



# Effects and possibilities based on a low price scenario with high volatility

Neas Energy

# Long perspective – Electricity surplus

## **Renewables:**

- 26.4 TWh of renewable electricity in Norway and Sweden (wind and water)
- 7.5 TWh of renewable electricity in Denmark (wind)
- 6 TWh of wind electricity in Finland

## **Other:**

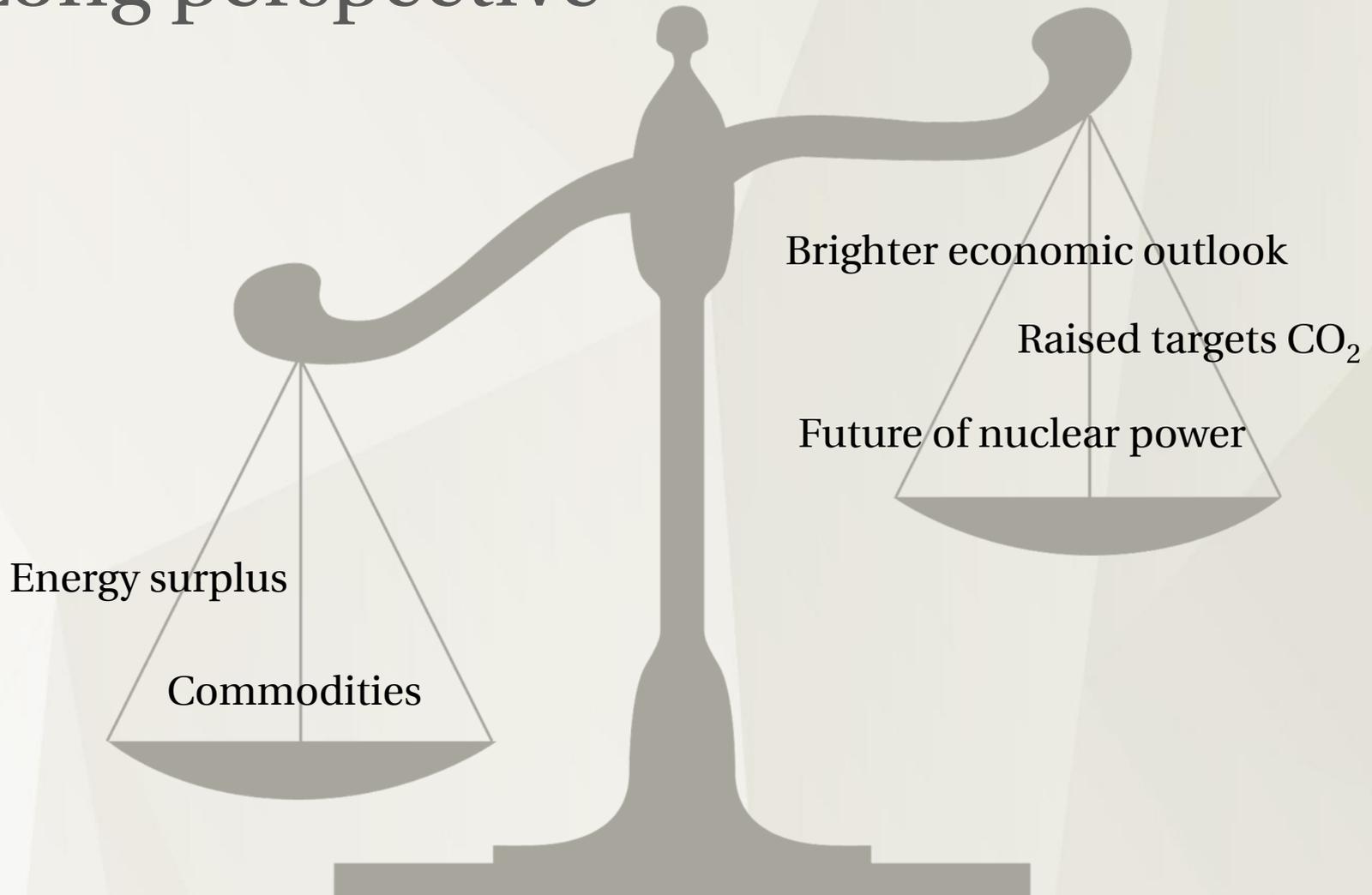
- 14 TWh of nuclear electricity in Finland (Olkiluoto 3)
- Less temperature based consumption
- Energy efficiency

