

## A STRONGER DRIVER FOR THE PRICE OF ELECTRICITY FROM CENTRAL EUROPE THAN THE DRYING UP OF THE WATER SITUATION

## Forecast for the week 10:

Base Quarter Q2-2024	↔ Sideways (± 2 %)
Year product Front year 2025	↔ Sideways (± 2 %)
NP System	↗ Bullish (> 2 %)
NEDEC 2024	↔ Sideways (± 2 %)

## FORECAST FOR THE WEEK 10

## POWER FUTURES

The hydro balance forecast fell slightly on Monday compared to Friday's outlook, and has continued falling slightly during the day, with the hydro balance forecast to end at -12.5 TWh compared to normal at the end of the two-week period. The two-week period is expected to be 4.3 TWh drier than normal, 0.3 degrees colder and on average lower than normal wind production.

## Front quarter

Last week, Q2 rose following the German price level, and the continued decline seen in the hydro balance forecast brought no significant divergence to the development, the price difference with Germany has remained slightly below €20/MWh, which in part strictly limits the room for a rise without significant changes in the production outlook, hydropower producers are thought to have strong control. In the longer-term weather forecast, temperatures in the Nordic countries are expected to remain about 2C cooler than usual at least until mid-April, with temperatures rising with normal. We expect the price to closely follow the price development in Germany, with no significant increase expected from fuels or electricity in fairly mild weather and weak demand, so our overall expectation is neutral, in the range of €35-€40/MWh.

## Annual products

The rise of the 2025 product caught on to prices for later years, and on Friday prices for the 2028 products onwards were quoted at more than €41/MWh, while the 2026 product continued as the most affordable year at a level of approximately €38/MWh. Over the course of the week, economic news from the euro area may give direction to the economic outlook, with gas prices likely to follow the short-term weather outlook. We consider pricing of the 2025 product to be fairly neutral, whereas the rather weak demand outlook has priced the 2026 product while the water situation is still very uncertain. We expect neutral development for the 2025 product during the course of the week in the range of around €37-€42/MWh, with the outlook for the following years slightly bullish.

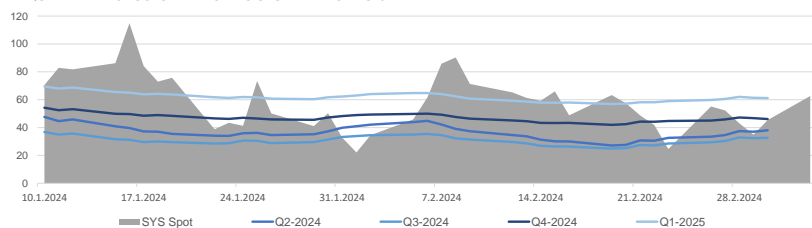
## SPOT MARKET

Ölkiluoto 3 is now undergoing maintenance, the maintenance work on Forsmark 2 will continue at least on Monday and weather growing colder than normal and lower wind will support spot prices, especially in Finland, where continued maintenance work on Estlink 2 is adding to the price risk, although the average impact of the transmission link restriction on the mean price is likely to be downward in the long term. Based on residual load, the rest of the week from Wednesday to Thursday should be the most expensive time of the week in the SYS area and in Finland, with wind production on Friday easing the situation slightly. As a whole, we expect spot prices to be clearly more expensive than last week, and peak prices in Finland, in particular, may rise significantly.

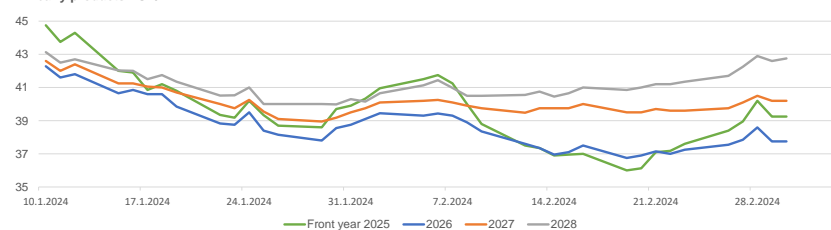
## EMISSION ALLOWANCE

Today's (Monday) emission allowance auction saw the lowest bid-cover ratio of the year at 1.32, the lowest bid being €49.99/t, the highest €120/t and the auction settled at a level of €51.76/t. The updated Purchasing Managers' Indices for the euro area and the ECB's interest rate decision, including communications, are expected during the course of the week. The large short-term position is buoying up the risk level of rapid growth, and the demand situation in the short term is fairly weak due to normal temperatures in Central Europe and wind power production varying on both sides of normal. We expect horizontal movement in the range of €50-€70/t.

