

# Quarterly report from Market Surveillance

This report includes the period from 1 October to 31 December 2021

## Updates from Market Surveillance

Nordic energy prices continued to increase during the fourth quarter of 2021 and peaked during the second half of the quarter on the back of reduced renewables, increased thermal marginal costs and low reservoir levels in Southern Norway.

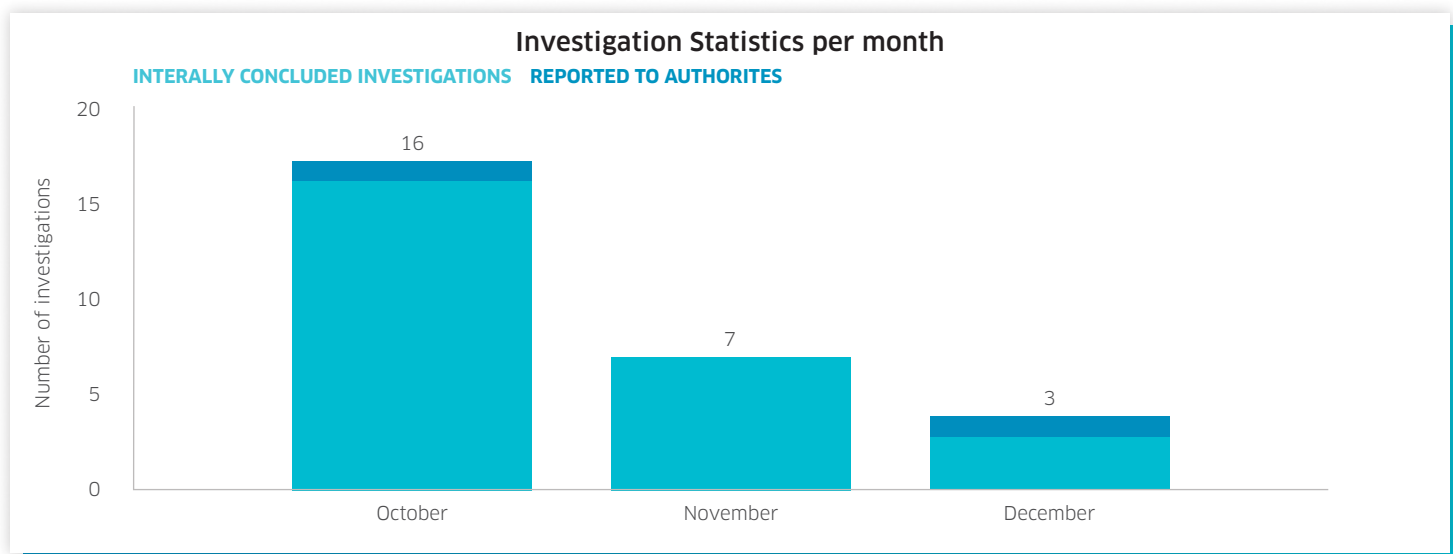
Market Surveillance has continued to monitor the market closely in order to detect if any market participants took advantage of the unprecedented situation by potential misusing the market. Market Surveillance was also contacted by market participants questioning if someone was trying to push the market in a desired direction. Market Surveillance could however not find any evidence of such behavior.

## Investigation summary

For all incidents and relevant events Market Surveillance investigate we look at the incident both in isolation and in a greater perspective. In general we assess the following components:

- Activity of relevant market participant(s) before and after incident
- Activity of relevant market participant(s) in other correlated products before and after incident
- Changes in price formation before and after incident
- Activity of other market participants
- Market participant(s) position in relevant contracts
- Previous activity and knowledge about market participant(s)

Through analysis, automated alerts and tips from exchange traders Market Surveillance has investigated and reported relevant cases to authorities as presented in the figure below



## Selection of concluded investigations

Below is a description of some of the concluded incidents:

- On 5 October a market participant contacted Market Surveillance questioning the downward price movement in ENOFUTBLQ1-22 after open. The market participant questioned why offers were placed below last traded when this last traded was buyer initiated.

