

SVENSKA KRAFTNÄT

Quarterly Summary

- Svenska kraftnät's auctioning of EPADs for improved hedging opportunities

Second quarter 2024



Svenska kraftnät's EPAD-pilot

Since February 7th, 2023, Svenska kraftnät has auctioned EPAD contracts corresponding to approximately 10 percent of the Swedish grid's capacity to transmit electricity between bidding zones SE2 and SE3 and SE3 and SE4.

QUARTERLY SUMMARY, Q2 2024

About the auctions

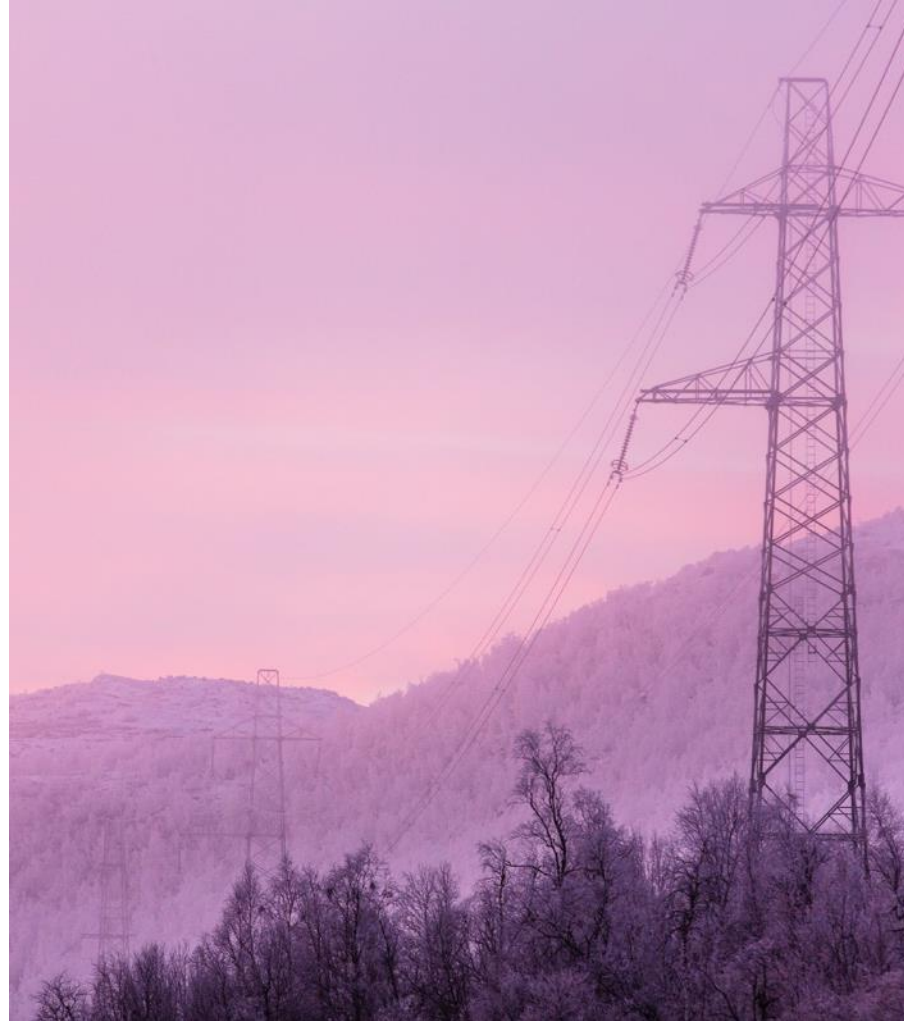
- Svenska kraftnät is conducting regular auctions of EPAD contracts for the bidding zones SE2, SE3 and SE4 as part of a pilot project.
- The aim is to contribute to improved hedging opportunities for market participants.
- In total, six auctions have been conducted during the second quarter of 2024, starting on 9th of April.

