

### NORDIC ELECTRICITY MARKET

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#### WET AND MILDER CURRENT WEEK, BUT DRY AND COLD AGAIN NEXT WEEK

##### Forecast to week 3:

ENOFUTBLQ2-21	↗ Bullish (>0%)
ENOYR-22	↔ Sideways (± 0,5%)
NP System	↘ Bearish (<0%)
NEDEC21	↘ Bearish (<0%)

#### FORECAST TO WEEK 3

### POWER FUTURES

#### Front quarter

Temperatures have risen and after the early part of the week, the weather will grow milder and wetter than normal for the time of year. Precipitation amounts will rise to very high on Thursday and Friday and the hydro balance will take a clear upward turn. However, the market already reacted last week to the turn in the weather type and during the weekend there were no major changes in the weather forecasts, which are again showing signs of drier and colder weather than normal towards the end of this week and next. We expect the downward correction to end and near products to again return to a rise once market views turn to next week's drier and colder weather picture.

#### Annual products

Softer fuel and emission allowance prices have brought downward pressure on the prices of annual products. The broad weather picture in Europe has turned considerably milder, which can still maintain downward pressure. Also, technically, the downward correction movement still continues. However, with nearer annual products the drier, colder weather picture is again bringing support. We expect annual products to seek direction near existing levels for the time being.

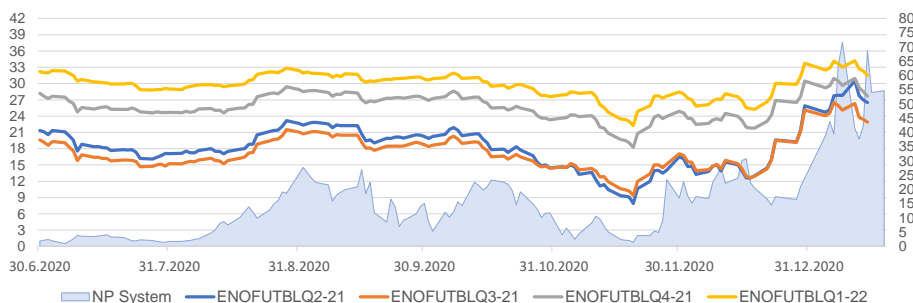
### SPOT MARKET

Temperatures have again taken a clear upward turn and the weather will turn milder than normal after the early part of the week. At the same time, precipitation amounts will rise high, especially on Thursday and Friday. However, flow rates will remain low until the turn of the week. Nordic wind power production will be weak in the early part of the week, but especially on Thursday and Friday will be very abundant. We expect the mild, windy weather to push spot prices down. We expect the system price to settle at an average level of €42.0/MWh. In Finland, wind power production will rise to higher than normal after the early part of the week. Electricity imports from Russia to Finland have fallen compared to last week's high levels and will possibly show a further fall after the early part of the week once spot prices retreat. We expect the Finnish area price to fall and to settle at an average level of €48.5/MWh.

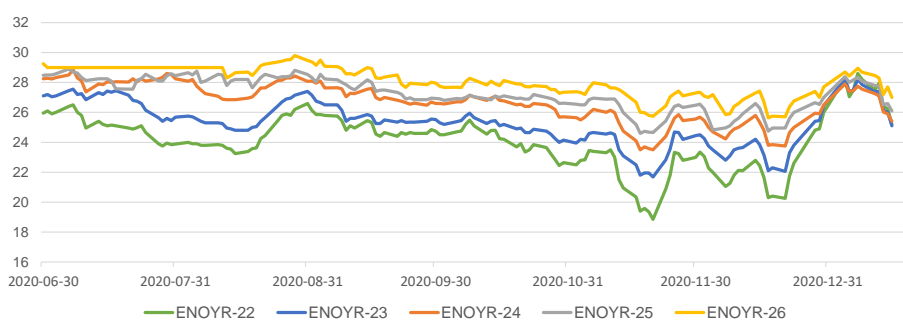
### EMISSIONS

This week, the weather picture and fuel market markets will lower the emission allowance price, besides which the technical picture of the emission allowance has weakened. The weather in Europe will be warmer than normal during the current week and also following this the forecasts will remain close to normal. The emission allowance price has recently followed the price of gas, and the halt in the fall of the natural gas price could be supportive of the emission allowance price. The threat is growing of new coronavirus restrictions in European countries, including Germany and Italy. The break in emission allowance auctions will continue until Friday next week, bringing support to the price. We expect the emission allowance price to continue falling.

