

HIGHER HYDRO BALANCE OUTLOOK COMPARED TO WEEK EARLIER

Forecast for the week 8:	
Base Quarter Q2-2024	↗ Bullish (> 2 %)
Year product Front year 2025	↗ Bullish (> 2 %)
NP System	↘ Bearish (< 2 %)
NEDEC 2024	↔ Sideways (± 2 %)

FORECAST FOR THE WEEK 8

POWER FUTURES

The weather forecasts have grown wetter during the course of today (Monday), but the hydro balance level is still expected to remain slightly lower than Friday's outlook and is now at a level of around -1 TWh compared to normal, in Friday's forecasts the level reached the normal level. The two-week forecast is expected to be 4.3 TWh wetter than normal in the Nordic countries, 2.5C warmer than normal and from Thursday to Saturday wind power production is expected to be stronger than normal, and slightly weaker than normal in the rest of the period. In Germany, the milder than normal weather will continue also over the next two weeks.

Front quarter

Q2-2024 has fallen sharply in recent days, with Friday being the eighth downward day in succession. The price has already dropped from around €45/MWh to a level south of €30/MWh. The price difference with the corresponding period in Germany has remained more than €20/MWh since the early days of February, strengthening slightly during the course of the past week. In a near-normal hydro balance situation, we believe that the difference is justified and does not directly put pressure on the Nordic price in either direction. However, the sharp fall has already pushed pricing down significantly, with longer-term weather forecasts expecting the end of March to be cooler than usual. In addition to the fundamentals, we consider the fall in price to be an indication of an uncertain short-term economic situation, and we consider a return closer to the level of €40/MWh possible, although the actual outcome may differ significantly in either direction depending on wind power production. We expect a bullish outlook, in the range of €28-€38/MWh for the following week.

Annual products

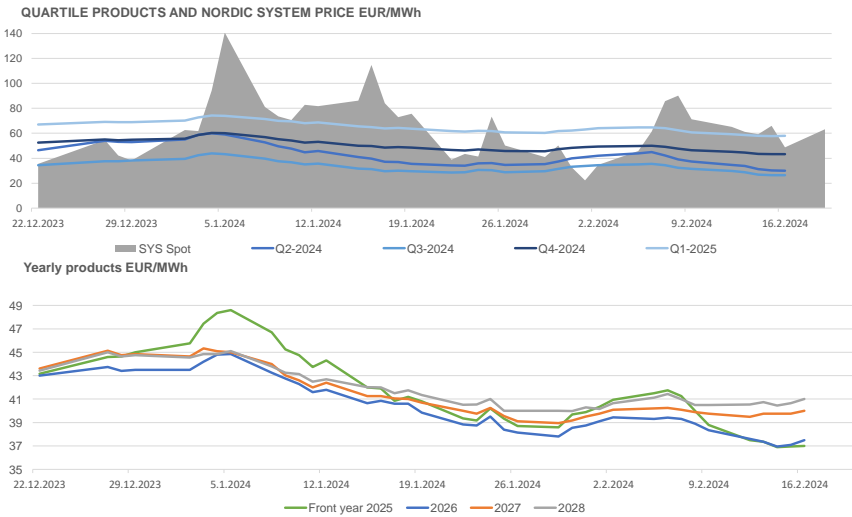
In year products, development of the 2025 product saw possibly the first indications of a support level after a couple of upward days. After the level of €40/MWh in January and early February, the price difference with Germany has continued to be around €35/MWh horizontally, and it does not bring clear pricing pressure in either direction. The development of the annual product for 2025 has followed the costs of condensate production squeezed by the mild weather in Central Europe, and if they find support, the increase is likely to be reflected in Nordic electricity as well. The 2026 product has approached the 2025 product, possibly also below €40/MWh due to the uncertain economic outlook, which we consider quite affordable overall. We expect a bullish outlook for all year products, with a range of €35-€45/MWh for 2025, and other near years rising towards a level of €45/MWh.

SPOT MARKET

We expect a thaw in the weather towards Thursday to lower demand for electricity and strengthening wind power production to squeeze prices from the end of the week, especially in Finland and the SE3 area. Overall, we expect lower spot prices than last week, flow rates are increasing to stronger than normal, which is likely to further squeeze the price level.

