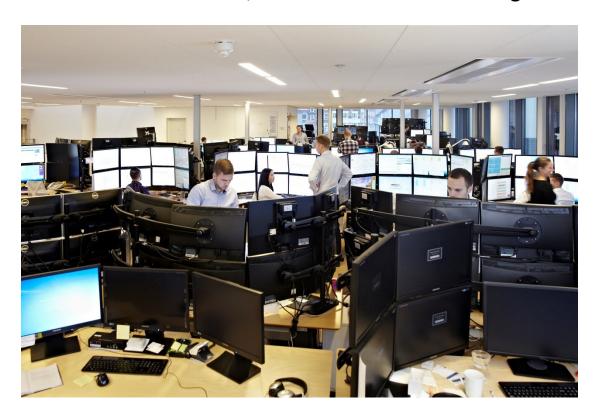


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## **Danske Commodities**

- Danske Commodities is a trading company.
- Trading in the Nordic market since 2004.
- DC is active in the Danish, Swedish and Finish bidding areas.





### Our view of the financial markets

Nordic power market can be divided into two groups.

#### **High correlation**

- All hydro dominated price areas: Norway, "SE1" and "SE2".
- Well covered by the System Price.
- Well functional market with high liquidity.
- Fairly liquid week and dayahead.

#### Low correlation

- DK1, DK2, SE4, Finland, "SE3".
- System price is not a sufficient market for hedging.
- Dependend on the EPAD market.
- Low liquidity in the EPAD market.
- No week og dayahead EPAD market.



## Transmission rights

- Transmission rights would be a great addition to the low correlated bidding areas.
- More oppertunities for forward hedging.
- Hedge open delivery positions.
- Liquidity? Worst case nothing happens, best cast liquidity goes up.
- Adding products increase market attractivness.



# Transmission rights

#### **Capacity between two uncorrelated areas**

- Transmission right is a better instrument to hedge local spikes.
- DK2-Malmø and DK1-DK2.

#### Liquidity effects by introducing LTTR.

- All things being equal liquidity goes up.
- The market will be more attractive.
- Potential new players will bring new interest to the market.
- Worst case nothing happens.



# Market place and financial markets

#### Market place

- One platform for bidding for the capacity.
- Uniform rules for the different capacities.
- Auctions should be done during trading hours.

#### **Development of financial market**

- Regulators makes sure barriers to entry are low and rules and regulations are at a minimum.
- Exchanges should supply the necessary platforms and products for hedging.
- Nordpoolspot offer a transparent and reliable spot price.



## Development

- TSO involvment should be offering capacity to the market.
- Boost daily/weekly market with STTR (daily and/or weekly capacity).
- Stakeholders and regulators should be open to new initiatives. that help market liquidity.



# Thank you