

NORDIC ELECTRICITY MARKET

8.1.2024 Erik Ekström, Gasum Portfolio Services Oy

WEEK OF Milder weather between two cold ones

Forecast for the week 2:

Base Quarter Q2-2024	📉 Bearish (< 2 %)
Year product Front year 2025	↔ Sideways (± 2 %)
NP System	📉 Bearish (< 2 %)
NEDEC 2024	📉 Bearish (< 2 %)

FORECAST FOR THE WEEK 2

POWER FUTURES

The weather forecasts show that the next two weeks are expected to be around 1.2 TWh drier and some 4.3C cooler than normal, especially as next week's weather forecast grows colder during today (Monday). A correction movement may be seen in near products, bringing the strong rise to a close.

Front quarter

The latest forecasts show the hydro balance falling below -16 TWh and temperatures are expected to remain below normal also in the period extending until the end of February. The difference with Germany is quite low at around €20/MWh, but the relatively weak water situation will maintain high hydro value and prices will not necessarily fall low. The profitability of condensate production has increased compared to past weeks. With today's fall, we consider pricing to be fairly neutral, but compared to Friday's closing price, our outlook is slightly bearish, we expect a range of around €50-€55/MWh.

Annual products

With the 2025 year product at around €45-€50/MWh, we estimate that the price of condensate production, which is still high, has fallen on the one hand, but the economic outlook on the other hand means a slightly soft consumption forecast. For example, the risk of gas sufficiency may not be significantly priced due to the high gas stocks currently seen, for example when Q4-2024 is around €60/MWh. The price of the year product in Germany was still around €95/MWh on Friday and despite slipping today (Monday) is still at a level north of €90/MWh, which may be supportive of the Nordic product while the water situation outlook for now is guesswork. We expect the 2025 product to continue at these price levels of around €45-€50/MWh next week, with a neutral expectation. The price level for later years has gradually risen towards the range of €45-€50/MWh, and our expectation for these is turning neutral due to uncertainties related to the energy market.

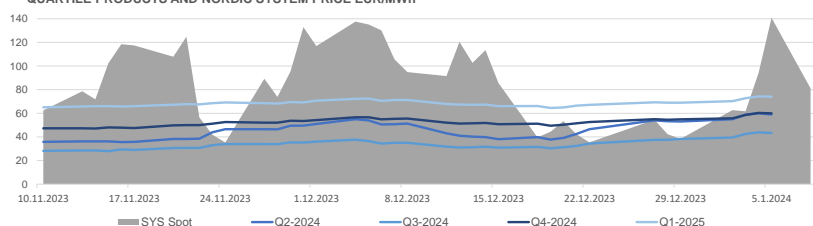
SPOT MARKET

Overall, a much milder week is expected this week than last, possibly growing cooler in Finland already from the weekend. Thanks to reasonable wind power production, today's levels would not be reached in the next few days based on residual power, with Monday and Wednesday of next week being the potential times of the highest price in the Nordic countries in the forecast. Today's (Monday's) forecasts show Friday of this week and Saturday of next week are expected to be more expensive than today (Monday) in Finland. Overall, however, we expect milder weather to push down prices compared to a week ago, despite weaker wind power production in Germany, and we expect the spot market to be more affordable than last week.

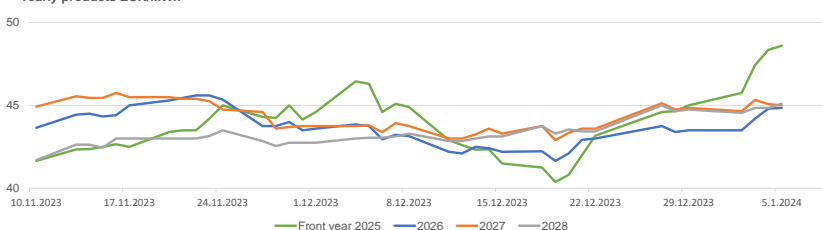
EMISSION ALLOWANCE

On the emission allowance market, the closing of investment funds' short positions was supportive of the market at the end of December, but this year the fundamentals have remained soft and additional allowances will be added to auctions during the year to raise RePowerEU and innovation funds. In an uncertain economic outlook, the sale of allowances to raise a fixed amount may push the market down, in anticipation of which short sellers may increase their positions already early in the year before auctions begin. We expect a bearish outlook for the emission allowance, in the range of €68-€75/t in the medium term.