EMISSION ALLOWANCE

On the emissions allowance market, operators subject to emissions trading are expected to become more active in their purchases, and the relatively weak outlook for 2024 as a whole is unlikely to encourage significant changes in positions. The CoT indicates that there are still a significant number of short-sold positions and, for example, mild and windy weather in Germany will reduce short-term demand. As market sentiment reverses, we expect a strong upswing due to the closing of positions, but a reversal may well not be seen until months from now. We expect horizontal development, in the range of €50-€70/t.



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		↓	→

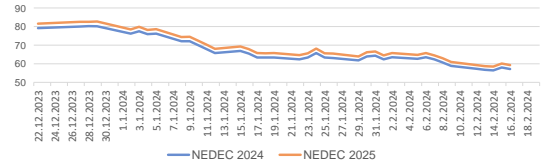
Product	Date	Value	% chg weekly	Chg (EUR)
1st Q: Q2-2024	16.2.2024	30.00	-19.8 %	-7.40
2nd Q: Q3-2024	16.2.2024	26.40	-15.9 %	-5.00
3rd Q: Q4-2024	16.2.2024	43.35	-6.6 %	-3.05
Q1-2025	16.2.2024	58.00	-4.5 %	-2.75
Front year 2025	16.2.2024	37.00	-4.6 %	-1.80
2026	16.2.2024	37.50	-2.2 %	-0.85
2027	16.2.2024	40.00	0.6 %	0.25
2028	16.2.2024	41.00	1.2 %	0.50
2029	16.2.2024	40.75	-0.6 %	-0.25
NEDEC 2024	16.2.2024	57.11	-2.9 %	-1.69
NEDEC 2025	16.2.2024	59.24	-2.8 %	-1.68

EPAD settlements

	16.2.2024 €/MWh	2025	2026	2027
FI - NP System	4.75	2.70	1.25	
SE1-NP System	-14.28	-14.50	-10.00	
SE2 - NP System	-14.28	-14.50	-10.00	
SE3 - NP System	-5.00	-3.50	-2.20	
SE4 - NP System	6.00	7.25	13.50	

SPOT week average:		6		VS.	7	
Product	Week avg	% chg	Chg (EUR)		Week avg	
SYS Spot	68.92	-18 %	-12.69		56.23	
FI Spot	103.97	-56 %	-58.59		45.38	
SE1 Spot	64.42	-32 %	-20.76		43.66	
SE2 Spot	64.42	-31 %	-20.19		44.22	
SE3 Spot	67.03	-24 %	-15.76		51.27	
SE4 Spot	67.03	-14 %	-9.47		57.56	

EMISSION ALLOWANCE EUR/CO2 t



## COMMENTS ON WEEK 7 DEVELOPMENT

## POWER FUTURES

The level of the hydro balance forecast rose clearly during the week from -6 TWh to about the usual level on Friday. The weather continued thawing during the week to milder than usual in the Nordic countries, while the milder than usual weather continued in Central Europe. The costs of condensate production continued to fall.

## Front quarter

Q2-2024 continued its strong downward trend, driven by the weather forecast for additional precipitation. On Thursday and Friday, the level dropped briefly to below a level of €30/MWh, the week saw the price dipping below the previous near-term low level of around €31/MWh seen in early October 2023, the previous time Q2-2024 was quoted at this level was in mid-March 2022. The profitability of condensate production continued horizontally in the early part of the week, but weakened as the week went on. The price difference with Germany strengthened by just over €20/MWh. At the end of the week, there was a clear jump in open interest by 130 MW, with the previous days' rise being around 30-40 MW.

## Annual products

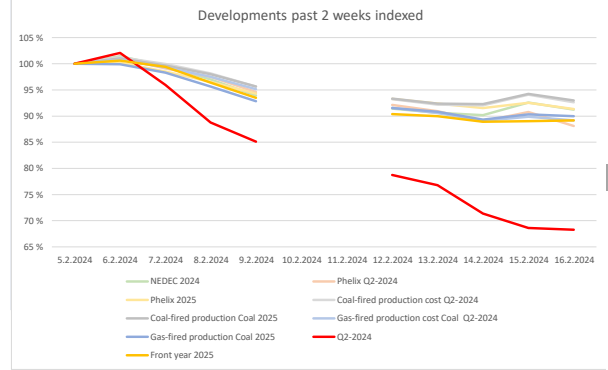
During the week, the calculated profitability of condensate production in 2025 continued to be horizontal, with the product following the development of condensate production costs and the price in Germany, as in the previous week. Regarding year products, only 2028 and 2029 were quoted at the end of Friday at just above the level of €40/MWh, whereas the 2027, 2030 and 2031 products were quoted at exactly €40/MWh, and other years, especially 2025 and 2026, ended the week below this level, with the years alternately the cheapest year product in recent weeks.

