Nasdaq Commodities

TSO Support for EPADs

Nordics are the first power market in the World, where auctioning of EPADs have been used for supporting the Electricity Forward Market
Svk trades in EPAD – Observations

Svk ser positivt på första epad-auktionen

(Montol) Svenska Kraftnät är försiktigt positiv till utfallet av första auktionen av epad-volymer som hölls under tisdagen.

Overview per Bidding Zone:
• 10 to 20 participants
• 5-10 times oversubscribed
• 50 to 150 orders
Svk trades in EPAD – Observations

=> triggers trading in the continuous market

Trading in EPAD MAL FEB-23 (light blue) and MAL MAR-23 (blue) between 1st Jan – 28th February

⇒ The auction (dark blue) triggers trading in the continuous market (blue)
⇒ The volumes traded in February (Front Month = MAR-23) with start of Svk trades in EPADs has been higher than in January (Front Month = FEB-23)

Trading in EPAD STO FEB-23 (light blue) and STO MAR-23 (blue) between 1st Jan – 28th February

⇒ The auction (dark blue) triggers trading in the continuous market (blue)
⇒ The volumes traded in February (Front Month = MAR-23) with start of Svk trades in EPADs has been higher than in January (Front Month = FEB-23)
Svk trades in EPAD – Observations
=> triggers trading in the continuous market

Reselling in continuous market and new trades/positions based on the auction price

A trader that got volumes in the auction resold this volume with a profit in the continuous market

3 Blocktrades done through a broker at the auction price.

Bought in the auction
Offer in continuous market
Traded/sold (Reselling)

Auction result
3 Blocktrades
=> New positions

STOMAR-23; 14.02.-15.02.

MALMAR-23; 21.02.
Svk trades in EPAD – Observations
=> News triggers trading in the continuous market

Auction 13:00 at -8EUR
UMM 14:33
OKG3 outage
Exchange trades at a higher price level
Svk trades in EPAD – Observations => tighter spreads in the continuous market

7th February

Spread before first run of Svk trades

Spread after first run of Svk trades
Svk trades in EPAD – Observations
=> tighter spreads in the continuous market

**AVG SPREAD at 16:00**

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<tr>
<th>Security</th>
<th>January</th>
<th>February</th>
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<tr>
<td>SYSTOAFUTBLMFEB-23</td>
<td>7.85</td>
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<td>SYSTOAFUTBLMMAR-23</td>
<td>9.30</td>
<td>2.59</td>
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<td>SYSTOFUTBLQ2-23</td>
<td>6.47</td>
<td>2.77</td>
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**DAILY SPREAD at 16:00**

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<th>SYSTOAFUTBLMMAR-23</th>
<th>SYSTOFUTBLQ2-23</th>
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General Communication: This content contains non-sensitive information
Svk trades in EPAD – Observations

=> triggers trading in “System Price Contracts”

A trader was allocated volumes in a calendar contract in the auction on the 28th February.

From 13:25h the same trader executed trades in ENOFUTBLYR-24 through a broker; classified as HEDGE.
Svk trades in EPAD – Observations
=> positive impact on Open Interest

EPAD MAL Q2-23

EPAD SUN Q2-23
Svk trades in EPAD – Observations

=> strong price signal!!

The auction result gives a strong signal of the fair value to the market and is one of the TOP NEWS!

Effect on EOD Daily Fix: MALMAR-23 between 7th Feb and 21st Feb
Summary: Establishment of Svk support in EPADs

- Facilitate for hedging opportunities in the concerned bidding zones for all market participants
- Building Open Interest and supporting the EPAD continuous market functioning & integrity as the highest priority
- Contribute to reliable price formation and transparent prices on the exchange
- Clearing to reduce counterparty risk
- The exchange and clearing rules are commonly known for all market players.
- Systems are established for trading, clearing and market surveillance.

Well functioning markets with transparency, tight spreads and high liquidity will reduce the cost for hedging
More EPAD support around the corner?

SvK: Epad-auktionerna ska ses som ett pilotprojekt

(Montel) Svenska Kraftnät's introduction av auktioner av Epad-kontrakt ska ses som ett test för att klargöra om det är ett effektivt sätt för en systemoperator att stödja likviditeten på den finansiella marknaden, uppger Kaj Forsberg, en av de ansvingna för projektet på affärsverket.

**Fingrid** appeals Acer's Epad auction decision

(Montel) Fingrid has appealed EU regulatory agency Acer's decision to implement Epad auctions between Finland and Sweden, the Finnish TSO said in an appeal announcement published by Acer on Friday.

Ei: Blir inga överföringsrätter mellan Sverige och Danmark

(Montel) Det kommer inte att införa några långsiktiga överföringsrättigheter (LTTR) mellan elområdesgränserna SE3-DK1 och SE4-DK2. Det har Energimarknadsinspektionen (Ei) och danska motsvarigheten Forsyningsstilsynet (DUR) beslutat, framgår av ett pressmeddelande.

**RME** skal vurdere transmisjonsrettigheter innen oktober

(Montel) Reguleringsmyndigheten for energi (RME) skal innen oktober vurdere om det bør innføres transmisjonsrettigheter på utenlandskablene hvis det ikke er gode prissikringsmuligheter i markedet.