

NORDIC ELECTRICITY MARKET

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GENERAL MORE JITTERY MARKET SENTIMENT BRINGING DOWNWARD PRESSURE

Forecast to week 52:

ENOFUTBLQ1-21	↔ Sideways (± 0,5%)
ENOYR-21	↘ Bearish (<0%)
NP System	↘ Bearish (<0%)
NEDEC21	↘ Bearish (<0%)

FORECAST TO WEEK 52

POWER FUTURES

Front quarter

Precipitation amounts are close to normal levels during the two-week forecast and no significant changes in the weather forecasts took place during the weekend. Precipitation amounts will rise to above normal at the turn of next week but after the early part of the week will decrease to slightly lower than normal. Temperatures will fall, but the weather will remain milder than normal for the time of year. No major changes in the hydro balance are in sight and we expect near products to move at around last week's closing levels.

Annual products

Fuel and emission allowance prices have been very strong but general market sentiment has become jittery and share indexes are falling. New travel restrictions and concerns about a new coronavirus variant are lowering general sentiment. More jittery sentiment is exerting downward pressure on fuel and emission allowance prices, which puts downward pressure on the prices of annual products. We expect the prices of annual products to fall slightly but we expect trading volumes to be low this week.

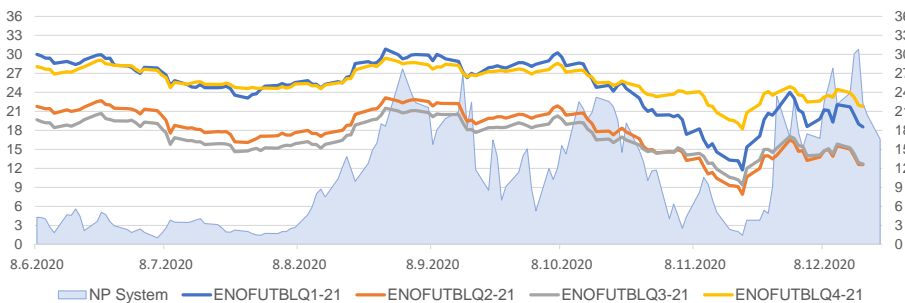
SPOT MARKET

The weather type is very mild for the time of year. Temperatures will drop over the following days, but electricity demand will fall during Christmas week. Nordic wind power production will be plentiful in the early part of the week but at the weekend will again rise to higher than normal. Flow rates are clearly higher than normal. Flow rates will fall over the next few days but will remain higher than normal. We expect the system price to fall at the weekly level and to settle at an average level of €14.5/MWh. The Olkiluoto 2 unit has started up and the plant is scheduled to reach normal capacity on Tuesday afternoon. In Finland, wind power production will be more plentiful than normal during the early part of the week. After Tuesday, Finnish wind power production will largely drop to a slightly lower level than normal. However, Christmas will lower Finnish demand for electricity, and we expect the Finnish area price to show a clear fall and to settle at an average level of €22.5/MWh.

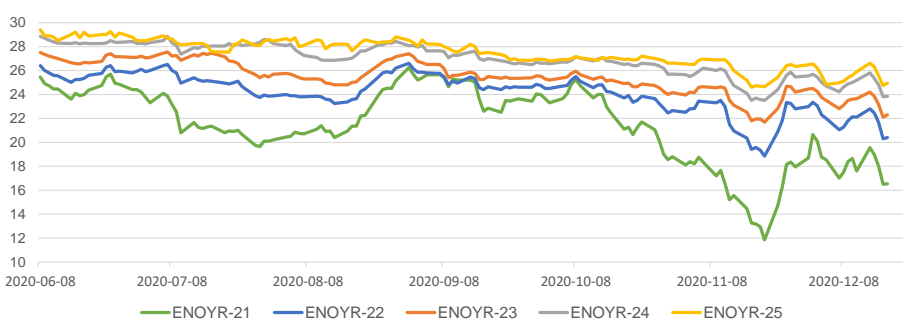
EMISSIONS

During the current week, the emission allowance price opened on a downward note as on Friday. News about a new coronavirus variant in Great Britain has affected market sentiment more widely. The allowance auction break will continue until the end of January or beginning of February. The auction calendar is expected to be published fairly soon and to give direction to the market. The weather in Central Europe will be mild in the early part of the week. Repatriation of profits before the turn of the year might put slight pressure on the price but any actual downward trend still seems unlikely. We expect the emission allowance price to seek direction between €30-€32.50/t.

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



Years EUR/MWh



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	↓	↓	↓

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ1-21	18.12.2020	18.55	-3.9%	-0.75
ENOFUTBLQ2-21	18.12.2020	12.60	-9.4%	-1.30
ENOFUTBLQ3-21	18.12.2020	12.70	-11.2%	-1.60
ENOFUTBLQ4-21	18.12.2020	21.80	-6.2%	-1.45
ENOYR-21	18.12.2020	16.53	-6.1%	-1.07
ENOYR-22	18.12.2020	20.40	-7.7%	-1.70
ENOYR-23	18.12.2020	22.30	-5.7%	-1.35
ENOYR-24	18.12.2020	23.85	-5.3%	-1.34
ENOYR-25	18.12.2020	24.95	-3.7%	-0.95
NEDEC21	18.12.2020	30.77	0.9%	0.28
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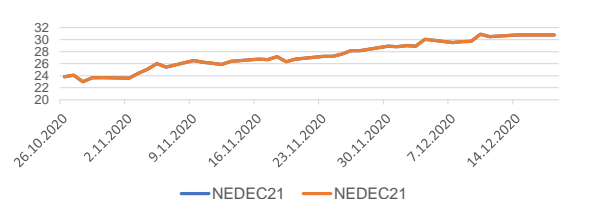
EPAD settlements