**40+ TWh surplus 2020**

# Commodities



# Low price scenario most probable – Long perspective



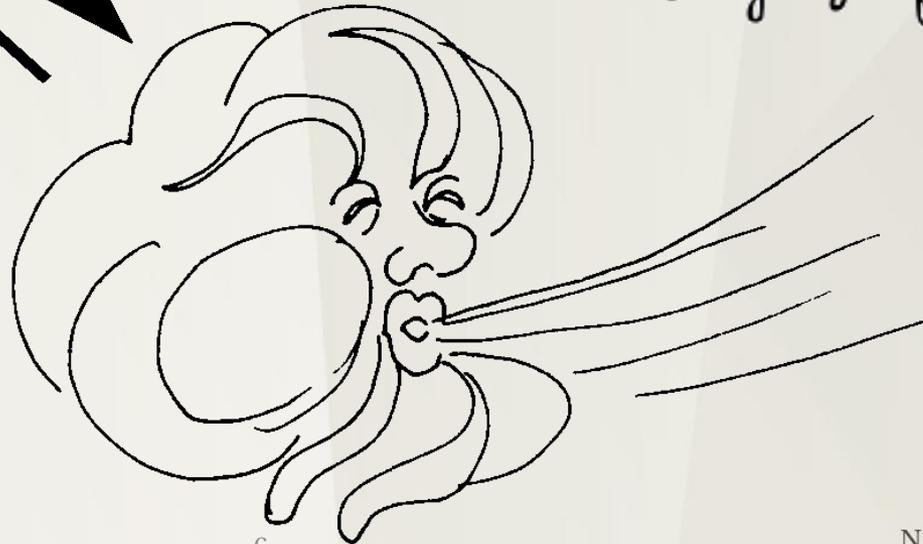
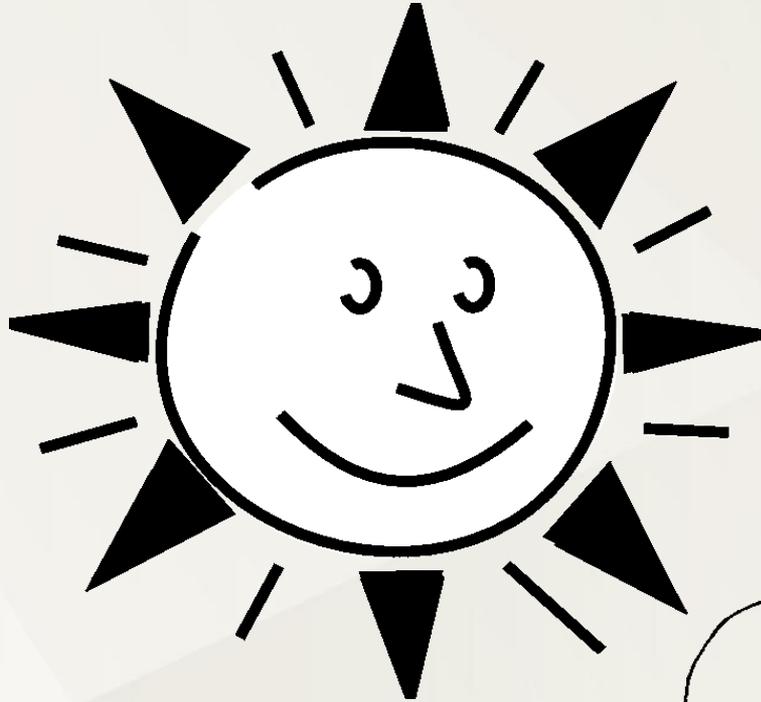
# High volatility

## Short perspective

### **Renewables:**

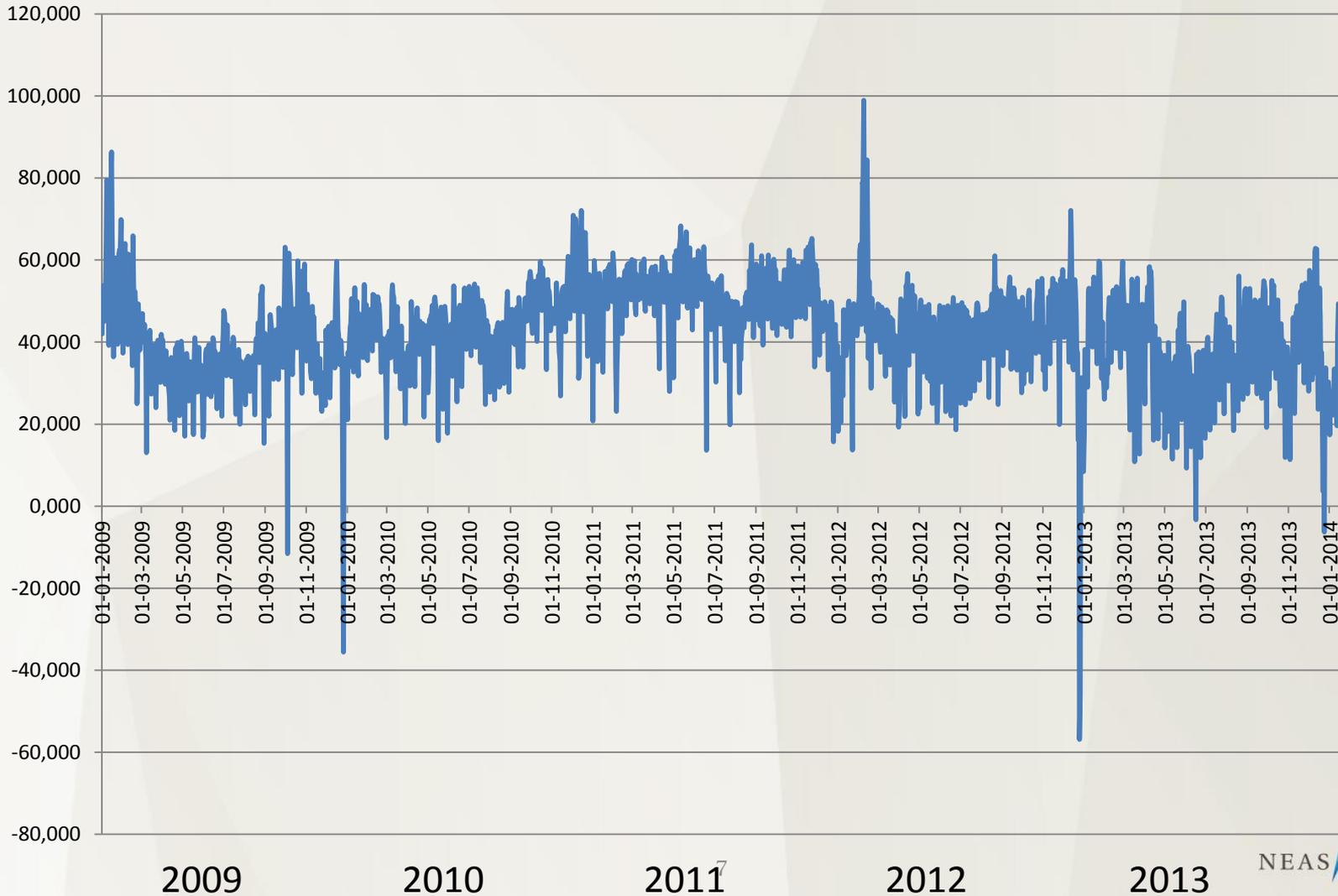
- 26.4 TWh of renewable electricity in Norway and Sweden (wind and water)
- 7.5 TWh of renewable electricity in Denmark (wind)
- 6 TWh of wind electricity in Finland
  