Stable prices and decreasing turnover

The second quarter was characterized by stable EPAD prices, low volatility for annual contracts and a marginal price divergence between electricity areas SE2 and SE4.

At the same time, the turnover in continuous trading decreased during the second quarter.

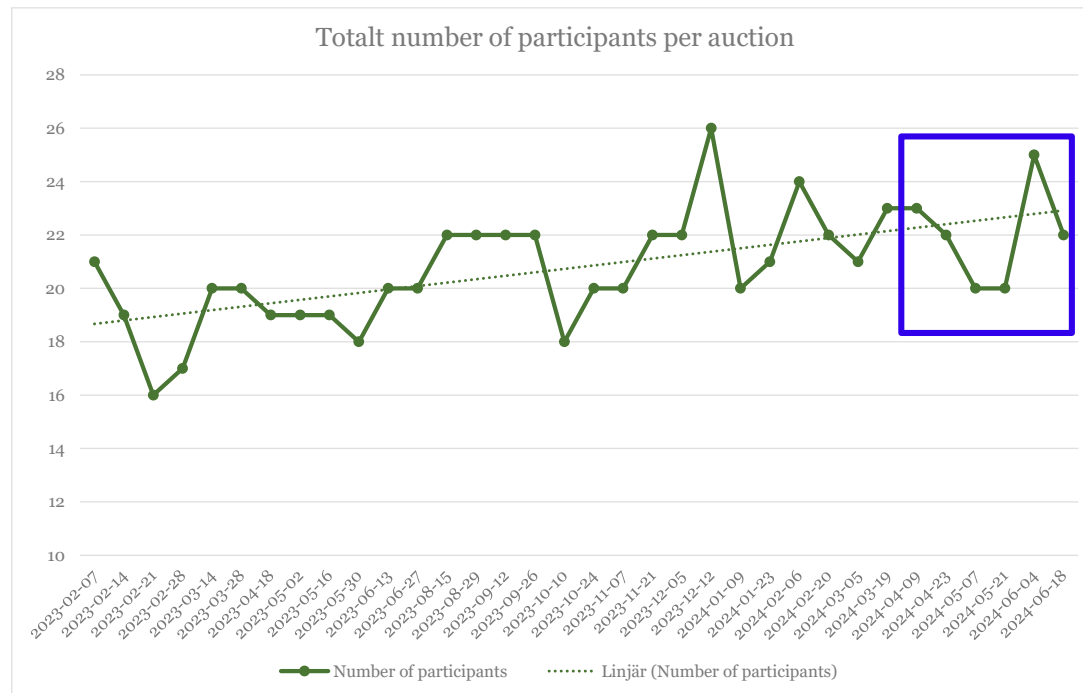
Otherwise, the auctions were defined by a high participation rate and satisfactory bid-to-cover ratios.



