

NORDIC ELECTRICITY MARKET

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SLIGHTLY DRIER AND COLDER WEATHER PICTURE AS WELL AS STRONG FUEL AND EMISSION ALLOWANCE PRICES BRINGING UPWARD PRESSURE

Forecast to week 51:	
ENOFUTBLQ1-21	↗ Bullish (>0%)
ENOYR-21	↗ Bullish (>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 51

POWER FUTURES

Front quarter

The weather forecasts have dried up slightly during the weekend and precipitation amounts for the two-week forecast period are close to normal levels. During the first half of next week, precipitation amounts will be higher than normal, but there are signs of the possibility of drier weather towards the end of the week. The weather is mild for the time of year. Also, next week will get off to a mild start but temperatures will fall to near normal towards the end of the week. Signs of drier, colder weather are supportive of near products. We expect near products to rise.

Annual products

Signs of drier, colder weather in tandem with rising near products will be supportive of annual products, as will the strong upward trend in fuel and emission allowance prices. Ongoing trade talks between the EU and the UK continue to maintain uncertainty on the forex, stock and emissions markets. However, we consider that the emission allowance price is more likely to continue to rise than to show a clear fall since the break in emission allowance auctions and a strong technical picture will maintain support for the price. We expect annual product prices to rise.

SPOT MARKET

The weather type is mild for the time of year and temperatures will rise towards the end of the week. Electricity demand will remain much lower than normal for the time of year. Flow rates are mostly slightly higher than normal. Nordic wind power production will be weaker than normal on Tuesday and Wednesday, but close to the normal level on the other days of the week. In Finland, wind power production will vary during the week, but will mostly be weaker than normal. The restart of the Olkiluoto 2 unit has been delayed until Thursday and this is keeping the Finnish area price much higher than the system price. We expect the system price to rise slightly at the weekly level and to settle at an average level of €24.0/MWh. We expect the Finnish area price to rise and to settle at an average level of €54.5/MWh.

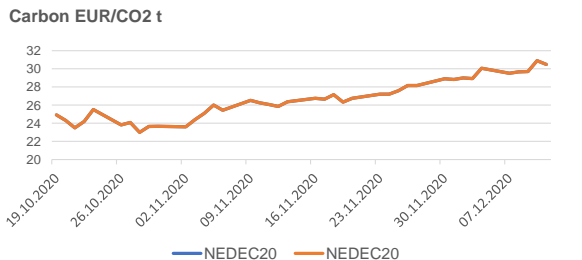
EMISSIONS

The break in emission allowance auctions begins this week, the last settlement price of the year was €30.90/t. The break will continue for longer than normal and extend to at least the end of January. The technical picture for the allowance is very strong with the allowance price having reached new peaks last week and there are no real resistance levels to the price. On the other hand, the weather in Europe is mild, decreasing demand for emission allowances. The EU has announced fewer MSR withdrawals for 2021 and Brexit talks are still under way. We expect the emission allowance price to continue upwards.

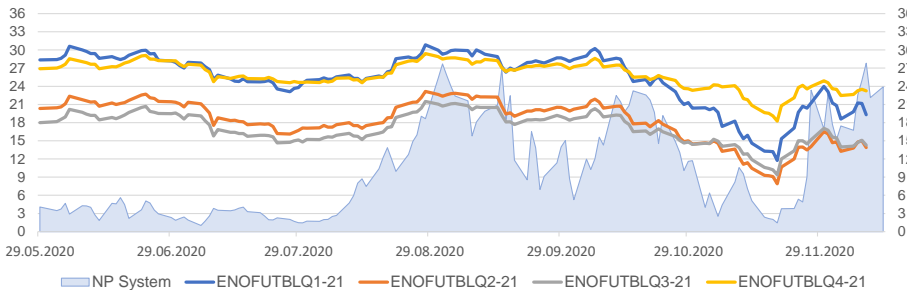
Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ1-21	11.12.2020	19.30	-7.3%	-1.52
ENOFUTBLQ2-21	11.12.2020	13.90	-6.2%	-0.92
ENOFUTBLQ3-21	11.12.2020	14.30	-7.7%	-1.20
ENOFUTBLQ4-21	11.12.2020	23.25	-1.1%	-0.25
ENOYR-21	11.12.2020	17.60	-5.1%	-0.95
ENOYR-22	11.12.2020	22.10	0.5%	0.10
ENOYR-23	11.12.2020	23.65	0.6%	0.15
ENOYR-24	11.12.2020	25.19	2.0%	0.49
ENOYR-25	11.12.2020	25.90	4.3%	1.07
NEDEC20	11.12.2020	30.49	1.4%	0.43
NEDEC20	11.12.2020	30.49	1.4%	0.43