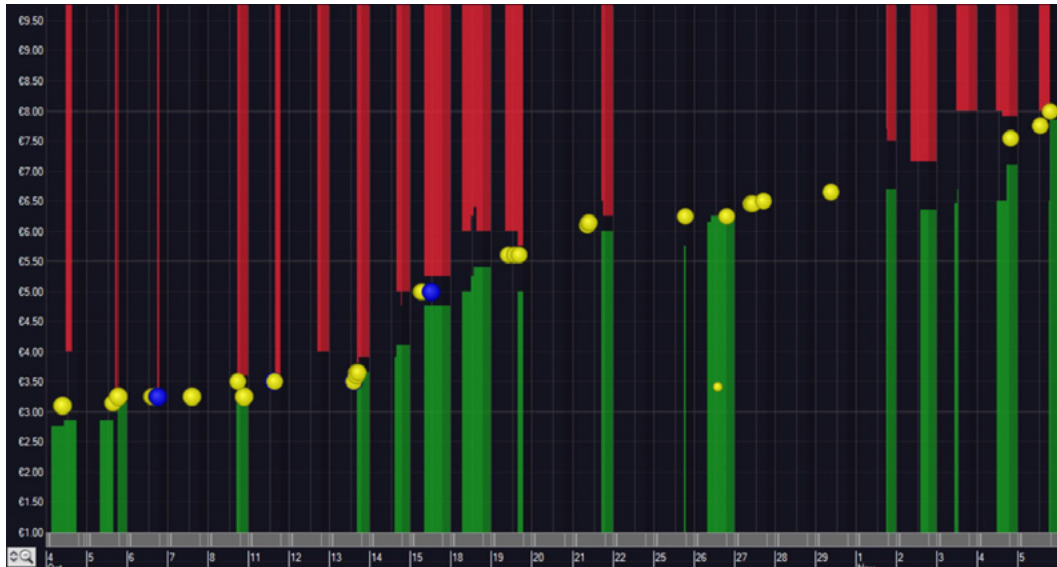


In total 7 different market participants were the selling party in the above mentioned ETS transactions. These transactions was initiated by 8 different buyers. Market Surveillance further investigated the activity of the relevant market participants but could not find any evidence of misconduct.

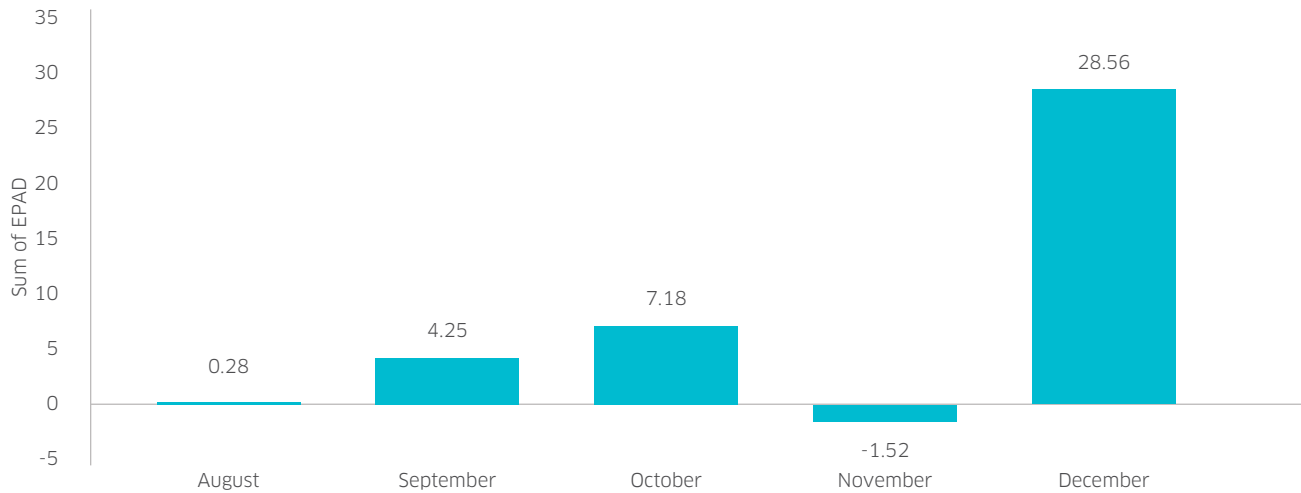
- On 13 October a market participant contacted Market Surveillance questioning the selling activity in front quarter and month products during the last weeks. The market participant thought the downward movements was much stronger than what could be expected from fundamental information and that this indicated that someone was deliberately pushing the market down in order to gain on lower traded prices.