Participation in auctions

Continued high participation

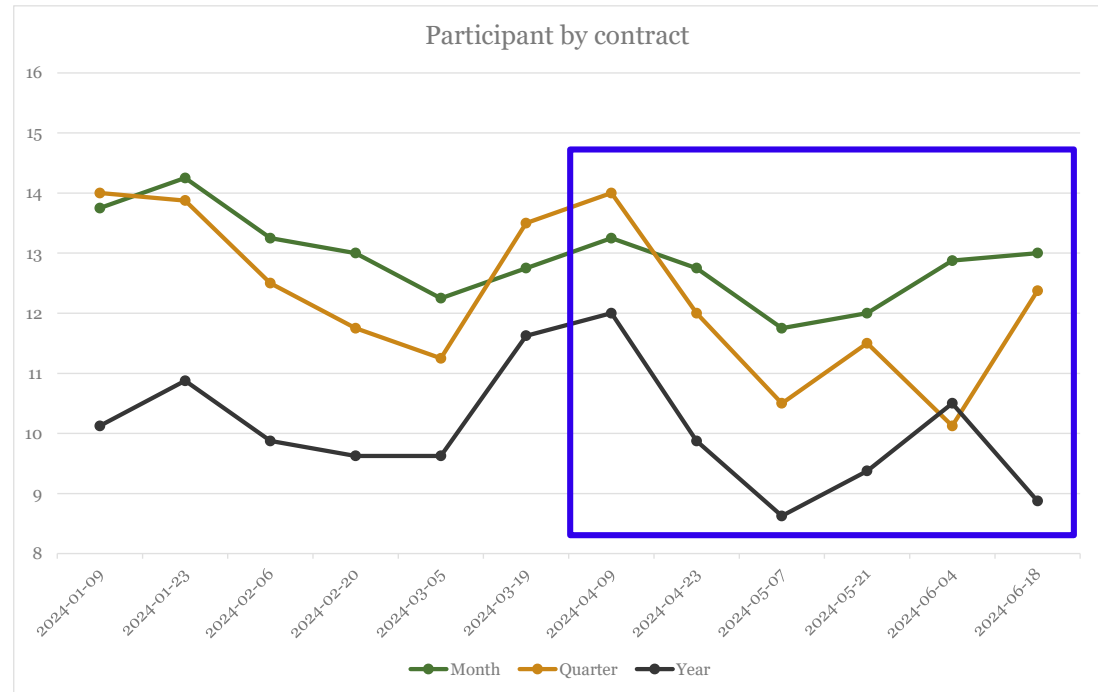
- Auction participation continued to show a positive trend since the auctions started.
- There were 22 participants on average per auction event, which is the same average as in the previous quarter.



Total number of participants per auction event (February 2023 - June 2024).

Participation by type of contract

- Monthly contracts showed the highest average participation, in line with the first quarter of 2024.
- As in the previous quarter, calendar year contracts exhibit the lowest number of participants.

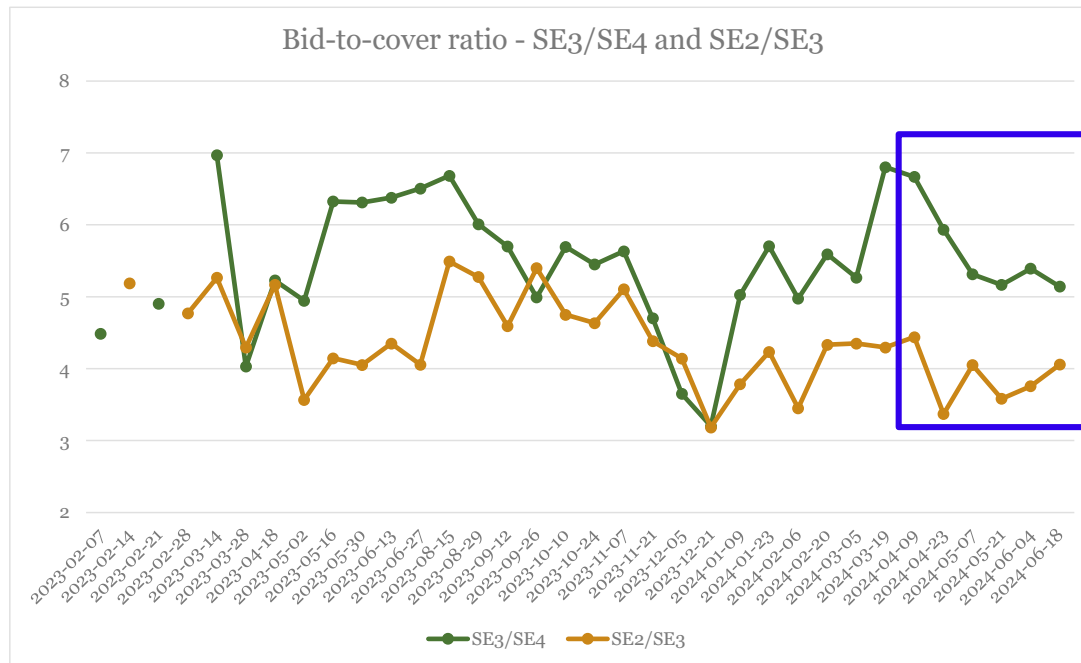


Average number of participants during 2024 per auction event, broken down into monthly, quarterly and calendar year contracts.

