

# Quarterly report from Market Surveillance

This report includes the period from 1 October to 31 December 2022.

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## Updates from Market Surveillance

The high volatility continued through the fourth quarter, exemplified by the development in ENOFUTBLQ1-23 that traded between 162 and 369 EUR and dropped more than 50 % in December. During this period, Market Surveillance has continued its focus on the demanding market conditions and the observed price development, herein whether this is related to acts of market manipulation.

Throughout 2022 Market Surveillance also observed a downward moving trend in risk reducing sell volumes. The trend continued during the fourth quarter supported by new proposed tax regimes for hydro power producers in Norway published by the Norwegian government in late June<sup>1</sup> and late September<sup>2</sup>. Comparing the fourth quarter in 2022 with the corresponding quarter in 2021, market participants based in Norway reduced their risk reducing sell volumes by an additional 43 % compared with the reduction from market participants based elsewhere.

During December power producers in Norway started to offer sell volumes to power suppliers with a fixed price during a horizon of 3, 5 and 7 years. The offering was a response to the changed resource tax regime of Norwegian power producers. Market Surveillance has notified the Norwegian Competition Authority of its concern that the initiative reduce competition in the electricity market due to 1) Transparency of the offering is poor, 2) only the largest power producers are able to participate, 3) power producers mainly offer volumes to power suppliers they own themselves and 4) it facilitates natural competitors to collaborate in its offering.

## Investigation summary

For all incidents and relevant events that 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 the incident
- Activity of relevant market participant(s) in other correlated products before and after the incident
- Changes in price formation before and after the incident
- Activity of other market participants

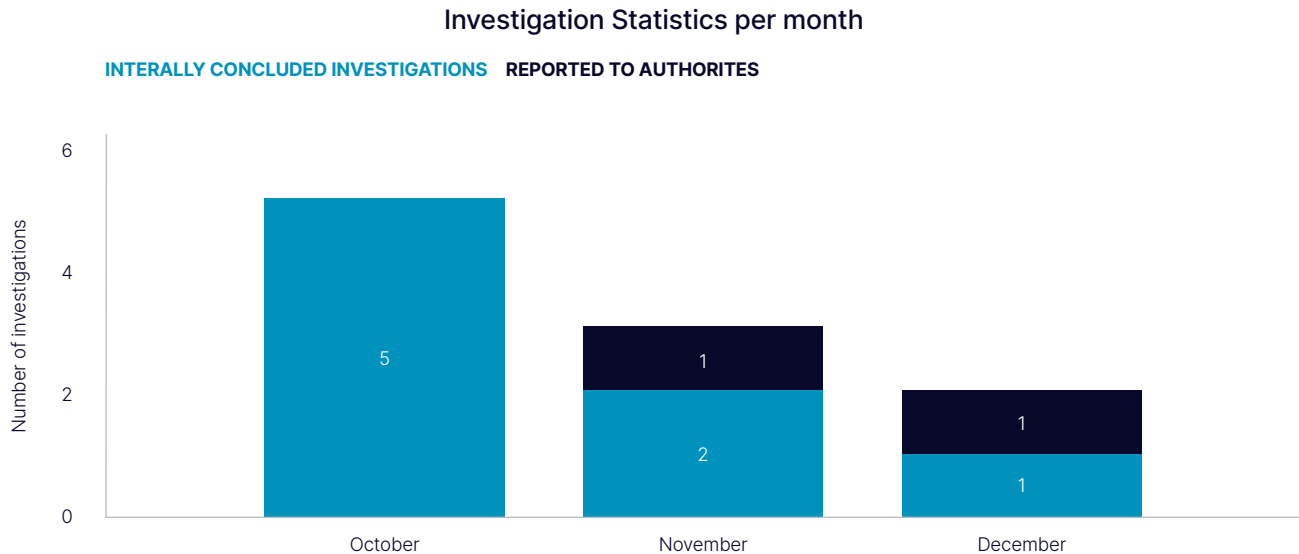
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1 <https://www.regjeringen.no/no/dokumenter/horing-om-kontraktsinntak-i-grunnrenteskatten-knyttet-til-fastprisavtaler-for-strom/id2921766/>