EPAD settlements			
11.12.2020 (€/MWh)	2021	2022	2023
SYHEL	23.00	14.00	5.83
SE1- NP System	-1.00	-2.05	-2.50
SE2 - NP System	-1.00	-2.05	-2.50
SE3 - NP System	7.30	3.85	2.50
SE4 - NP System	16.03	77.50	6.50

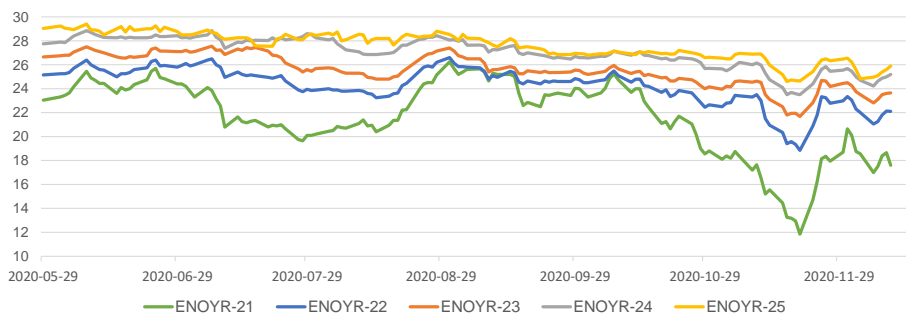
Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	13.12.2020	23.14	27.2%	4.95
NP Area FI	13.12.2020	50.86	16.0%	7.00
NP Area SE1	13.12.2020	20.28	28.1%	4.45
NP Area SE2	13.12.2020	20.28	28.1%	4.45
NP Area SE3	13.12.2020	43.64	-0.3%	-0.15
NP Area SE4	13.12.2020	43.64	-0.3%	-0.15



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



Years EUR/MWh



COMMENTS ON WEEK 50

POWER FUTURES

Front quarter

Last week, the weather was dry, and the hydro balance fell. However, near products fell as the forecasts showed signs of wetter than normal weather for the following week. Confirmation of the end of the dry weather forecast brought downward pressure. Besides which, the weather forecasts for the following week indicated that the weather would continue to be clearly milder than normal for the time of year. However, the weather forecasts showed considerable uncertainty after the following week. Some of the forecast models saw the possibility of a colder, drier last week of December, which limited downward pressure. However, near products were down at the weekly level.

Annual products

Last week, the nearest annual product fell with the following week's wetter weather picture and near products. However, the upward trend in fuel prices continued. Also, the emission allowance price continued to be very strong and the price rose to new record prices. The higher marginal cost prices of fuels triggered a strong rise in the German electricity market. However, on the Nordic market, support remained very moderate with annual products and the annual products following the nearest annual products closing just a touch up at the weekly level.

SPOT MARKET

Last week, the weather type was mild for the time of year but after Monday, Nordic wind power production weakened to a lower than normal level. Less wind power production than normal resulted in a rise in the system price at the weekly level. In Finland, spot prices rose towards the end of the week when the Olkiluoto 2 unit had to be unexpectedly shut down. In addition, wind power production in Finland dropped to below normal levels at the same time. However, electricity imports from Russia to Finland rose towards the end of the working week and this limited the upward pressure on Finnish spot prices. However, the Finnish area price rose more than the system price at the spot level.