Price formation

Bid-to-cover ratio

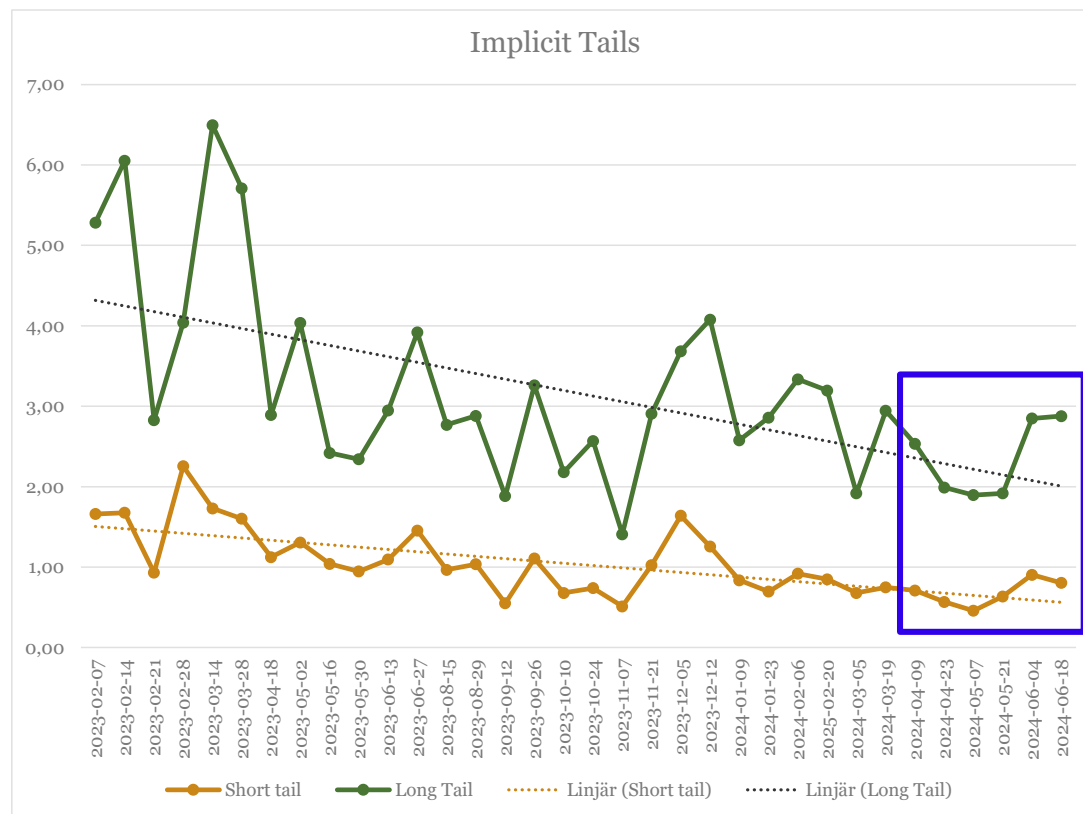
- Bid-to-cover ratios were on average the same in the second quarter as in the first quarter 2024.
- Participation remained stable for both borders.



Bid-to-cover ratios in relation to the individual auctions to which the allocation conditions apply, which are the same as the bidding zone borders SE2/SE3 and SE3/SE4 for the respective auction event (the dots on the lines) in February 2023 - June 2024.