- Germany – solar, wind

# Weather, weather, weather



# German spot price development

Price EUR/MWh



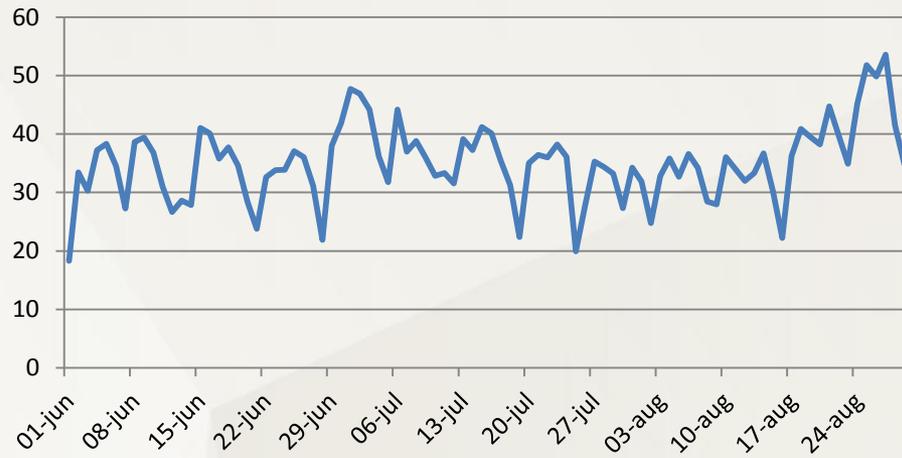
# German spot price development

Price EUR/MWh

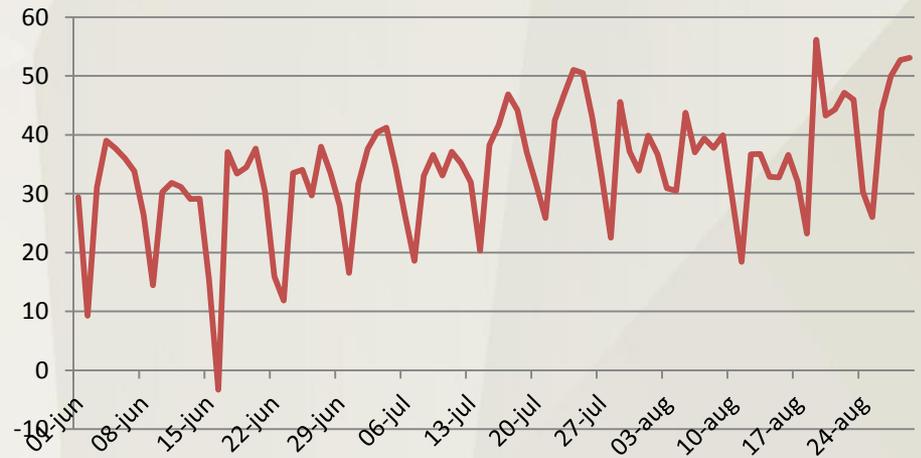


