



Methods for evaluation of the Nordic forward market for electricity

Comments from end-users,
Finland

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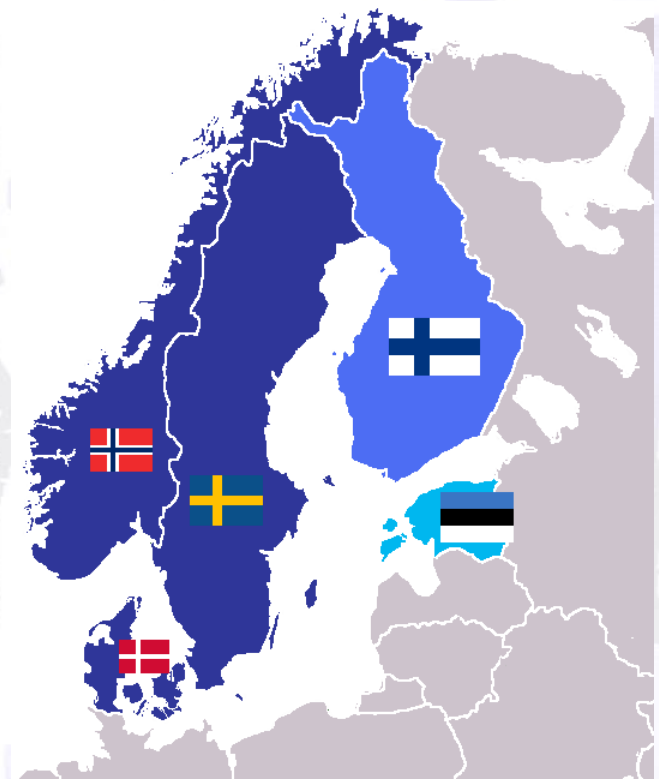
Efficient Market Hypothesis

Theoretically one can view market efficiency in three levels, weak, semi-strong and strong. This is often referred to as the Efficient Market Hypothesis (EMH)

1. The weak form – All historic information is incorporated in the price. If a market is efficient in the weak sense, it is impossible to make consistently superior profits by studying past returns.
 2. The semi-strong form - All historic and publicly available information is incorporated in the price. If a market is efficient in the semi-strong sense, the price will adjust immediately to public information.
 3. The strong form – All relevant information is incorporated in the price. If the market is efficient in the strong sense, it is very hard to outperform the market.
- Interviews with market participants
 - Where was the list?
 - How many Finnish companies/ end users?

the FCA GL

- Relevant products for this purpose are EPADs.
- Relevant market place for products are PEX.
Transparent, liquide and efficient.
 - Effecting also to retail customer pricing (in Finland)
- System price products have **no role** in market participants' needs for cross-border risk hedging.



Methods

1. Focus to EPADs.
2. Focus to PEX's products.
3. No long term averages
4. No comparison to realised area price differentencies.
 1. When spreads and liquidity are good enough market force will take care of price levels



Kiitos !

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