Implicit tails

- The tails serve as a measure of price formation. The shorter the tail the better the auction.
- The first quarter was characterized by satisfactory price formation.
- Read more about tails in the full-year report.*

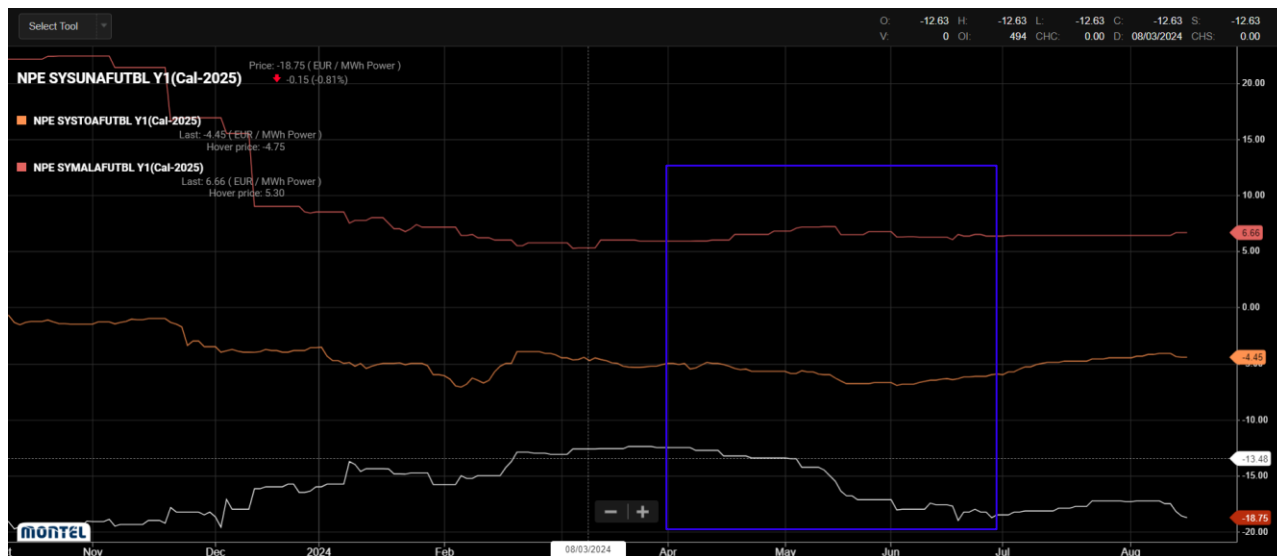


Average implicit short and long tails per auction occasion. The linear trend lines for short and long tails (dotted lines) in the figure show the overall trends in tails over February 2023 - June 2024 expressed in EUR.

*<https://www.svk.se/en/about-us/news/news/svenska-kraftnat-publishes-full-year-follow-up-of-epad-auctions/>

Market trends for EPADs

- The market development for annual contracts during the second quarter was characterised by stability and a marginal price divergence between SE2 and SE4, primarily driven by lower prices in the SE2 contract.
- *Source: Montel*