2 <https://www.regjeringen.no/no/aktuelt/tiltak-for-bedre-fastprisavtaler-pa-strom/id2929140/>

- Market participant(s) position in relevant contracts
- Previous activity and knowledge about market participant(s)

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



## Cases reported to Authorities

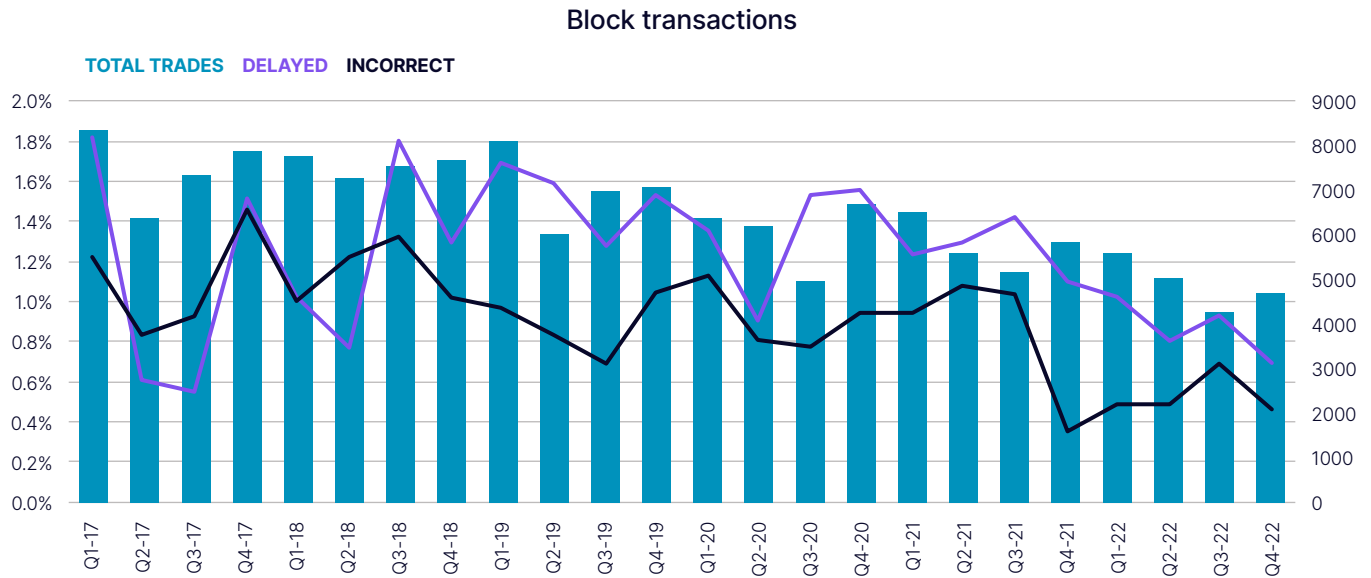
The following incidents were reported to relevant authorities:

- During the end of November, the spot price for NO4 increased significantly from levels around 40 EUR to a maximum daily average price of 236 EUR. The rapid increase was explained by power restrictions in Northern Sweden and lower expected wind power production in the region. Market Surveillance could however not see any fundamental changes in NO4 that could justify such a dramatic price increase. It was full export out of the bidding area also prior to the period, demand was expected to decline and wind power production was only expected to decline by an average of 100 MWh/h on the day when the spot price increased from 46 to 205 EUR. Market Surveillance therefore forwarded the case to the Norwegian NRA and FSA.
- During the fourth quarter Market Surveillance forwarded one case to the Norwegian NRA regarding potential inefficient disclosure of insider information related to maintenance at a Norwegian hydro power facility. Market Surveillance found no indications of insider dealing at Nasdaq related to this outage.

## Reporting of block trades

The percentage of delays in reporting of block trades was 0.69 % in the fourth quarter of 2022, this is down from 0.93 % in the second third of 2022.

The percentage of erroneous reported block trades was 0.45 % in the fourth quarter of 2022, this is down from 0.69 % in the third quarter of 2022.



\*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 is defined as delayed.