EMISSIONS

Last week, the emission allowance price continued to rise, reaching all-time records. A softening in the price was seen from the start of the week as among other things the Brexit talks dragged on and because of a threat of stricter coronavirus restrictions in Europe. However, the price started to rise on Wednesday, testing the level of €30/t, but closing south of this. On Thursday, rising power markets and expectations of a decision on the EU's Climate Law lifted the markets to close at a historical high of €30.90/t. On Friday, EU leaders decided on a 55% emissions target for 2030 and the emission allowance price closed slightly down on Friday.

Indicator	ENOFUTBLQ1-21	ENOYR-21
Coal-fired production	11 %	12 %
Coal price	1 %	1 %
Gas price (NBP)	6 %	51 %
German price level	5 %	6 %
Spot	0 %	0 %
Crude oil Brent	0 %	0 %
Water reservoirs	56 %	52 %
EUR/USD FX rate	12 %	13 %
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	50	Chg	49	Chg
ENOFUTBLQ1-21	↓	-7.3%	↑	2.1%
ENOYR-21	↓	-5.1%	↑	3.3%
NP System	↑	27.2%	↑	-25.3%
NEDEC20	↓	1.4%	↑	6.7%

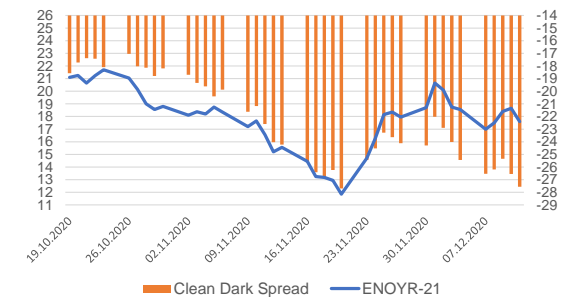
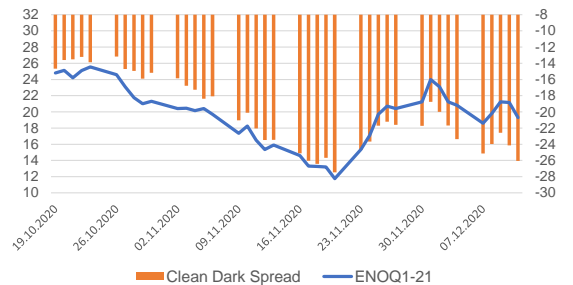
DETERMINANTS AFFECTING THE MARKET ON WEEK 51

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

- Ringhals 4 (1130 MW), 7.-16.12.2020, failure, in use 578 MW
- Forsmark 2 (1118 MW), 1.-15.12.2020, failure, in use 0 MW
- Ringhals 1 (881 MW), 25.10.-31.12.2020, maintenance before end of production, in use 600 MW
- Forsmark 1 (988 MW), 27.10.-21.12.2020, maintenance, in use 494 MW, 12.-14.12.2020 in use 0 MW

- RU-FI (1300 MW), 7.-18.12.2020, maintenance, in use 900 MW
- EE-FI (1016 MW), 7.-20.12.2020, maintenance, in use 0-958 MW

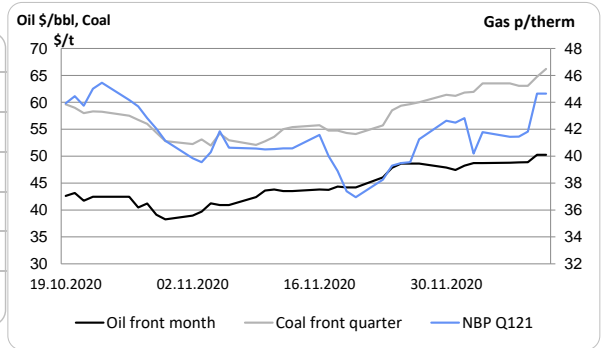
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 73%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 49 % of the maximum



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	10.52
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	17.36
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	3.70
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	3.70
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	10.67
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	15.16

*Average for period between 1.1.2020-14.12.2020.



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Source for data: intStream, Tilastokeskus

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