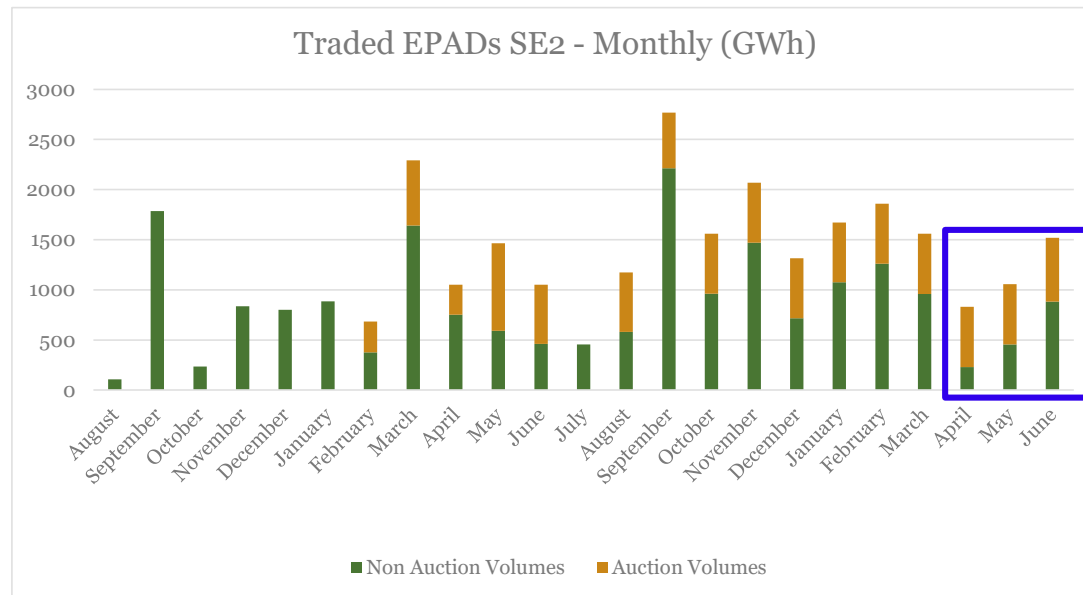


Price differentials between closing quotations for SE2, SE3 and SE4 (October 2023 - August 2024).

Activity and trading in the continuous EPAD market

Turnover SE2 (Sundsvall)

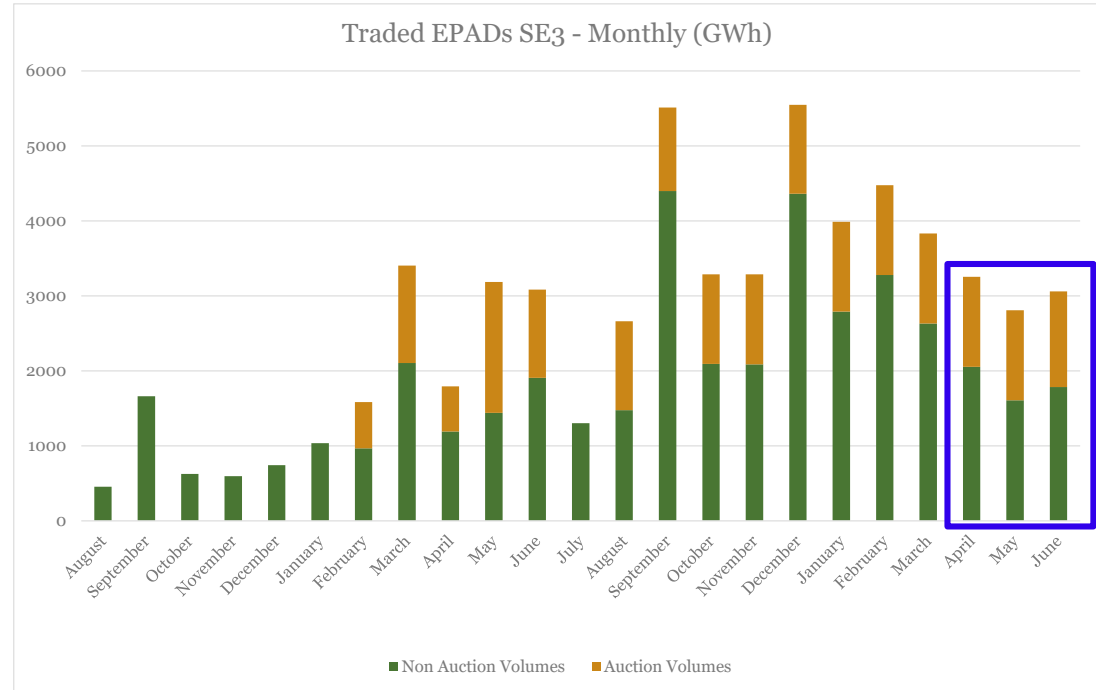
- Continuous trading decreased in Q2 2024 by around 52% compared to the previous quarter.
- Auction volumes as a share of total turnover amounted to around 54% in the second quarter (35% in Q1 2024).



Turnover (GWh) of EPADs for SE2 per month (August 2022 - June 2024).

