Gasum

NORDIC ELECTRICITY MARKET

26.2.2024 Eerik Ekström , Gasum Portfolio Services Ov

WEAKENED HYDRO BALANCE SUPPORTING PRICES, GERMANY LIMITING THE ROOM FOR A RISE

Foreceast for the week 9:				
Base Quarter Q2-2024	~	Bullish (> 2 %)		
Year product Front year 2025	8	Bullish (> 2 %)		
IP System	•	Sideways (± 2 %)		
NEDEC 2024	9	Sideways (± 2 %)		

POWER FUTURES

Compared to Friday, the hydro balance forecast level has weakened clearly, to around -6.5 TWh, around 1.5 TWh lower than Friday's outlook, at the end of the two-week period. The two-week period is expected to be 0.9 TWh drier and 2.7C warmer than normal.

Consider the two-week period. The two-week period is expected to be 0.9 TWh frier and 2.7C warmer than normal. Front quarter The drier hydro balance forecast will be supportive of this year's Q2 product, which is sharply down. The fall in fuel prices, and in particularly the gas price, will, however, create a squeeze on the German electricity price in particular, which in turn will limit the upward potential for the Nordic product, hydropower producer control is very good, and the water value is strongly linked to German prices. However, the milder than normal. Solar over production has completed since last spring, for example, and industrial demand continues to be subdued. Heating demand may be slightly boosted by the slightly colder than usual end of March and beginning of April seen in longer weather forecasts. We expect the Q2 price level to continue to rise slowly, in the range of €30-€40/MWh over the following week. Annual products The form year 2025 might receive support from the prices in the near period and on the other hand the fall has been sharp this year from prices unless condensate production costs, followed by the German price. A clear improvement in the economic outlook could also simulate the demand picture and bring support to the form years, as prices have probably already been priced into a very bleak economic outlook. We expect a bullish outlook for 2025 compared to Friday's price, in the range of €35-€40/MWh.

SPOT MARKET

On the spot market, we do not expect a significantly different price level on average compared to last week, wind power production is expected to remain close to normal, although peak winds like last week are not yet in sight.

In the emission allowance market, technical trading could bring an additional fall, especially if investment funds continue to increase short positions. However, we consider the fallen price level to be attractive for actors who are already probably reflecting history, which is likely to limit the possibility of decline, although determining the absolute bottom level is challenging when, for example, the price determined by the switch of fuel between coal and gas is very low. For the DEC24 product, we expect horizontal development, with next week in the range of €50-€70/t, if a rise is triggered, it could be very fast with the closing of short positions.

MARKET SIGNALS								
	spot	Q2-2024	2025					
Hydrologic balance development		\uparrow	↑					
Precipitation forecast	\rightarrow	\rightarrow	\rightarrow					
Temperature forecast	\downarrow	\rightarrow	\rightarrow					
Spot		\rightarrow	\rightarrow					
Production and transmission exch.	\rightarrow	\rightarrow	\rightarrow					
Economic outlook & EUA	\rightarrow	\rightarrow	\rightarrow					
Coal and Natural Gas fired production costss	\rightarrow	\downarrow	\downarrow					
German prices	\rightarrow	\downarrow	\downarrow					
Technical analysis		1	\uparrow					

Weekly Market Report

Product	Date	Value	% chg weekly	Chg (EUR)
1st Q: Q2-2024	23.2.2024	32.65	8.8 %	2.65
2nd Q: Q3-2024	23.2.2024	28.60	8.3 %	2.20
3rd Q: Q4-2024	23.2.2024	44.78	3.3 %	1.43
Q1-2025	23.2.2024	59.00	1.7 %	1.00
Front year 2025	23.2.2024	37.60	1.6 %	0.60
2026	23.2.2024	37.25	-0.7 %	-0.25
2027	23.2.2024	39.60	-1.0 %	-0.40
2028	23.2.2024	41.35	0.9 %	0.35
2029	23.2.2024	40.90	0.4 %	0.15
NEDEC 2024	23.2.2024	52.51	-8.1 %	-4.60
NEDEC 2025	23.2.2024	54.59	-7.8 %	-4.65