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		→	→

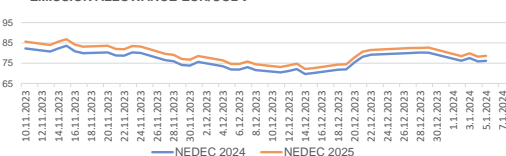
Product	Date	Value	% chg weekly	Chg (EUR)
1st Q: Q2-2024	5.1.2024	59.00	11.3 %	6.00
2nd Q: Q3-2024	5.1.2024	43.30	13.2 %	5.05
3rd Q: Q4-2024	5.1.2024	60.00	9.3 %	5.10
Q1-2025	5.1.2024	74.05	7.3 %	5.05
Front year 2025	5.1.2024	48.60	8.0 %	3.60
2026	5.1.2024	44.85	3.1 %	1.35
2027	5.1.2024	45.00	0.3 %	0.15
2028	5.1.2024	45.10	0.8 %	0.35
2029	5.1.2024	43.65	0.9 %	0.40
NEDEC 2024	5.1.2024	76.14	-5.1 %	-4.05
NEDEC 2025	5.1.2024	78.61	-5.0 %	-4.11

EPAD settlements

	5.1.2024 €/MWh	2025	2026	2027
FI - NP System		1.85	0.75	0.90
SE1-NP System		-15.75	-14.50	-10.00
SE2 - NP System		-15.75	-14.50	-10.00
SE3 - NP System		-4.75	-2.80	0.75
SE4 - NP System		8.50	14.50	15.50

SPOT week average:		52		VS.		1	
Product	Week avg	% chg	Chg (EUR)		Chg (EUR)	Week avg	
SYS Spot	45.27	84 %	37.86		83.13		
FI Spot	44.65	444 %	198.08		242.73		
SE1 Spot	36.45	134 %	48.97		85.42		
SE2 Spot	36.45	135 %	49.25		85.70		
SE3 Spot	39.23	126 %	49.58		88.81		
SE4 Spot	39.14	127 %	49.67		88.81		

EMISSION ALLOWANCE EUR/CO2 t



COMMENTS ON WEEK 1 DEVELOPMENT

POWER FUTURES

The hydro balance forecast was expected fall to a level south of -15 TWh at the end of two weeks. There was an exceptionally cold spell in the Nordic countries with the average temperature in the Nord Pool area falling at its lowest to below -12C from Friday to Sunday according to market predictor SKM, with temperatures in Finland below -18C for the first week of January. Finland saw record high spot prices.

Front quarter

Q2 continued on a sharp upward trajectory until the turn on Friday, rising briefly to a level north of €60/MWh on Thursday. The local bottom price was seen at just shy of €40/MWh after mid-December. The hydro balance was forecast to continue falling, but the change in the outlook was no longer very significant during the week.

Annual products

Only year products from 2029 onwards were below €44/MWh at the close of the week. The front year 2025 continued to climb steadily from a local low below around 41 €/MWh seen in around mid-December to above €48/MWh at the close of last week. Later years have also risen a lot along with the 2025 product. There is still great uncertainty concerning the 2025 hydropower situation, but the costs of fossil fuels, for example, will provide support.

SPOT MARKET

Examined by the 5-day moving average, the period ending on Sunday was the 8th coldest in the Nord Pool area in the 2000s and the 10th coldest in Finland, with colder spells in Finland in 2003 and 2011. A record high electricity price was seen in Finland on Friday, with the previous hour price and intraday average record dating back to February 22, 2010, when the intraday average was at €505.68/MWh, the following record was at €501.45 on August 25, 2022. The hourly price record was likewise set on February 22, 2010, when the electricity price exceeded €1,000/MWh in several hours, €1400.11/MWh at 08:09 CET. Wind power production was reasonable during the rest of the week, falling to very low in Finland during Saturday. Maintenance of Ringhals 3 was completed ahead of schedule, Meri-Pori after delays. Forsmark 2 has continued at undercapacity. Friday saw the most expensive SYS price, exceeding a level of €140/MWh, with Saturday also being around €100/MWh. Friday's prices in the SE3 area averaged more than €190/MWh.