## SPOT MARKET

Last week, spot prices were bearish in terms of daily averages towards Saturday, the most expensive day in both the FI and SE3 areas was on Monday, with SYS prices rising slightly higher on Thursday than Monday. Wind power production was strongest on Saturday, weakest on Thursday. Consumption decreased during the course of the week at the Nordic level. In Finland, wind power production was strongest on Tuesday and weakest on Thursday. Solar power production was just above the 260 MW level in Finland on Sunday.

## EMISSION ALLOWANCE

The price of emission allowances continued to fall, with DEC24 prices briefly rising slightly above the €59/t level. The DEC24 price hit its lowest on Wednesday at €55.41/t. Measured by the bid-cover ratio, auction buying interest recovered slightly, with an average of 1.77 for the week, compared to an average of 1-73 for the entire year so far. The lowest bid rose from a level of €50.07 on Monday to over €52/t towards the end of the week. On the economic front, there were no significant indications of an economic turnaround in Europe.



Forecast history	7	Chg	6	Chg
Base Quarter Q2-2024	📉	-19.79 %	📈	-11.16 %
Year product Front year 2025	🔄	-4.64 %	📈	-5.25 %
NP System	📉	-31.53 %	📈	106.27 %
NEDEC 2024	📉	-2.87 %	🔄	-7.40 %

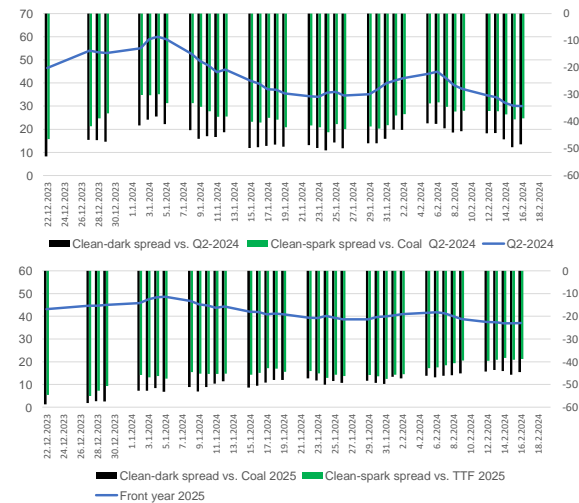
## DETERMINANTS AFFECTING THE MARKET ON WEEK 8

## RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Olkiluoto 3 (1600 MW), limited production 3.6.2023-2.3.2024 in use 1570 MW

FI-EE, EE-FI (1016 MW), fault 25.1.-31.3.2024, in use 358 MW  
SE1-FI (1500 MW), maintenance 30.11.2023-1.3.2025 in use 1200 MW  
SE1-FI-SE1 (1500 MW) maintenance 27.2.2024, in use 200/300 MW

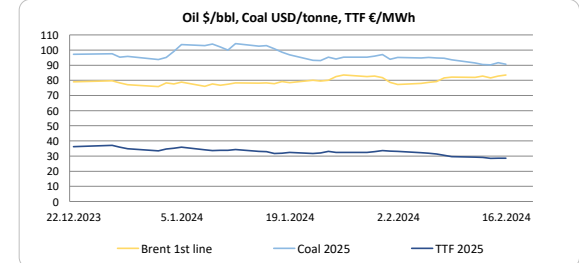
- Nordic nuclear power plant utilization capacity was this morning (Monday) 100%
- RU-FI transmission has been out of use since May 2022 because of payment transaction issues, average imports from Russia last week were 0% of the maximum



## 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	62.52
NP Area FI - NP System	5.53	3.78	2.81	5.10	17.09	10.03	18.18	0.03	26.11
NP Area SE1 - NP System	2.04	1.43	0.24	-1.00	3.46	-19.82	-76.80	-16.47	-11.84
NP Area SE2 - NP System	2.04	1.43	0.24	-1.00	3.46	-19.76	-73.92	-16.47	-11.70
NP Area SE3 - NP System	2.32	1.83	0.55	-0.58	10.26	3.69	-6.66	-4.74	0.35
NP Area SE4 - NP System	2.62	2.77	2.37	0.86	14.94	18.21	16.24	8.44	3.30

\*Average of 1.1.2024-20.2.2024.



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