

NORDIC ELECTRICITY MARKET

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COLD, DRY WEATHER PICTURE AND VERY STRONG EMISSION ALLOWANCE PRICE BRING UPWARD PRESSURE

Forecast to week 6:	
ENOFUTBLQ2-21	↗ Bullish (>0%)
ENOYR-22	↗ Bullish (>0%)
NP System	↗ Bullish (>0%)
NEDEC21	↗ Bullish (>0%)

FORECAST TO WEEK 6

POWER FUTURES

Front quarter

The weather type is dry and cold, and the hydro balance continues to clearly fall. Next week, temperatures and precipitation amounts will rise compared to the current week, but the weather type will continue to be colder and drier than normal for the time being. Over the weekend, weather forecasts have become drier and colder regarding next week and the forecasts show no clear signs of a change to wet or mild in the weather type. Near products have again risen to above the previous highest figures and this being the case, the products are also technically very strong. We expect near products to rise.

Annual products

The cold, dry weather picture and again very strong near products are also bringing upward pressure on annual products. The weather has turned colder than normal across much of Europe and also wind production will be mostly weaker than normal. The weather picture will increase demand for emission allowances and fuels. The emission allowance price is technically rising very strongly. We expect the prices of annual products to rise.

SPOT MARKET

The weather is cold and dry, and temperatures will continue falling towards the end of working week. Demand for electricity will rise over the coming days. Nordic wind power production will approach the normal level in the early part of the week but will fall towards the end of the working week. The cold, dry weather means that flow rates will continue to fall. The prevailing weather picture and falling hydro balance will increase water values, which will bring upward pressure on spot prices. Wind power production in Finland will mostly be much weaker than normal. We expect spot prices to show a clear rise at the weekly level. We expect the system price to settle at an average level of €59.0/MWh and the Finnish area price to settle at an average level of €68.5/MWh.

EMISSIONS

The current week has seen the emission allowance price again open on an upward note and new record high levels and so far, the highest price of the day at €39.80/t. The weather in Europe and the rising gas market will also be supportive of the emission allowance. Temperatures are forecast to be considerably cooler than normal for the time of year during the current week and wind power production is expected to be fairly weak. Technically, the emission allowance price is very strong, but on the other hand the sudden increase has risen to RSI figures that indicate the emission allowance price to be overbought. We expect the emission allowance price to continue to take direction also from the results of emission auctions even though weaker auctions did not prevent the market from rising on Friday. We expect the emissions market to continue to rise but on the other hand there is a risk of a downward technical correction.

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	↗	↑	↑

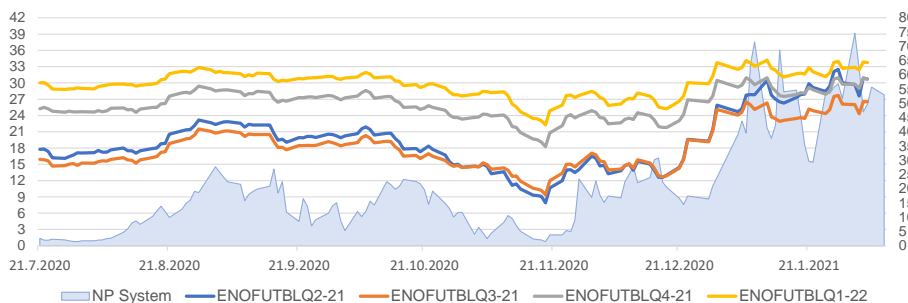
Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ2-21	5.2.2021	30.70	-5.5%	-1.80
ENOFUTBLQ3-21	5.2.2021	26.55	-4.2%	-1.15
ENOFUTBLQ4-21	5.2.2021	30.70	-0.8%	-0.25
ENOFUTBLQ1-22	5.2.2021	33.75	-0.6%	-0.20
ENOYR-22	5.2.2021	26.85	-0.2%	-0.05
ENOYR-23	5.2.2021	26.05	1.6%	0.42
ENOYR-24	5.2.2021	25.98	0.9%	0.23
ENOYR-25	5.2.2021	26.75	2.0%	0.52
ENOYR-26	5.2.2021	27.52	0.6%	0.17
NEDEC21	5.2.2021	38.35	16.4%	5.41
NEDEC22	5.2.2021	38.37	15.6%	5.19

EPAD settlements	2021	2022	2023
5.2.2021 (€/MWh)			
SYHEL	11.80	5.00	4.63
SE1- NP System	-2.50	-3.00	-3.00
SE2 - NP System	-2.50	-3.00	-3.00
SE3 - NP System	3.63	2.60	2.60
SE4 - NP System	8.85	7.25	7.75

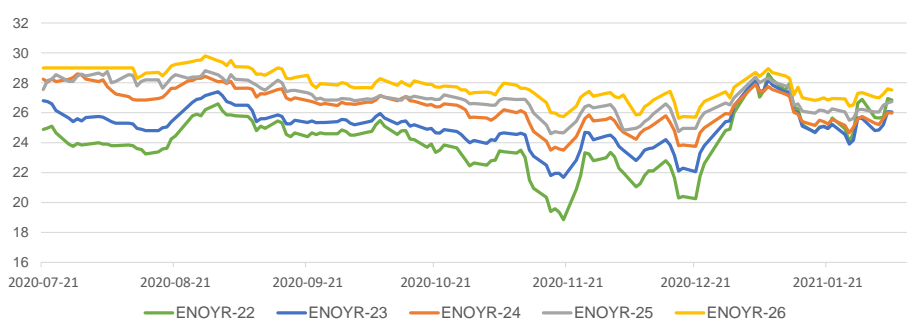
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	7.2.2021	52.69	0.3%	0.17
NP Area FI	7.2.2021	62.27	11.7%	6.53
NP Area SE1	7.2.2021	52.37	3.2%	1.60
NP Area SE2	7.2.2021	52.37	3.2%	1.60
NP Area SE3	7.2.2021	61.50	10.9%	6.05
NP Area SE4	7.2.2021	61.50	10.9%	6.05

Carbon EUR/CO2 t
NEDEC21
NEDEC22

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



Years EUR/MWh



COMMENTS ON WEEK 5

POWER FUTURES

Front quarter

In the first half of last week, near products fell abundantly despite the cold, dry weather type. Signs of the end of the dry, cold weather type after the following week, brought downward pressure on near products. However, the possible turn in the weather type was still very uncertain and the signs seemed uncertain in the second half of the week. This being the case, near products recovered but all the same were down at the weekly level.