# German spot price development

**2009**



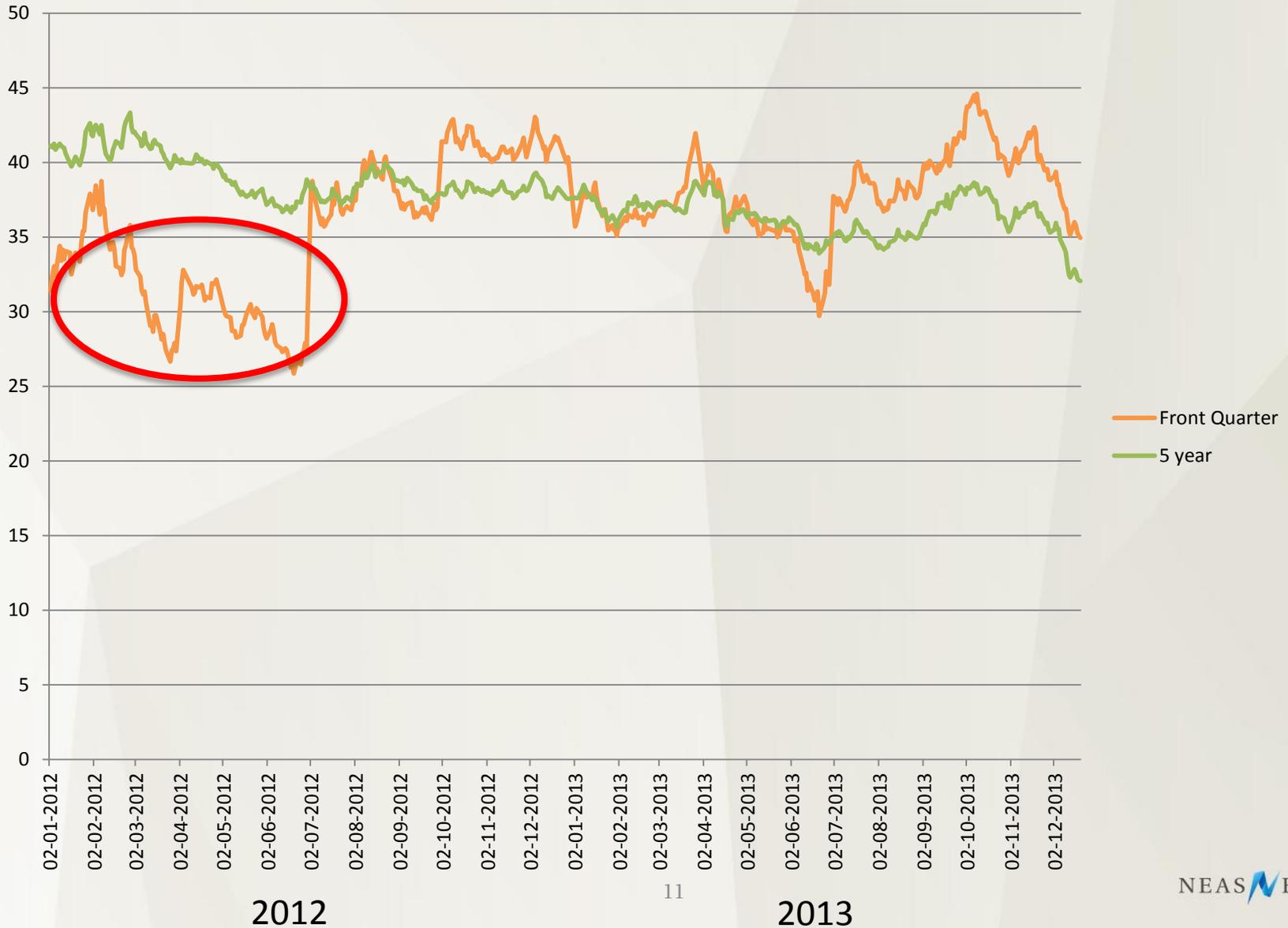
**2013**



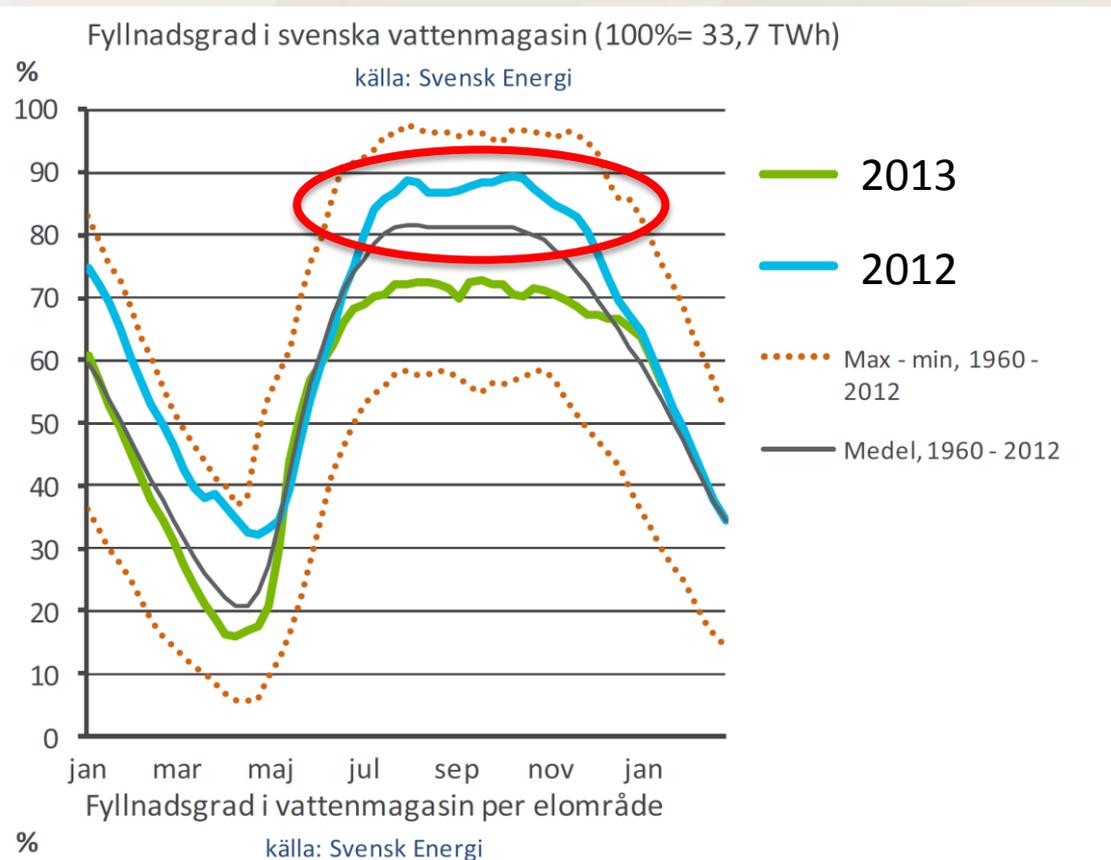
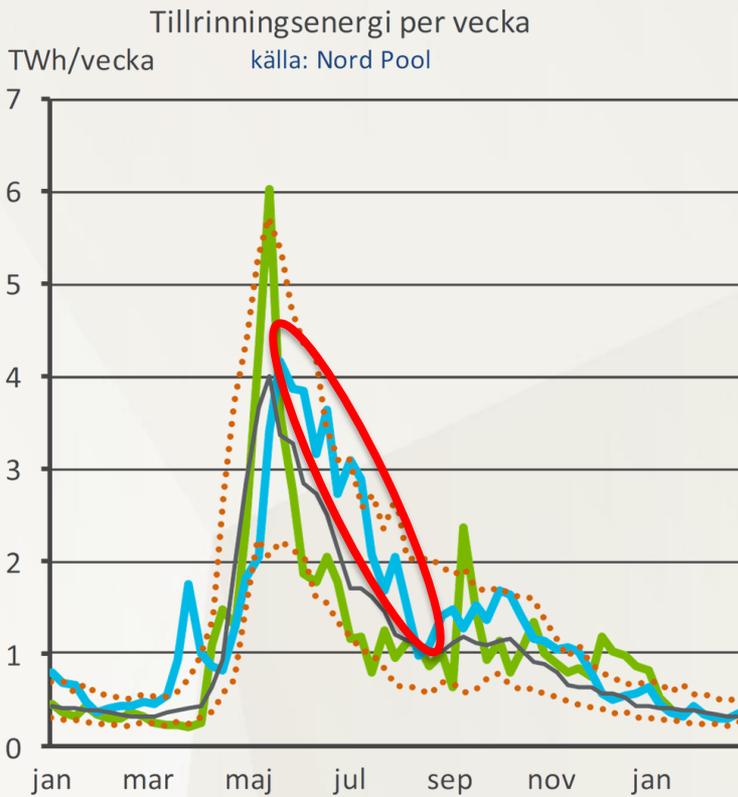
# Long term contra short term Nordic