Market Surveillance has investigated activities that were likely to give a bearish signal during the above mentioned period and has also during the fourth quarter sent four enquires to market participants related to their selling activity. None of the above investigations resulted in findings where Market Surveillance with a reasonable suspicion could conclude that an order or transaction could constitute market manipulation or attempt of market manipulation.

- On 5 November a market participant contacted Market Surveillance questioning the bullish development in SYSTOFUTBLR-22 since 8 October and especially the magnitude of the price increases on 13, 14 and 15 October. The market participant could not find any fundamental data supporting this increase and it also mentioned that delivered price difference between the system price and the area price was low.



### Delivered Stockholm EPAD

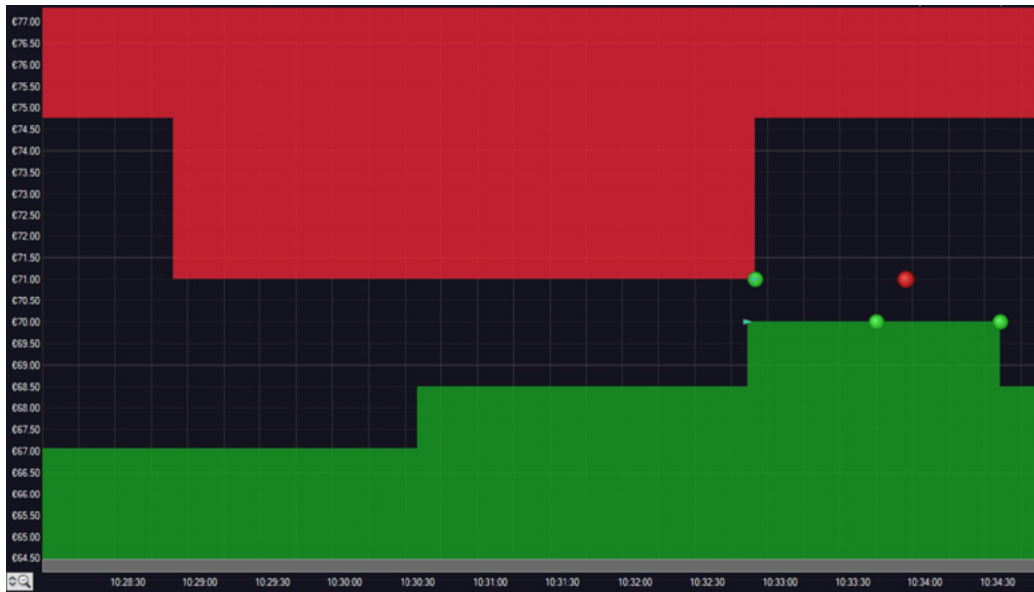


In total 14 different market participants were the buying party in the above mentioned time period from 8 October. During 13, 14 and 15 of October there were 7 different buyers and none of these moved the price upwards more than one time each. Market Surveillance investigated further the activity according to the components under "Investigation summary" but could not with a reasonable suspicion conclude that an order or transaction constituted market manipulation, insider trading or attempt of market manipulation.