EMISSION ALLOWANCE

On the emission allowance market, there was little significant fundamental news ahead of the restart of auctions. The continued mild weather in Europe kept near-term demand limited, and gas stocks continued to be at a high level. Economic news failed to provide a significant uniform picture of Europe, the slightly lower-than-expected development of inflation could probably be considered a minor positive signal, but in the big picture, we believe that the emission allowance market is currently dominated by the slightly further reduced short position of investment funds. The DEC24 product fell heavily on Monday since when it has continued its downward trajectory.

DETERMINANTS AFFECTING THE MARKET ON WEEK 2

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Olkiluoto 3 (1600 MW), limited production 3.6.2023-2.3.2024 in use 1570 MW
Forsmark Block 2 (1121 MW), fault 29.12.2023-24.1.2024, in use 490 MW

SE1-FI (1500 MW), maintenance 17.4.2023-2.3.2024 in use 1200 MW

- Nordic nuclear power plant utilization capacity was this morning (Monday) 94%

- RU-FI transmission has been out of use since 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	82.88
NP Area FI - NP System	5.53	3.78	2.81	5.10	17.09	10.03	18.18	0.03	143.42
NP Area SE1 - NP System	2.04	1.43	0.24	-1.00	3.46	-19.82	-76.80	-16.47	-1.65
NP Area SE2 - NP System	2.04	1.43	0.24	-1.00	3.46	-19.76	-73.92	-16.47	-1.40
NP Area SE3 - NP System	2.32	1.83	0.55	-0.58	10.26	3.69	-6.66	-4.74	7.73
NP Area SE4 - NP System	2.62	2.77	2.37	0.86	14.94	18.21	16.24	8.44	7.78

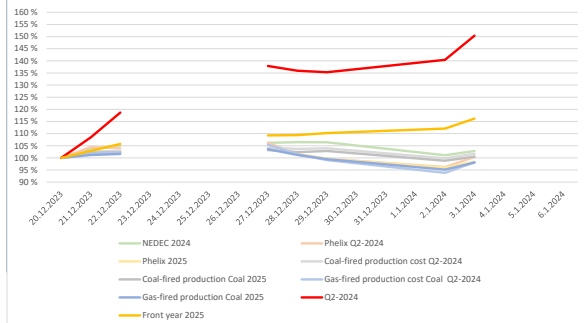
*Average of 1.1.2024-9.1.2024.

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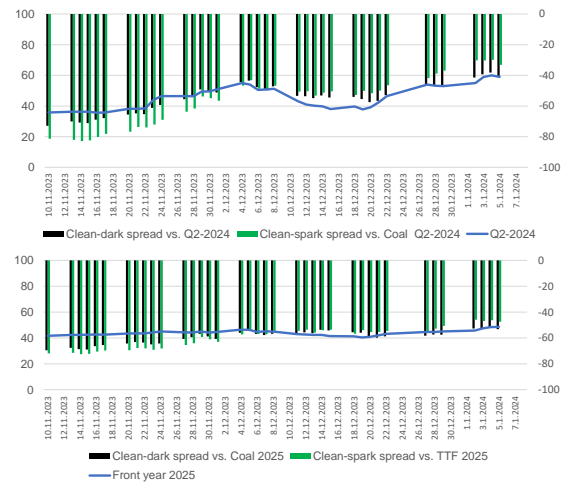
Source for data: Gasum, Tilastokeskus

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Developments past 2 weeks indexed



Forecast history	1	Chg	52	Chg
Base Quarter Q2-2024	⤵	11.32 %	⬜	14.03 %
Year product Front year 2025	⬆	8.00 %	⬜	4.24 %
NP System	⬆	267.83 %	⤵	8.18 %
NEDEC 2024	⤵	-5.05 %	⤵	1.33 %



Oil \$/bbl, Coal USD/tonne, TTF €/MWh

