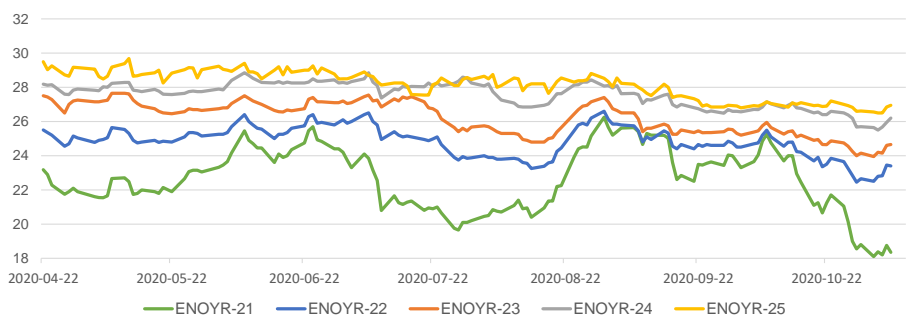
EPAD settlements			
6.11.2020 (€/MWh)	2021	2022	2023
SYHEL	16.75	8.50	4.48
SE1- NP System	-1.50	-2.70	-2.50
SE2 - NP System	-1.50	-2.70	-2.50
SE3 - NP System	2.48	2.25	2.05
SE4 - NP System	4.75	3.75	3.75

Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	8.11.2020	4.63	-57.5%	-6.25
NP Area FI	8.11.2020	11.36	-46.3%	-9.80
NP Area SE1	8.11.2020	3.89	-67.3%	-8.02
NP Area SE2	8.11.2020	3.89	-67.3%	-8.02
NP Area SE3	8.11.2020	10.51	-14.7%	-1.81
NP Area SE4	8.11.2020	10.51	-14.7%	-1.81

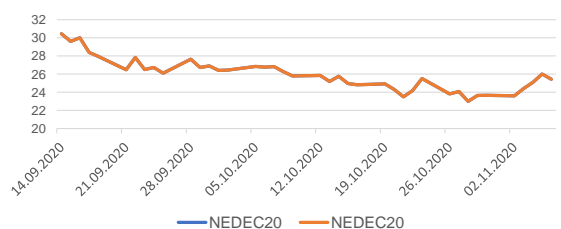
Quarters EUR/MWh (left), NP System EUR/MWh (right)



Years EUR/MWh



Carbon EUR/CO2 t



COMMENTS ON WEEK 45

**POWER FUTURES**

**Front quarter**

Last week, near products continued falling. Very low spot prices, full water reservoirs in Norway and the mild weather picture maintained downward pressure on near products. However, the downward pressure was limited by a very low price level and the following week's weather picture, which showed signs of a turn to a dry weather type. The support brought by a drier weather picture was, however, limited since there were signs of wetter weather after the following week.

**Annual products**

Last week the nearest annual product fell along with spot prices and near products. However, general market sentiment turned very positive as the uncertainty surrounding the US presidential elections eased. General optimistic market sentiment and higher share indexes were supportive of fuel and emission allowance prices, which also supported annual products. This being the case, the annual products following the annual product rose.

**SPOT MARKET**

Last week the weather was very windy and, for the time of year, mild. The weather was also very rainy and flow rates were high. The system price was well down at the weekly level and settled at a very low level. Also in Finland, wind power production was mostly very plentiful. The Finnish area price fell still much more than the system price at the weekly level. The Finnish spot price settled at near the South Sweden price level, but North Sweden and South Sweden differed greatly from each other at the weekly level.

**EMISSIONS**

Last week, the emission allowance price rose. The emission allowance price was supported by the stock market rally supported by the US presidential election. Signs of recovery were also seen on the fuel markets and particularly in the price of gas. Auction results last week were also better than the trend in recent months and settled at a higher price than the aftermarket. On Friday, the price saw a slight downward correction on the expected price rise of the week and with the repatriation of profits, but the emission allowance price was up €1.71/t 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	45	Chg	44	Chg
ENOFUTBLQ1-21	⬇️	-7.5%	⬇️	-16.6%
ENOYR-21	⬇️	-2.4%	⬇️	-13.4%
NP System	⬇️	-57.5%	⬇️	-38.8%
NEDEC20	⬇️	7.4%	⬇️	-7.2%

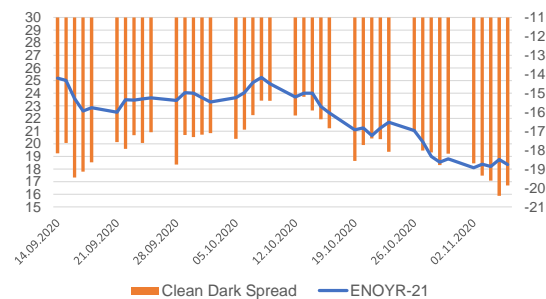
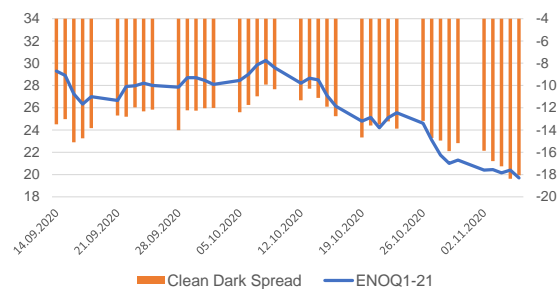
DETERMINANTS AFFECTING THE MARKET ON WEEK 46

**RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY**

Ringhals 4 (1130 MW), 4.11.-4.12.2020, failure, in use 578 MW  
 Ringhals 1 (881 MW), 25.10.-31.12.2020, maintenance before end of production, in use 700 MW  
 Forsmark 1 (988 MW), 27.10.-6.1.2021, maintenance, in use 494 MW, 9.-12.11.2020 in use 0 MW  
 Oskarshamn 3 (1400 MW) 1.8.-14.11.2020 maintenance, in use 0 MW

EE-FI (1016 MW), 6.-12.11.2020 maintenance, in use 808-1016 MW

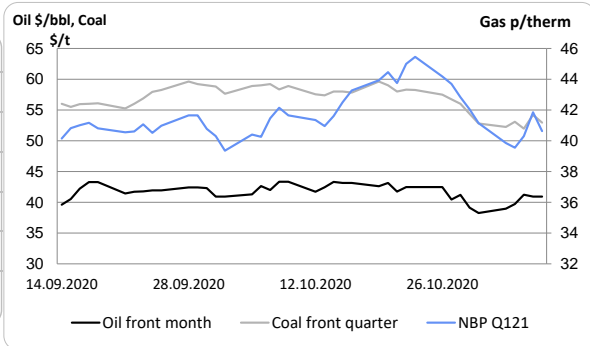
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 72%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 7 % of the maximum



**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	10.30
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	16.27
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	4.19
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	4.19
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	9.49
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 1.1.2020-9.11.2020.



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 Source for data: intStream, Tilastokeskus

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