Turnover SE3 (Stockholm)

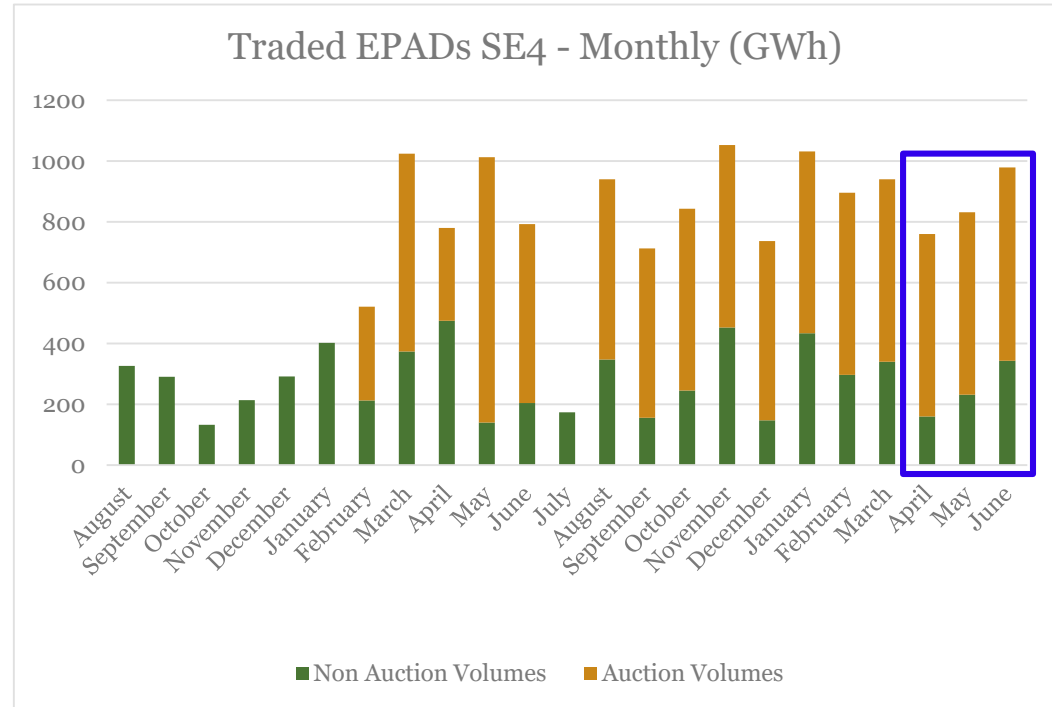
- Continuous trading in Q2 2024 decreased by around 37% compared to the previous quarter.
- Auction volumes accounted for around 40% of total turnover in the second quarter (29% in Q1 2024).



Turnover (GWh) of EPADs for SE3 per month (August 2022 - June 2024).

Turnover SE4 (Malmö)

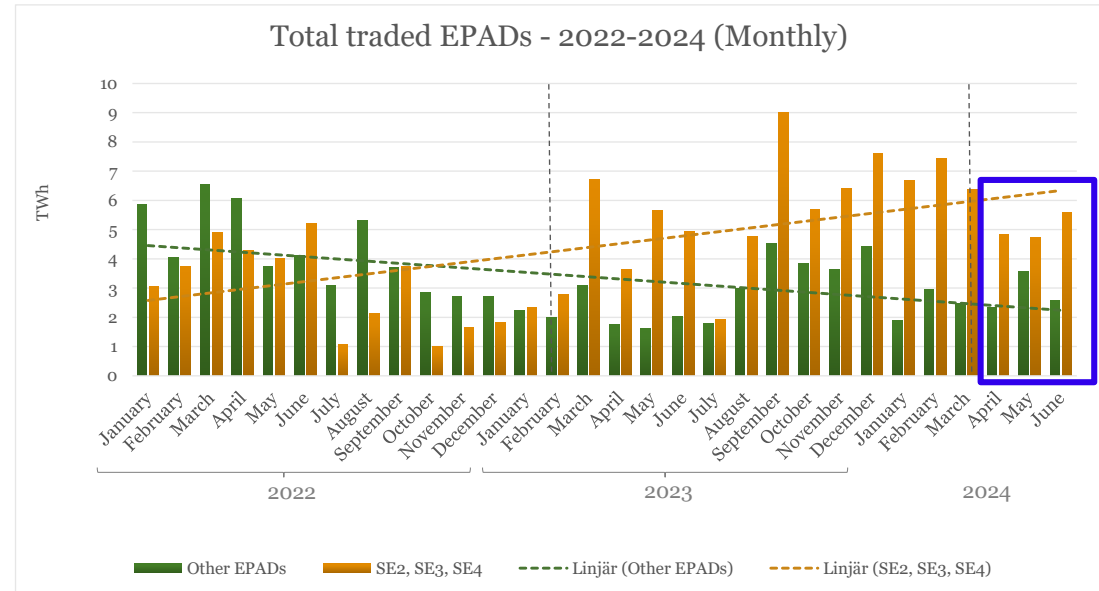
- Continuous trading decreased in Q2 2024 by around 31% compared to the previous quarter.
- Auction volumes accounted for around 71% of total turnover in the first quarter (63% in Q1 2024).