## QUARTILE PRODUCTS AND NORDIC SYSTEM PRICE EUR/MWh



## Yearly products EUR/MWh



## MARKET SIGNALS

	spot	Q2-2024	2025
Hydrologic balance development		↑	↑
Precipitation forecast	→	→	→
Temperature forecast	↑	↑	→
Spot		↑	→
Production and transmission exch.	↑	→	→
Economic outlook & EUA	→	↓	↓
Coal and Natural Gas fired production costss	→	→	→
German prices	→	↓	→
Technical analysis		↑	↑

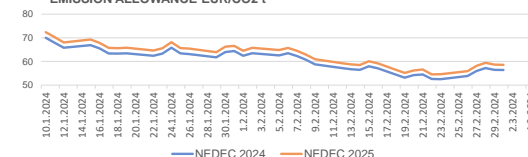
Product	Date	Value	% chg weekly	Chg (EUR)
1st Q: Q2-2024	1.3.2024	38.00	16.4 %	5.35
2nd Q: Q3-2024	1.3.2024	32.60	14.0 %	4.00
3rd Q: Q4-2024	1.3.2024	46.08	2.9 %	1.30
Q1-2025	1.3.2024	61.20	3.7 %	2.20
Front year 2025	1.3.2024	39.25	4.4 %	1.65
2026	1.3.2024	37.75	1.3 %	0.50
2027	1.3.2024	40.20	1.5 %	0.60
2028	1.3.2024	42.75	3.4 %	1.40
2029	1.3.2024	41.65	1.8 %	0.75
NEDEC 2024	1.3.2024	56.40	7.4 %	3.89
NEDEC 2025	1.3.2024	58.54	7.2 %	3.95

## EPAD settlements

	1.3.2024 €/MWh	2025	2026	2027
FI - NP System		4.25	2.25	1.00
SE1-NP System		-13.10	-13.40	-9.70
SE2 - NP System		-13.10	-13.40	-9.70
SE3 - NP System		-4.50	-2.60	-1.25
SE4 - NP System		5.75	7.38	13.50

SPOT week average:		8		VS.		9	
Product	Week avg	% chg	Chg (EUR)		Chg (EUR)	Week avg	
SYS Spot	46.48	4 %			2.09	48.57	
FI Spot	39.56	1 %			0.55	40.12	
SE1 Spot	35.43	-6 %			-2.01	33.42	
SE2 Spot	35.43	-6 %			-2.01	33.42	
SE3 Spot	39.62	0 %			0.07	39.70	
SE4 Spot	41.87	21 %			8.92	50.79	

## EMISSION ALLOWANCE EUR/CO2 t



## COMMENTS ON WEEK 9 DEVELOPMENT

## POWER FUTURES

The hydro balance forecast was well down during the week at around -6.5 TWh compared to normal at the end of the two weeks period in Monday's outlook, whereas on Friday the forecast fell to about -11 TWh. Support for fuel prices brought about by slightly cooler weather forecasts in Central Europe also pushed up the electricity price in the Nordic countries.

## Front quarter

Last week, the front quarter continued the upward streak that started on February 20, falling only on Thursday. During the week, the product rose from around €32/MWh to around €38/MWh on Friday. The rise correlates strongly with the costs of condensate production and the price level in Germany, as the previous week's rise was stronger than these. The price difference with Germany fluctuated at around €20/MWh.

## Annual products

The 2025 product also continued to rise last week, strongly correlating with the costs of condensate production and the price level in Germany, rising slightly more slowly than these, the price level has risen from below €36/MWh on February 20 to north of €40/MWh on Thursday, slipping slightly on Friday. The calculated profitability of condensate production weakened during the week and the price difference with Germany strengthened.

