

NORDIC ELECTRICITY MARKET

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**VERY HIGH HYDRO BALANCE AND LOW SPOT PRICES WILL CONTINUE TO KEEP THE MARKET WEAK**

Forecast to week 47:	
ENOFUTBLQ1-21	<span style="color: red;">📉</span> Bearish (<0%)
ENOYR-21	<span style="color: red;">📉</span> Bearish (<0%)
NP System	<span style="color: red;">📉</span> Bearish (<0%)
NEDEC20	<span style="color: green;">📈</span> 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 47**

**POWER FUTURES**

**Front quarter**

The weather during the current week will be very rainy and, for the time of year, very mild. The rainy weather and very high water basin levels in Norway will maintain downward pressure on near products. Also, technically the market is very weak. We expect the market to remain weak for the time being, but we consider that the potential for a fall is already limited. Additionally, we consider the possibility of an upward correction movement to have already greatly increased. However, the weather picture is still not showing any clear signs that would trigger a potential upward movement.

**Annual products**

The rainy weather picture, weak near-term products and a very weak technical picture are maintaining downward pressure on annual products. The prices of annual products have fallen even though fuel and emission allowance prices have risen. This being the case, the price difference compared to the German electricity market has become very wide in the following years. However, we expect the trend for annual products to remain weak for the time being but also consider the risk of an upward correction movement in annual products to have already increased significantly.

**SPOT MARKET**

Nordic wind power production will be very plentiful this week and the weather will be very mild during the first half of the week. After Wednesday, temperatures will start to drop and demand for electricity will rise on Thursday and Friday. However, temperatures will drop only to approach normal for the time of year. Water basins are very high in Norway and very plentiful hydropower and wind power availability will reduce the system price to a very low level. We expect the system price to fall at the weekly level and to settle at an average level of €3.0/MWh. Also, in Finland, wind power production will be plentiful and, especially in the early part of the week, very plentiful. We expect the Finnish area price to fall and to settle at an average level of €17.0/MWh.

**EMISSIONS**

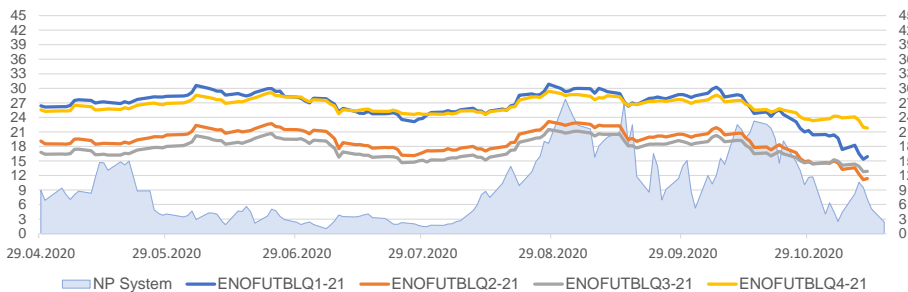
Brexit and Covid-19 will continue to bring uncertainty to the market during the current week. Another deadline in the Brexit negotiations slipped by last week and the discussions will go on until next week or even later. It is likely that UK businesses will receive no clarity about their government's post-Brexit emissions pricing before any trade agreement. The number of coronavirus infections in Europe continues to grow, threatening the macroeconomic picture. The fuel markets, especially oil, have recovered with news of a coronavirus vaccine but the focus could switch to further weakening demand outlook on the fuel markets. The technical picture of the emission allowance is robust, but demand remains weak at the fundamental level. We expect the emission allowance price to seek direction between €24-€27/t, with the possibility of a rise if the technical levels of €27/t and above fail.

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ1-21	13.11.2020	15.90	-19.3%	-3.80
ENOFUTBLQ2-21	13.11.2020	11.38	-22.1%	-3.22
ENOFUTBLQ3-21	13.11.2020	12.85	-14.0%	-2.10
ENOFUTBLQ4-21	13.11.2020	21.80	-9.9%	-2.40
ENOYR-21	13.11.2020	15.55	-15.3%	-2.80
ENOYR-22	13.11.2020	20.95	-10.5%	-2.45
ENOYR-23	13.11.2020	23.10	-6.3%	-1.55
ENOYR-24	13.11.2020	24.75	-5.5%	-1.45
ENOYR-25	13.11.2020	25.98	-3.6%	-0.97
NEDEC20	13.11.2020	26.38	3.7%	0.95
NEDEC20	13.11.2020	26.38	3.7%	0.95

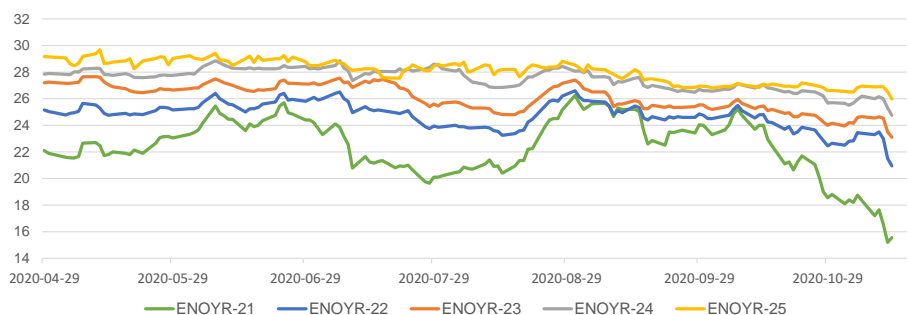
EPAD settlements			
13.11.2020 (€/MWh)	2021	2022	2023
SYHEL	20.60	9.75	4.90
SE1- NP System	-1.50	-2.70	-2.50
SE2 - NP System	-1.50	-2.70	-2.50
SE3 - NP System	2.48	2.25	2.05
SE4 - NP System	4.75	3.75	3.75

Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	15.11.2020	6.61	42.8%	1.98
NP Area FI	15.11.2020	36.66	222.8%	25.30
NP Area SE1	15.11.2020	6.23	60.1%	2.34
NP Area SE2	15.11.2020	6.23	60.1%	2.34
NP Area SE3	15.11.2020	35.85	241.0%	25.33
NP Area SE4	15.11.2020	35.85	241.0%	25.33

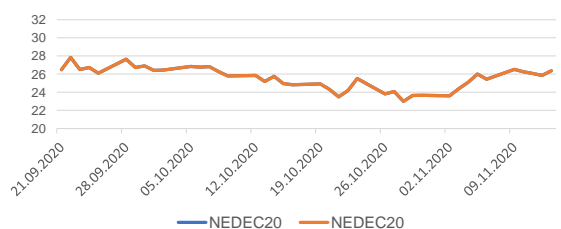
Quarters EUR/MWh (left), NP System EUR/MWh (right)



Years EUR/MWh



Carbon EUR/CO2 t



COMMENTS ON WEEK 46

**POWER FUTURES**

**Front quarter**

Last week, the weather was dry, but the high pressure receded later in the week and rainfall amounts rose to higher than normal. The weather forecasts also for the following week were very rainy and very mild for the time of year. The hydro balance was rising very high and the rainy and mild weather picture maintained the sharp fall in near products. Also, the very weak technical trend strengthened the downward pressure.

**Annual products**

Last week, the prices of annual products fell sharply because of very weak near-term products and the mild and rainy weather picture. However, general market sentiment was very optimistic, buoyed by positive news of a coronavirus vaccine. General sentiment and rising share indexes were supportive of fuel and emission allowance prices. Despite this, all annual product prices fell, and the difference compared to the German electricity market rose to a very high level.

**SPOT MARKET**

Last week, the high pressure above the Nordic countries resulted in weak wind power production in the first half of the week. The weather was also dry and flow rates fell towards the end of the week. However, the high pressure receded at the end of the week and both wind power production and rainfall amounts increased. Spot prices rose in the early part of the week and the system price rose also at the weekly level. However, the rainy, mild weather picture for the following week as well as very high water basin levels in Norway greatly limited the rise in the system price. On the other hand, the Finnish area price rose a lot at the weekly level because of weak wind power production.

**EMISSIONS**

Last week, the emission allowance price sought direction. News of a coronavirus vaccine lifted the markets more broadly and was also supportive of the emission allowance price, particularly on Monday. However, prices slipped as also the stock markets softened slightly after Monday's rise; especially on Wednesday, the day started on a strong upward note but ultimately ended in a fall. On Friday, the price rose slightly, and the emission allowance price closed the week slightly up. Auction results were again fairly weak last week, but the trend has improved since the weak results of October.

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	46	Chg	45	Chg
ENOFUTBLQ1-21	↓	-19.3%	↓	-7.5%
ENOYR-21	↓	-15.3%	↓	-2.4%
NP System	↑	42.8%	↓	-62.6%
NEDEC20	↑	3.7%	↓	7.4%

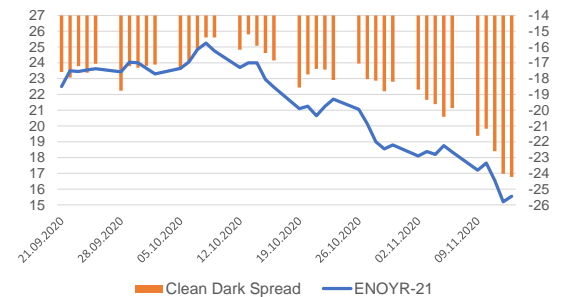
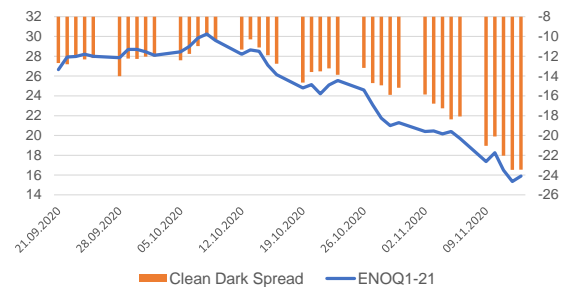
DETERMINANTS AFFECTING THE MARKET ON WEEK 47

**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.-16.11.2020 maintenance, in use 0 MW

EE-FI (1016 MW), 18.-20.11.2020 maintenance, in use 658 MW

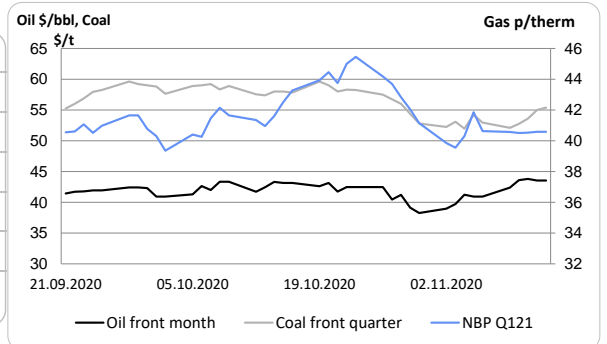
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 76%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 22 % of the maximum



**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	10.20
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	16.49
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	4.10
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	4.10
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	9.83
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	13.98

\*Average for period between 1.1.2020-16.11.2020.



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 Source for data: intStream, Tilastokeskus

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