## Cases reported to Authorities

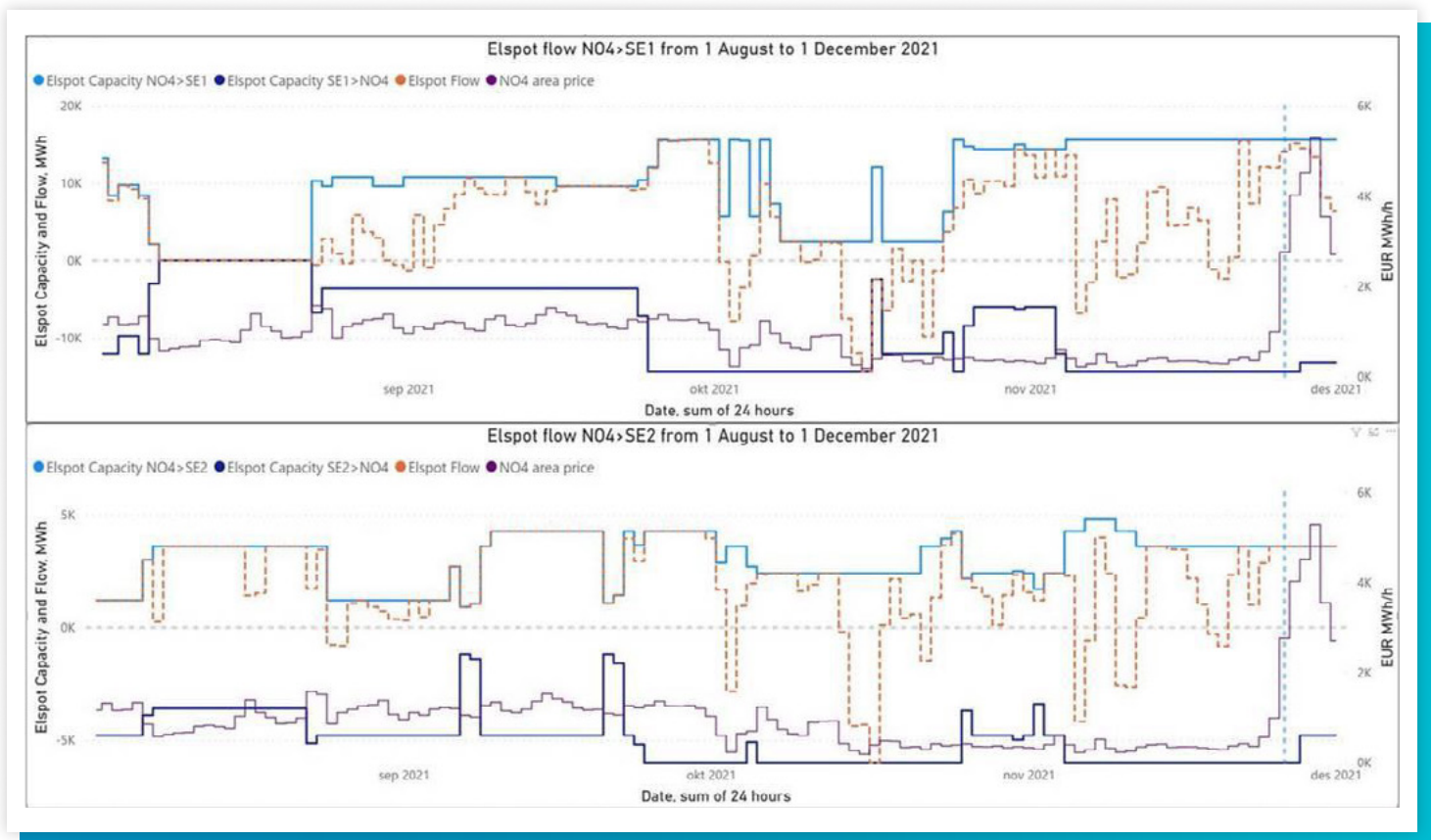
The following incidents were reported to relevant authorities:

- Market Surveillance has forwarded a potential cross market manipulation case to the Norwegian FSA. The case concerns a market participant's ETS activity in ENOAFUTBLMFEB-22 when it simultaneously was negotiating on the opposite side through a block broker.



While negotiating to sell the above product through a block broker the market participant increased the best bid and shortly after bought 1 MW at the best offer price in the market (71.00 EUR). Shortly after this purchase the block transaction was concluded and the market participant sold 5 MW at the same price. Based on the above information and transcription of the block negotiation Market Surveillance had reasonable suspicion to conclude that the ETS purchase activity gave, or were likely to give, false or misleading information as to the demand for, or price of ENOAFUTBLMFEB-22 (MAR art. 12).

- Throughout the autumn of 2021 the difference in the hydro situation (in combination with the high continental prices) has been the main factor explaining the huge spot price differences between Northern Norway (NO3+NO4) and Southern Norway (NO1+NO2+NO5). From 26 November the prices in Northern Norway increased dramatically and peaked on 29 November at 220.10 EUR. The increased spot prices were explained with lower temperatures and reduced supply in Northern Sweden due to icing on the rivers. The potential price impact of reduced supply in Sweden would be dependent on the potential increased export from Northern Norway, which would be limited since Northern Norway already exported a significant amount of electricity to Northern Sweden (exemplified with NO4 export/import in graph below).