Annual products

In the first half of last week, annual products fell along with local products. The price of coal also fell abundantly earlier in the week. However, the prices of annual products began to rise after the early part of the week. The upward turn in near products was supportive of the prices of annual products. The fall in the price of coal also came to a halt. Above all, however, it was the very strong rise in the price of emission allowances that brought strong support to the prices of annual products. At the weekly level, the nearest annual product ultimately closed almost laterally, but longer annual products closed the week up.

SPOT MARKET

At the start of last week, spot prices rose a lot with the cold weather and very little wind. However, there was a clear upward turn in wind power production after Tuesday. After the early part of the week, spot prices fell but the weather remained cold, which limited downward pressure on spot prices. Flow rates continued to fall with the cold, dry weather. There were ultimately no major changes in the system price at the weekly level. Also, in Finland, wind power production rose after the early part of the week, but the Finnish area price rose at the weekly level, and so the gap grew between the Finnish area price and the system price.

EMISSIONS

Last week, the emission allowance price rose to new records. A fall in the price was seen on Monday with forecasts for milder weather. The price started to rise on Tuesday, rising €2 during the day. The same trend continued on Wednesday on the emissions market and the price reached new peaks of above €37/t. The price was boosted by clearly higher emission auction prices than on the aftermarket as well as the activation of external investors on the compliance-based market following an article by Bloomberg predicting a market rise. On Thursday, the upward movement calmed but on Friday the market again reached new peaks at a level of €38.73/t, up €5.19/t at the weekly level.

Indicator	ENOFUTBLQ2-21	ENOYR-22
Coal-fired production	28 %	8 %
Coal price	35 %	15 %
Gas price (NBP)	6 %	85 %
German price level	59 %	33 %
Spot	0 %	0 %
Crude oil Brent	39 %	18 %
Water reservoirs	52 %	49 %
EUR/USD FX rate	9 %	2 %
Temperature	8 %	5 %
Precipitation	16 %	13 %

Definition

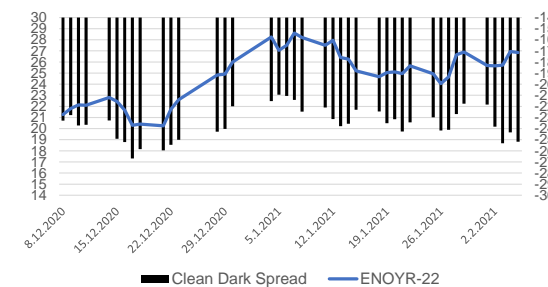
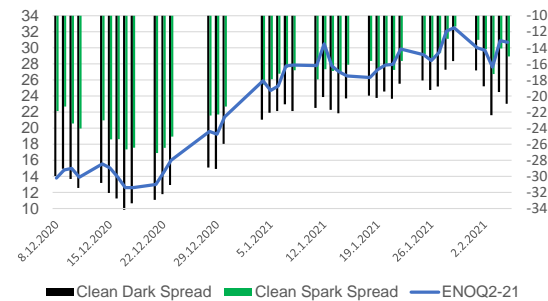
The above figures measure the ability of market determinants to describe the price changes occurred in last 6 months. The affect is measured as Coefficient of Determination*. Each variable is evaluated independently. We use a color scale to demonstrate efficacy, green (strong), yellow (moderate), red (weak)

Forecast history	5	Chg	4	Chg
ENOFUTBLQ2-21	🔄	-5.5%	📈	8.9%
ENOYR-22	📉	-0.2%	📈	4.9%
NP System	📈	0.3%	📈	76.6%
NEDEC21	📉	16.4%	📈	-3.9%

DETERMINANTS AFFECTING THE MARKET ON WEEK 6

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

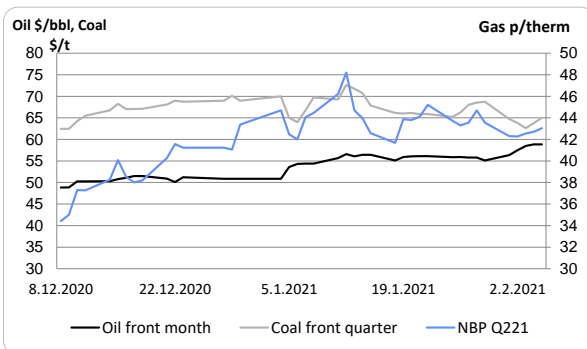
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 100%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 77 % of the maximum



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	47.23
NP Area FI - NP System	3.10	6.40	8.70	5.54	3.78	2.81	5.10	17.28	6.18
NP Area SE1 - NP System	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	3.60	-1.02
NP Area SE2 - NP System	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	3.60	-1.02
NP Area SE3 - NP System	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	10.53	3.87
NP Area SE4 - NP System	1.80	2.30	1.90	2.62	2.77	2.37	0.86	15.06	4.80

*Average for period between 1.1.2021-8.2.2021.



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Source for data: intStream, Tilastokeskus

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