## SPOT MARKET

Spot prices fell during the week from Monday towards Thursday, which was the cheapest day due to strong wind power production. Meri-Pori announced it was to continue in commercial production during March, according to previous information it was supposed to switch to NESA operation already at the beginning of March. The maintenance of Olkiluoto 3 was brought forward slightly to Friday March 1 and Forsmark 2 was stopped due to fuel rod maintenance. Wednesday was also the cheapest day of the week in Finland, with wind power production briefly hovering around 6,000 MW in Finland on Thursday evening, with the Nord Pool area reaching almost 25,000 MW. The Estlink maintenance schedule was updated after the location of the fault was pinpointed, the link is expected to be at undercapacity until August 31, 2024.

## EMISSION ALLOWANCE

The price of the DEC24 emission allowance rose during the week from around €52/t to over €56/t on Friday. The CoT report showed investment funds had increased their short positions by around 4% to reach yet another record at 39.2 million tonnes. The bid-cover ratio for the week remained at 1.69, slightly weaker than average for the early part of the year.

## DETERMINANTS AFFECTING THE MARKET ON WEEK 10

## RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Olkiluoto 3 (1600 MW), yearly maintenance 2.3.2024-8.4.2024, in use 0 MW

Forsmark 2 (1121 MW), fault 1.-4.3.2024, in use 0 MW

FI-EE, EE-FI (1016 MW), fault 25.1.-31.8.2024, in use 358 MW

SE1-FI (1500 MW), maintenance 30.11.2023-1.3.2025, 2.3.-8.4.2024 in use 1500 MW

FI-SE3 (1200 MW), maintenance 26.2.2024-19.12.2024, in use 800-1200 MW

- RU-FI transmission has been out of use since May 2022 because of payment transaction issues, average imports from Russia last week were 0% of the maximum

## SPOT AVERAGES AND EPADS

Price area (€/MWh)	2016	2017	2018	2019	2020	2021	2022	2023	2024*
NP System	26.91	29.41	43.99	38.94	10.93	62.31	135.86	56.44	59.23
NP Area FI - NP System	5.53	3.78	2.81	5.10	17.09	10.03	18.18	0.03	19.18
NP Area SE1 - NP System	2.04	1.43	0.24	-1.00	3.46	-19.82	-76.80	-16.47	-12.04
NP Area SE2 - NP System	2.04	1.43	0.24	-1.00	3.46	-19.76	-73.92	-16.47	-11.93
NP Area SE3 - NP System	2.32	1.83	0.55	-0.58	10.26	3.69	-6.66	-4.74	-1.41
NP Area SE4 - NP System	2.62	2.77	2.37	0.86	14.94	18.21	16.24	8.44	2.34

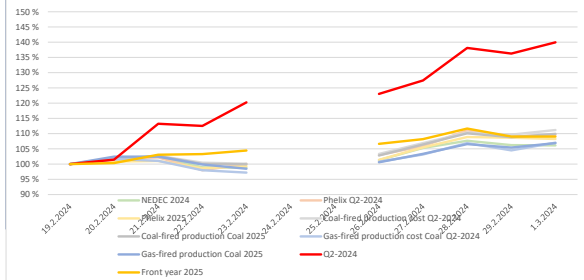
\*Average of 1.1.2024-5.3.2024.

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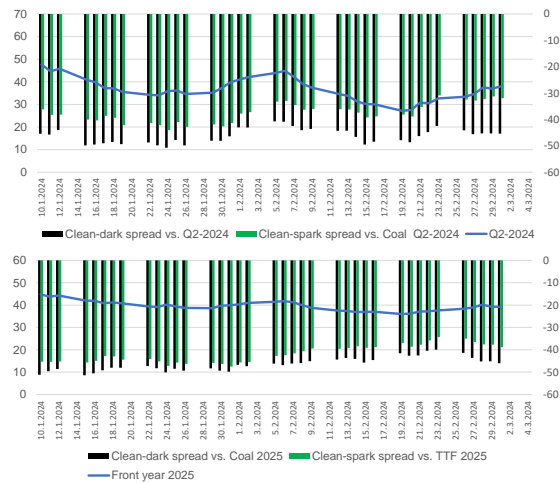
Source for data: Gasum, Tilastokeskus

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## Developments past 2 weeks indexed



Forecast history	9	Chg	8	Chg
Base Quarter Q2-2024	📈	16.39 %	📈	8.83 %
Year product Front year 2025	📈	4.39 %	📈	1.62 %
NP System	🔄	84.08 %	📉	-49.45 %
NEDEC 2024	🔄	7.41 %	🔄	-8.05 %



## Oil \$/bbl, Coal USD/tonne, TTF €/MWh