Further, on 26 November we also had prices for upregulation in NO3, NO4, SE1, SE2, SE3, SE4 and FI at 5000 EUR.

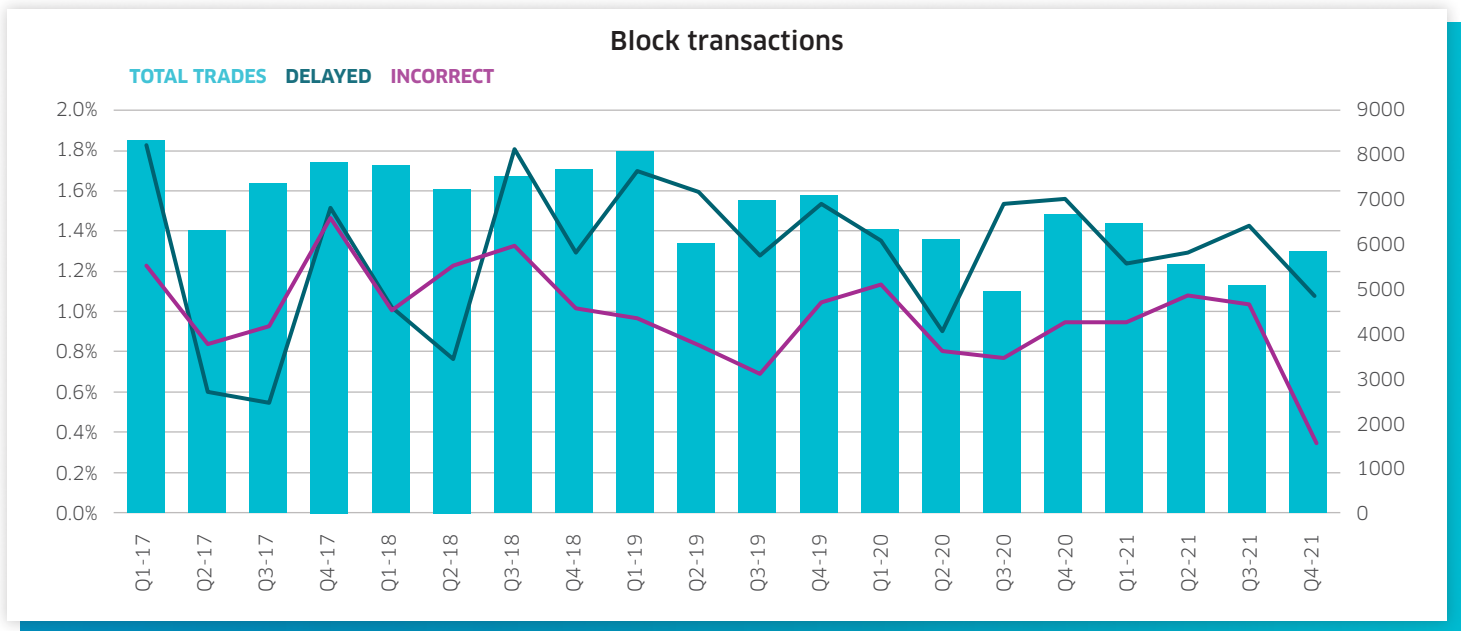
The above observations related to both the spot and balancing market and information about these were forwarded to relevant authorities in Norway as regulatory authorities with access to bidding data should investigate the reason and legitimacy of the increased prices.

- On 16 December Market Surveillance forwarded to the Norwegian NRA its concerns regarding missing information related to reduced day-ahead capacity on the NordLink cable. A market message published in December 2020 states that given capacity in 2021 at a minimum should be 11.7 % (169 MW) of installed capacity. Market Surveillance could not find any other market messages explaining the reduced and fluctuating allocated capacity given during the fourth quarter of 2021.

## Reporting of block trades

The percentage of delays in reporting of block trades was 1.10 % in the fourth quarter of 2021, this is down from 1.43 % in the third quarter of 2021.

The percentage of erroneous reported block trades was 0.34 % in the fourth quarter of 2021, this is down from 1.04 % in third quarter of 2021.



\*Block Trades with Contract Time within Exchange Opening Hours, or 15 minutes or less before the start of Exchange Opening Hours, reported later than 15 minutes after their Contract Time are defined as delayed.