23.2.2024 €/MWH	2025	2026	2027
FI - NP System	4.75	2.75	1.20
E1-NP System	-13.00	-13.50	-9.75
SE2 - NP System	-13.00	-13.50	-9.70
SE3 - NP System	-3.95	-2.85	-1.10
SE4 - NP System	5.75	6.75	13.50

SPOT week average:			7	VS.	8
Product	Week avg		% chg	Chg (EUR)	Week avg
SYS Spot		56.23	-17 %	-9.75	46.48
FI Spot		45.38	-13 %	-5.81	39.56
SE1 Spot		43.66	-19 %	-8.23	35.43
SE2 Spot		44.22	-20 %	-8.79	35.43
SE3 Spot		51.27	-23 %	-11.65	39.62
SE4 Spot		57.56	-27 %	-15.69	41.87

EMISSION ALLOWANCE EUR/CO2 t

EPAD settlements



27.2.2024

COMMENTS ON WEEK 8 DEVELOPMENT

POWER FUTURES

The hydro balance forecast weakened clearly during the past week and has continued to weaken this morning (Monday), with a decrease of more than 5 TWh compared to -1 TWh a week ago, -6.5 TWh compared to normal at the end of the two-week period. The development of fuel and emission allowance prices was weak, and the price difference between Nordic electricity and the corresponding periods in Germany narrowed clearly.

Front quarter Q2-2024 has started a slight upswing after hitting a low of around €27/t on Monday, with the exception of Thursday, other days closed up last week. Friday crossed the 10-day moving exponential average and open interest has also been steadily increasing. The price difference with the corresponding period in Germany has narrowed to less than €20MWh.

Annual products Like the near quarter, the 2025 product rose last week, despite the fall in condensate production costs, and the price difference with Germany narrowed to tance to had quark, the beep product rose to become more affordable than 2026, which is now the most affordable year product. The development in later years has been steadier, and prices quoted will rise towards a level of just over €41/MWh for 2028, while the price level in later years approaching a level of €40/MWh

SPOT MARKET

SPOT MARKE1 On the spot market last week, the cheapest electricity on Friday was both in Finland (under €5/MWh) and SYS in terms of price (about €25/MWh), while the most expensive electricity in Finland was on Tuesday (around €67/MWh), and the SYS price was on Monday (around €63/MWh). Wind power production peaked in Finland on Friday at around 6,000 MW, with the peak of the entire Nord Pool area close to 26 GW on Friday. According to Fingrid, a new hourly production record of 5,998 MWh/h was reached at 17:00 on February 23, 2024. Peaks in solar power production in the Nord Pool area close MW on Tuesday, Wednesday and Thursday, with average daily output reaching 7,500 MWh per day on Wednesday, the highest day of the week.

EMISSION ALLOWANCE

The price of emission allowances continued to show soft development, with DEC24 hitting a low of £51.08/t on Friday, its lowest since 2021. The bid-cover ratio at auctions since the beginning of the year has been 1.71, compared to an average of 1.64 last week. Mild weather and increasingly affordable gas squeezed the emission allowance market despite a slightly smaller auction volume on alternate weeks.





Front year 2025



DETERMINANTS AFFECTING THE MARKET ON WEEK 9

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

Olkiluoto 3 (1600 MW), limited production 3.6.2023-2.3.2024 in use 1570 MW Olkiluoto 3 (1600 MW), yearly maintenance 2.3.2024-8.4.2024, in use 0 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 FI-SE3 (1200 MW), maintenance 26.2.2024-19.12.2024, in use 800-1200 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	60.41
NP Area FI - NP System	5.53	3.78	2.81	5.10	17.09	10.03	18.18	0.03	21.91
NP Area SE1 - NP System	2.04	1.43	0.24	-1.00	3.46	-19.82	-76.80	-16.47	-11.91
NP Area SE2 - NP System	2.04	1.43	0.24	-1.00	3.46	-19.76	-73.92	-16.47	-11.79
NP Area SE3 - NP System	2.32	1.83	0.55	-0.58	10.26	3.69	-6.66	-4.74	-0.51
NP Area SE4 - NP System	2.62	2.77	2.37	0.86	14.94	18.21	16.24	8.44	2.51

Average of 1.1.2024-27.2.2024

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