Turnover (GWh) of EPADs for SE4 per month (August 2022 - June 2024).

Total trading for SE2, SE3 and SE4 EPADs compared to other EPAD contracts

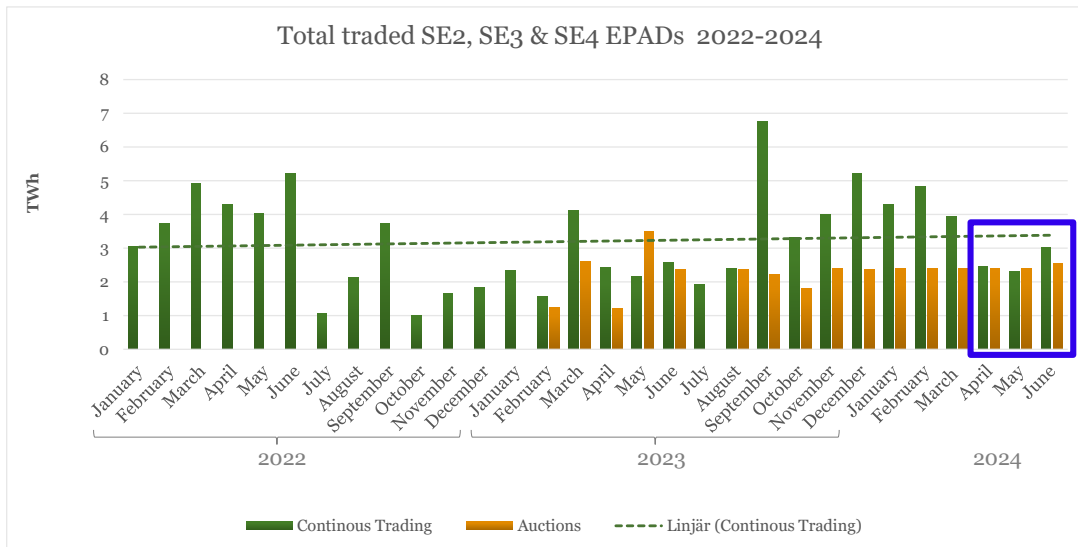
- The EPADs covered by Svenska kraftnät's auctions have on average accounted for 64% of total turnover in Q2 2024, which is 10% less than in the previous quarter.



Total turnover (TWh) for SE2, SE3 and SE4 compared to other EPAD contracts (January 2022 - June 2024).

Total turnover of SE2, SE3 and SE4

- The positive trend in continuous trading came to a pause in the second quarter.
- Auction volumes as a share of total turnover averaged around 49% in the second quarter 2024. The corresponding figure for the entire pilot period was 39%.



Total turnover (TWh) of EPADs (SE2, SE3 and SE4) in continuous trading and auction volumes respectively (January 2022 - June 2024).