18.12.2020 (€/MWh)	2021	2022	2023
SYHEL	24.93	15.63	6.05
SE1-NP System	-1.75	-3.00	-2.50
SE2 - NP System	-1.75	-3.00	-2.50
SE3 - NP System	11.00	3.93	2.75
SE4 - NP System	18.53	8.75	7.50

Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	20.12.2020	22.64	-2.1%	-0.49
NP Area FI	20.12.2020	50.40	-0.9%	-0.46
NP Area SE1	20.12.2020	21.77	7.4%	1.49
NP Area SE2	20.12.2020	21.77	7.4%	1.49
NP Area SE3	20.12.2020	32.92	-24.6%	-10.71
NP Area SE4	20.12.2020	32.92	-24.6%	-10.71

Carbon EUR/CO2 t



COMMENTS ON WEEK 51

POWER FUTURES

Front quarter

Near products were rising in the first half of last week because the weather forecasts were drier and showed the possibility of the weather type turning dry after the following week. However, after the early part of the week, the weather forecasts were wetter, and signs of any dry weather seemed more unlikely. The weather forecasts are also warming, and the weather generally appeared to continue to be milder than normal for the time of year. This being the case, near products took a downward turn and ultimately closed down at the weekly level.

Annual products

Annual products were also rising at the beginning of last week. The continued very strong emission allowance price brought upward pressure on annual products, which were also supported by signs of drier weather and rising near products. Also, general market sentiment was very optimistic, share indexes rose and also fuel prices continued to show a strong rise. However, after the early part of the week, the rise in fuel and emission allowance prices was interrupted and the prices of annual products took a downward turn. Also, wetter weather forecasts and near products, which had taken a downward turn, brought downward pressure to annual products. Annual products ultimately closed clearly down at the weekly level.

SPOT MARKET

Last week the weather type was mild for the time of year and temperatures rose towards the end of the week. Flow rates were largely higher than normal. Nordic wind power production was weak on Tuesday and Wednesday, when intra-week spot prices settled at their highest. However, the system price dipped at the weekly level. The start-up of the Olkiluoto 2 unit was delayed, which meant that the Finnish area price settled much higher. However, also the Finnish area price was a shade down at the weekly level.

EMISSIONS

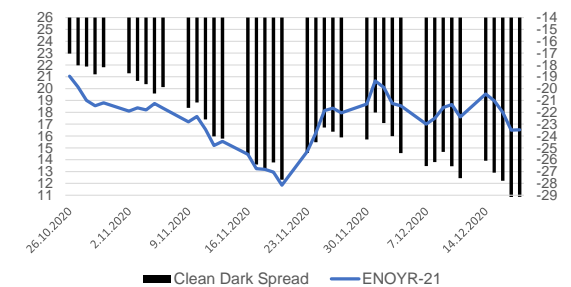
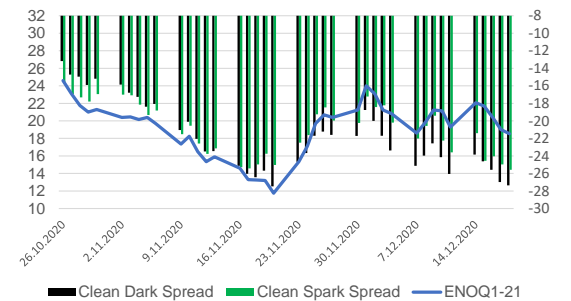
Last week, the emission allowance price continued to rise and reached the historically highest price of €32.50/t. The end of trading in the DEC-20 future product and the last emission allowance auction of the year were supportive of the emission allowance price on Monday. The rise continued on Tuesday and Wednesday because of scant availability and continuously rising fuel markets. On Wednesday, the emission allowance price rose to historically highest levels, but the price ultimately closed south of this. On Thursday, the price sought direction but on Friday took a downward turn and closed at a level of €31.14/t.

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	51	Chg	50	Chg
ENOFUTBLQ1-21	↗	-3.9%	↘	-7.3%
ENOYR-21	↗	-6.1%	↘	-5.1%
NP System	↗	-2.1%	↗	26.8%
NEDEC21	↗	0.9%	↘	1.4%



DETERMINANTS AFFECTING THE MARKET ON WEEK 52

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

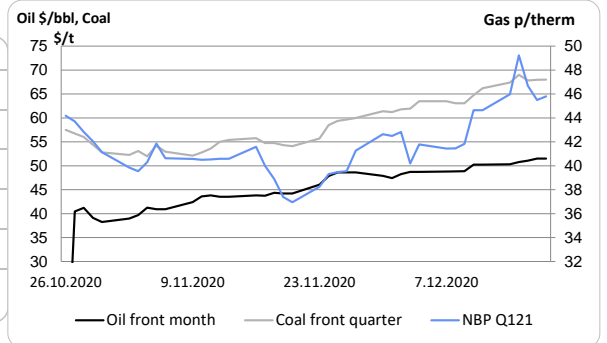
- Olkiluoto 2 (890 MW) 10.-22.12.2020, failure, in use 0-801 MW
- Ringhals 4 (1130 MW), 7.-22.12.2020, failure, in use 578 MW
- Ringhals 1 (881 MW), 25.10.-31.12.2020, maintenance before end of production, in use 600 MW
- Forsmark 1 (988 MW), 27.10.-22.12.2020, maintenance, in use 494 MW

- Nordic nuclear power plants are currently operating at a capacity utilization rate of 88%
- 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	10.74
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	17.28
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	3.60
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	3.60
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	10.53
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	15.06

*Average for period between 1.1.2020-21.12.2020.



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