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



Years EUR/MWh



#### Market signals

	spot	Q2-21	YR-22
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)
ENOFUTBLQ2-21	15.1.2021	26.50	-4.8%	-1.35
ENOFUTBLQ3-21	15.1.2021	22.90	-11.8%	-3.05
ENOFUTBLQ4-21	15.1.2021	27.70	-9.0%	-2.75
ENOFUTBLQ1-22	15.1.2021	31.50	-6.4%	-2.15
ENOYR-22	15.1.2021	25.20	-10.6%	-3.00
ENOYR-23	15.1.2021	25.10	-9.9%	-2.75
ENOYR-24	15.1.2021	25.40	-7.8%	-2.15
ENOYR-25	15.1.2021	26.10	-7.1%	-1.98
ENOYR-26	15.1.2021	27.00	-5.9%	-1.68
NEDEC21	15.1.2021	31.68	-9.1%	-3.19
NEDEC22	15.1.2021	31.89	-9.1%	-3.21

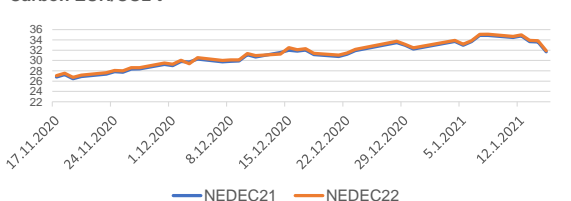
#### EPAD settlements

15.1.2021 (€/MWh)	2021	2022	2023
SYHEL	11.80	5.00	4.30
SE1-NP System	-2.50	-2.75	-2.75
SE2 - NP System	-2.50	-2.75	-2.75
SE3 - NP System	3.63	2.30	2.63
SE4 - NP System	8.85	8.00	8.00

#### Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	17.1.2021	49.03	-2.0%	-0.99
NP Area FI	17.1.2021	58.39	9.4%	5.04
NP Area SE1	17.1.2021	44.85	-14.9%	-7.86
NP Area SE2	17.1.2021	44.85	-14.9%	-7.86
NP Area SE3	17.1.2021	54.38	2.3%	1.20
NP Area SE4	17.1.2021	54.38	2.3%	1.20

#### Carbon EUR/CO2 t



## COMMENTS ON WEEK 2

### POWER FUTURES

#### Front quarter

Last week, near products continued to use in the early part of the week supported by the dry and cold weather picture, and spot prices. However, after the early part of the week, near products took a downward turn. Behind the turn in the market was the following week's weather picture, where the forecasts grew moister and warmer. Later in the week, the forecasts already showed the high likelihood of the following week's weather being, at least momentarily, wet and milder than normal. This being the case, a downward correction movement was seen in near products. However, downward pressure limited the weather picture for the following weekend and thereafter, where there were again signs of dry and colder than normal weather.

#### Annual products

Last week, the prices of annual products took a downward turn as the rise in fuel prices and the emission allowance price ended. The downward pressure was generally brought about by the broad weather picture in Europe, where after a cold spell, there were signs of considerably milder and windier weather the following week and beyond. This being the case, the short-term demand outlook for fuels and emission allowances fell. Also, wetter weather forecasts and the retreat of near-term products brought downward pressure on annual products.

### SPOT MARKET

In the early part of last week, temperatures rose momentarily to near normal and wind power production was largely more plentiful than normal in the first half of the week. However, temperatures dropped towards the end of the working week and demand for electricity rose to a high level on Thursday and Friday. At the same time, wind power production fell to a very low level. Spot-prices rise rose clearly on Thursday and Friday, but at the weekly level the system price, however, fell a shade. In Finland, cold weather and very scant wind power production pushed spot prices up and the Finnish area price rose at the weekly level. However, electricity imports from Russia to Finland restricted the rise in the Finnish area price.