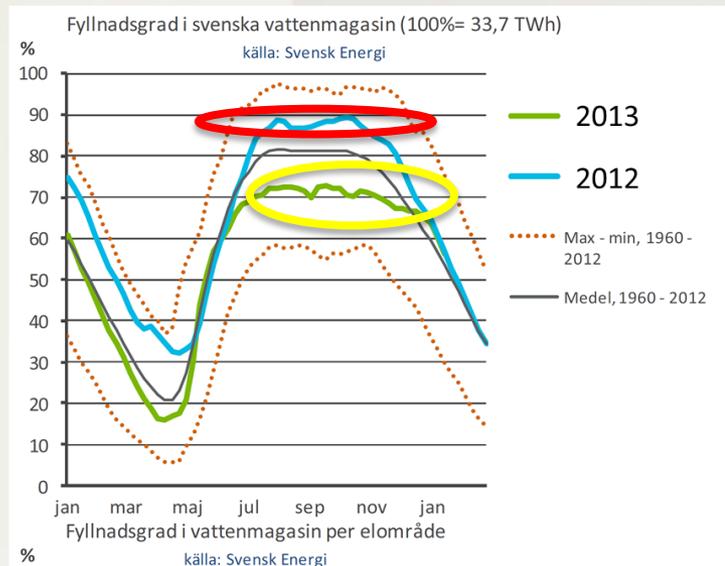
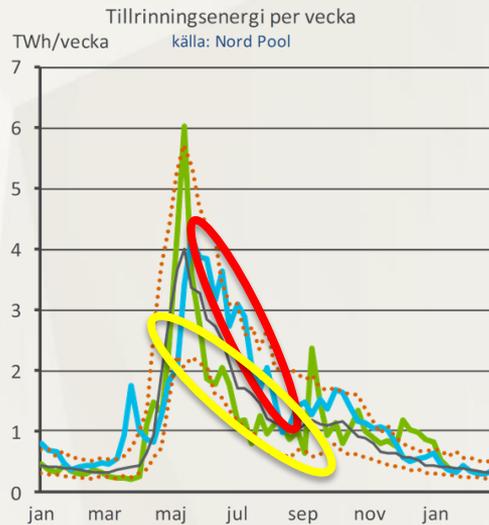
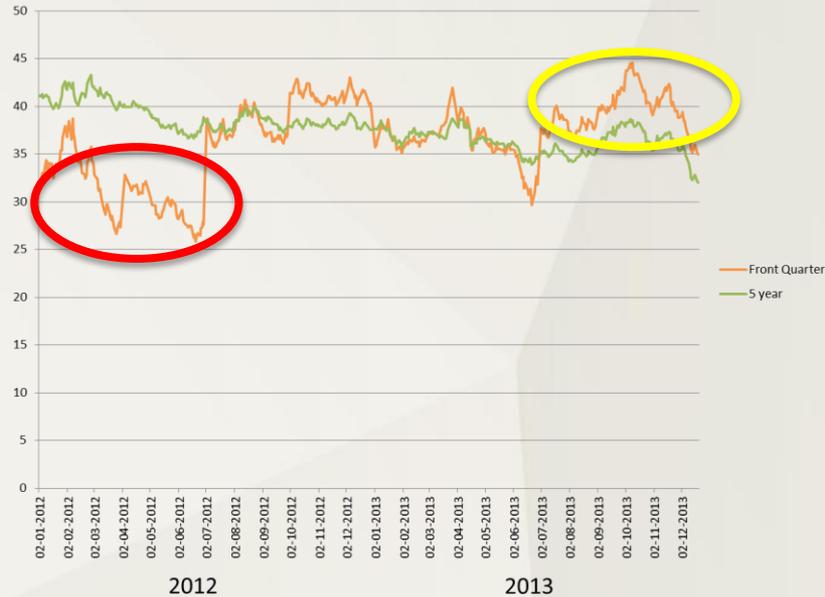
# Long term contra short term Nordic