### EMISSIONS

Last week, the emission allowance took a downward turn. The emission allowance price was strong in the early part of the week and on Tuesday reached a new intraday peak of €35.42/t supported by the price of gas and the cold weather forecast. On Wednesday and Friday, however, the market saw a sharp fall with a thaw in the weather. The fall in the emission allowance price was driven by falling fuel and stock markets, and especially the price of gas.

Indicator	ENOFUTBLQ2-21	ENOYR-22
Coal-fired production	5 %	2 %
Coal price	15 %	8 %
Gas price (NBP)	18 %	28 %
German price level	37 %	23 %
Spot	0 %	0 %
Crude oil Brent	16 %	18 %
Water reservoirs	58 %	53 %
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)

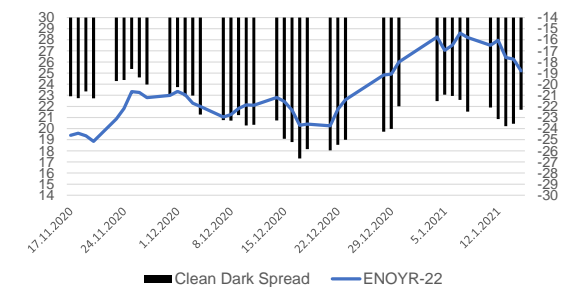
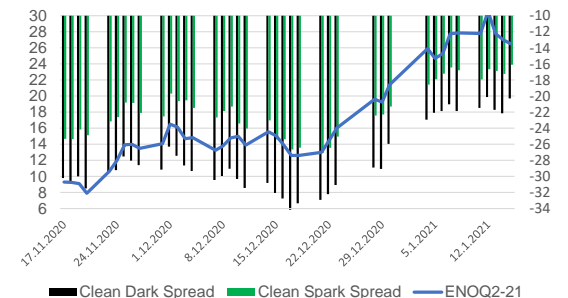
Forecast history	2	Chg	1	Chg
ENOFUTBLQ2-21	↗	-4.8%	↗	#N/A
ENOYR-22	↗	-10.6%	↗	#N/A
NP System	↗	-2.0%	↗	161.5%
NEDEC21	↗	-9.1%	↗	#N/A

## DETERMINANTS AFFECTING THE MARKET ON WEEK 3

### RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Forsmark 1 (988 MW), 23.12.-24.1.2021, failure, in use 494-821 MW

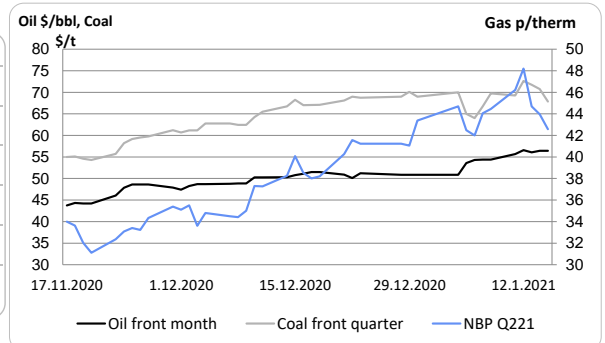
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 98%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 83 % of the maximum



### AVERAGE SPOT PRICE AND EPAD

Price area (€/MWh)	2013	2014	2015	2016	2017	2018	2019	2020	2021*
NP System	38.1	29.6	21	26.91	29.41	43.99	38.94	10.93	46.17
NP Area FI - NP System	3.10	6.40	8.70	5.54	3.78	2.81	5.10	17.28	5.44
NP Area SE1 - NP System	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	3.60	-0.78
NP Area SE2 - NP System	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	3.60	-0.78
NP Area SE3 - NP System	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	10.53	3.35
NP Area SE4 - NP System	1.80	2.30	1.90	2.62	2.77	2.37	0.86	15.06	5.00

\*Average for period between 1.1.2021-18.1.2021.



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Source for data: intStream, Tilastokeskus

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