# Hydrology



# Long term contra short term

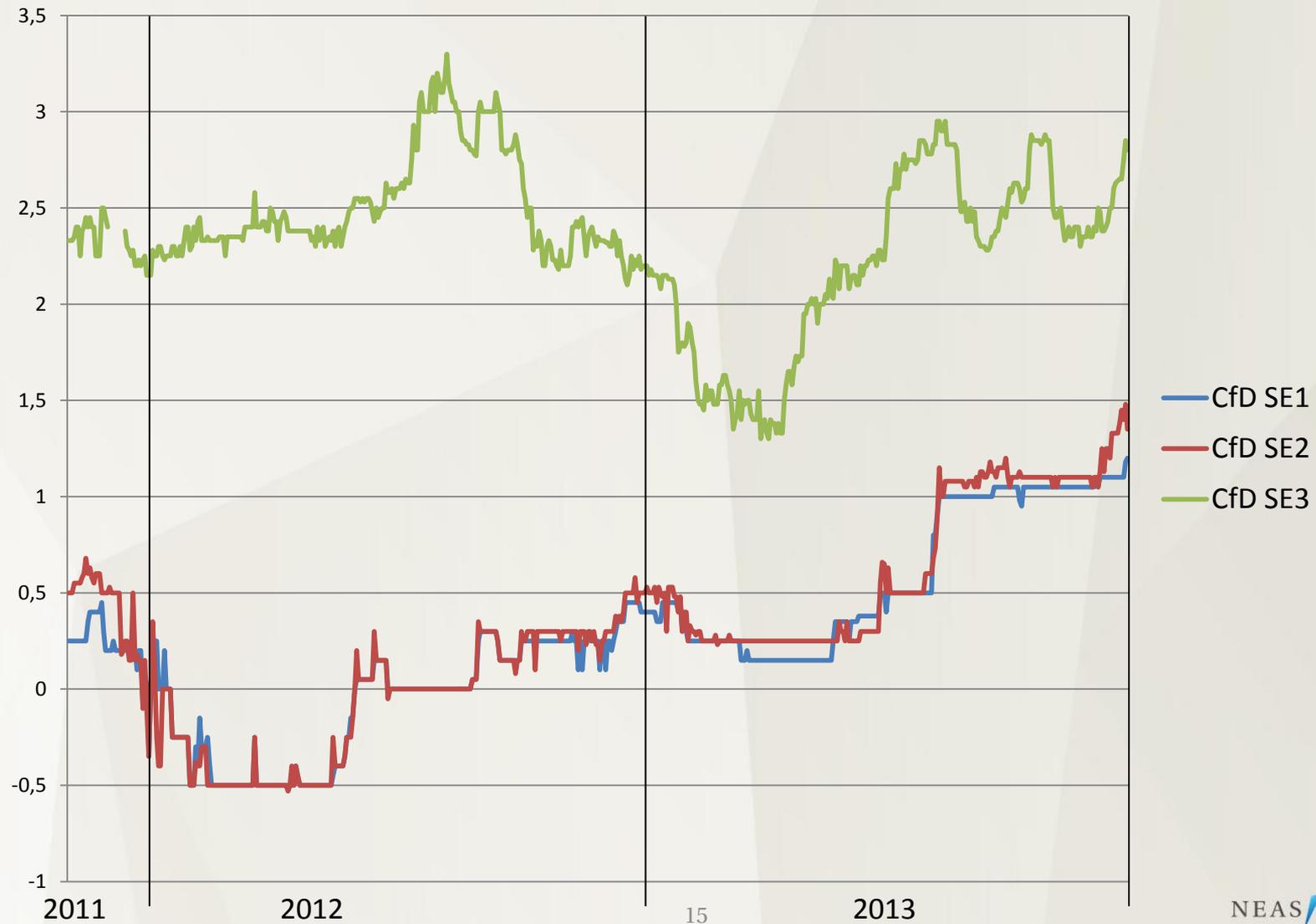


# Specifically SE1 and SE2

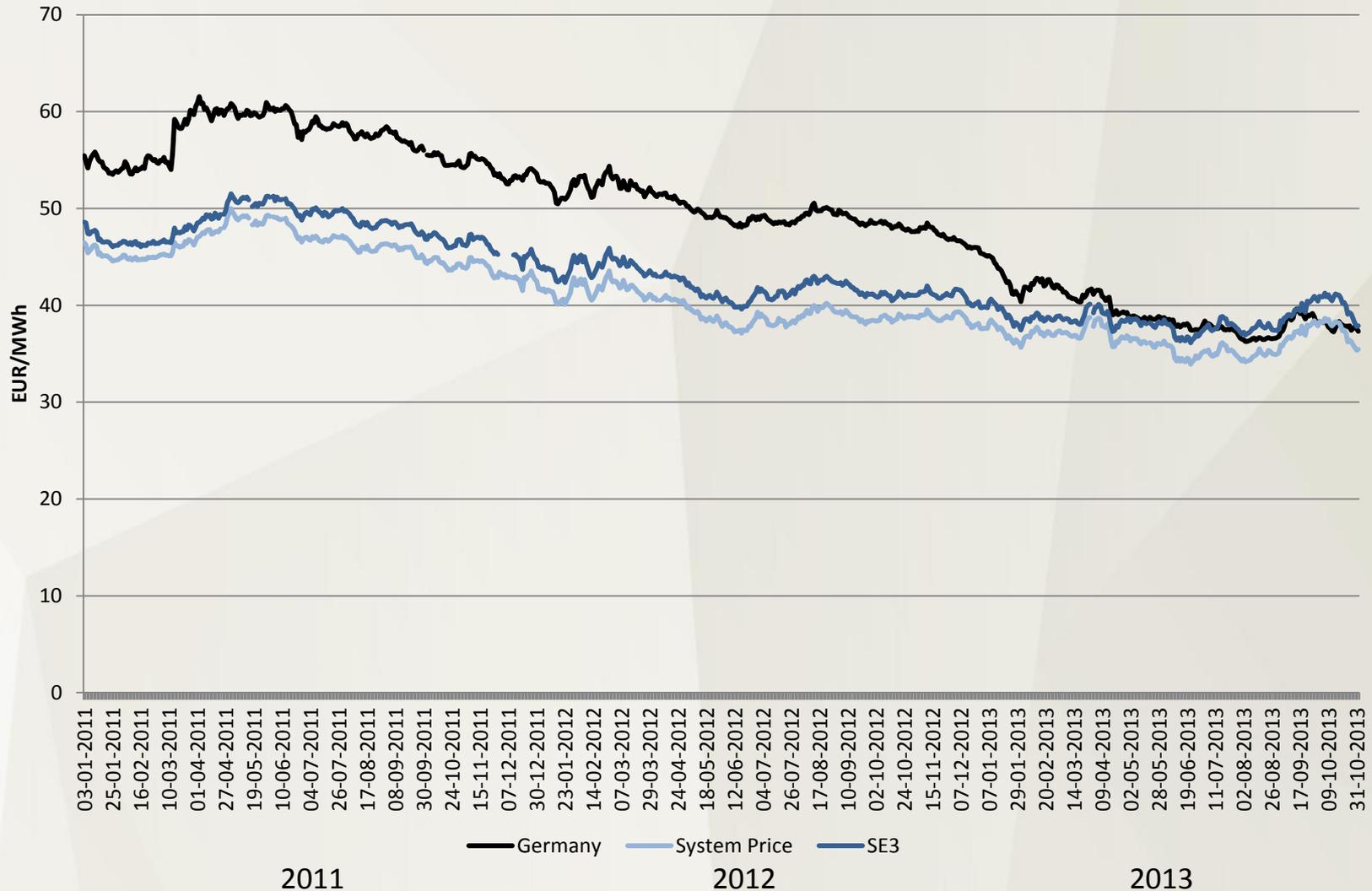
- Differences occur due to limitations in transmission.
- Price difference is very dependent on water reservoirs
- Large reservoirs => much production => larger difference between SE1/SE2 and SE3/SE4
- Small reservoirs => less production => smaller difference between SE1/SE2 and SE3/SE4

# Specifically SE1 and SE2

EUR



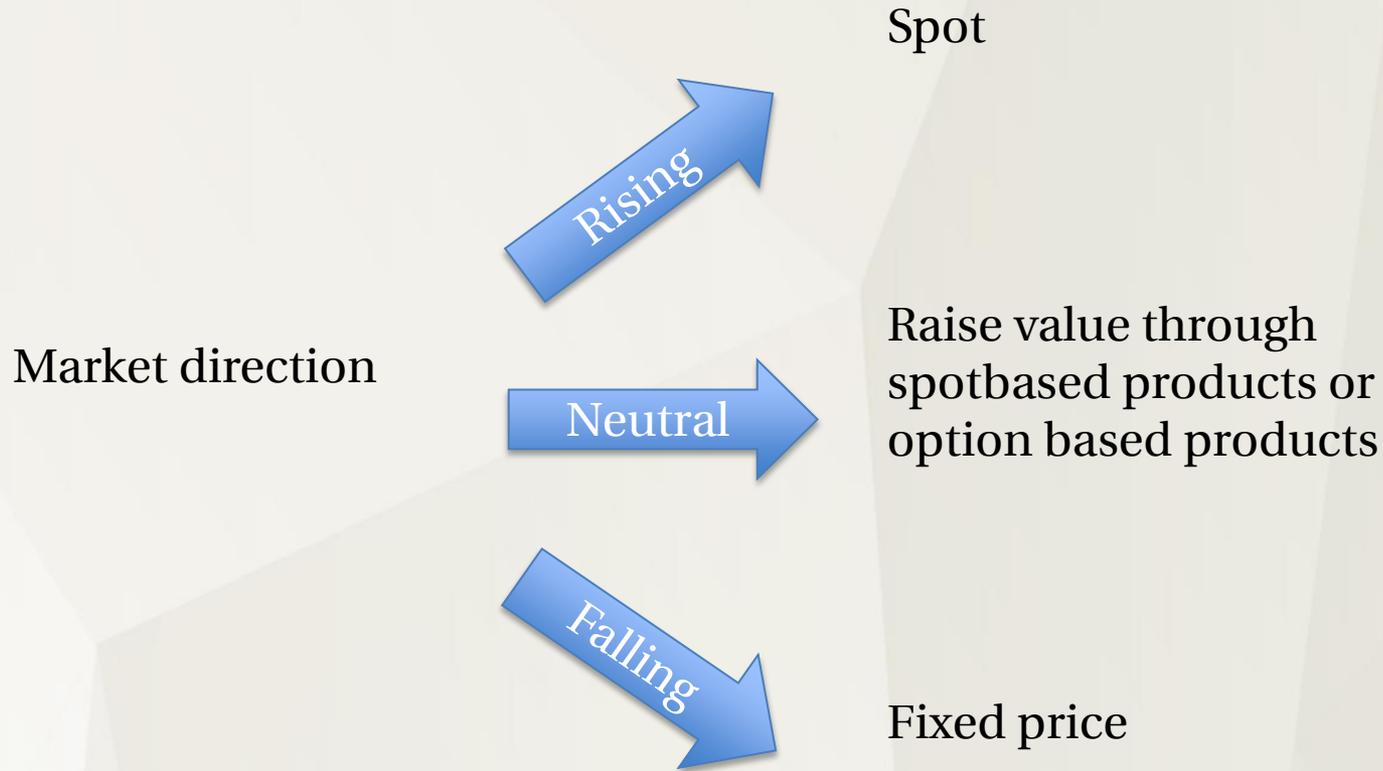
# Nordic and German prices



# Create your strategy

- What's my risk profile?
  - When am I satisfied?
  - When is the financier/bank NOT satisfied?
- Be faithful to your strategy

# Where do we think we are heading?



# Example of hedging at low prices

Contract year	current	+1	+2	+3	+4	+5
+1	100%					
+2	50%	100%				
+3	25%	50%	100%			

- Min 25% of expected production on contracts current year + 3
- Min 50% of expected production on contracts current year + 2
- Min 100% of expected production on contracts current year + 1

# Example of hedging at high prices

Lock-in level	Commodity price	% hedge	Period
Level →	35	50%	Rest of year
	40	75%	1 year
	45	100%	> 1 year

# Thank you for your attention!



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