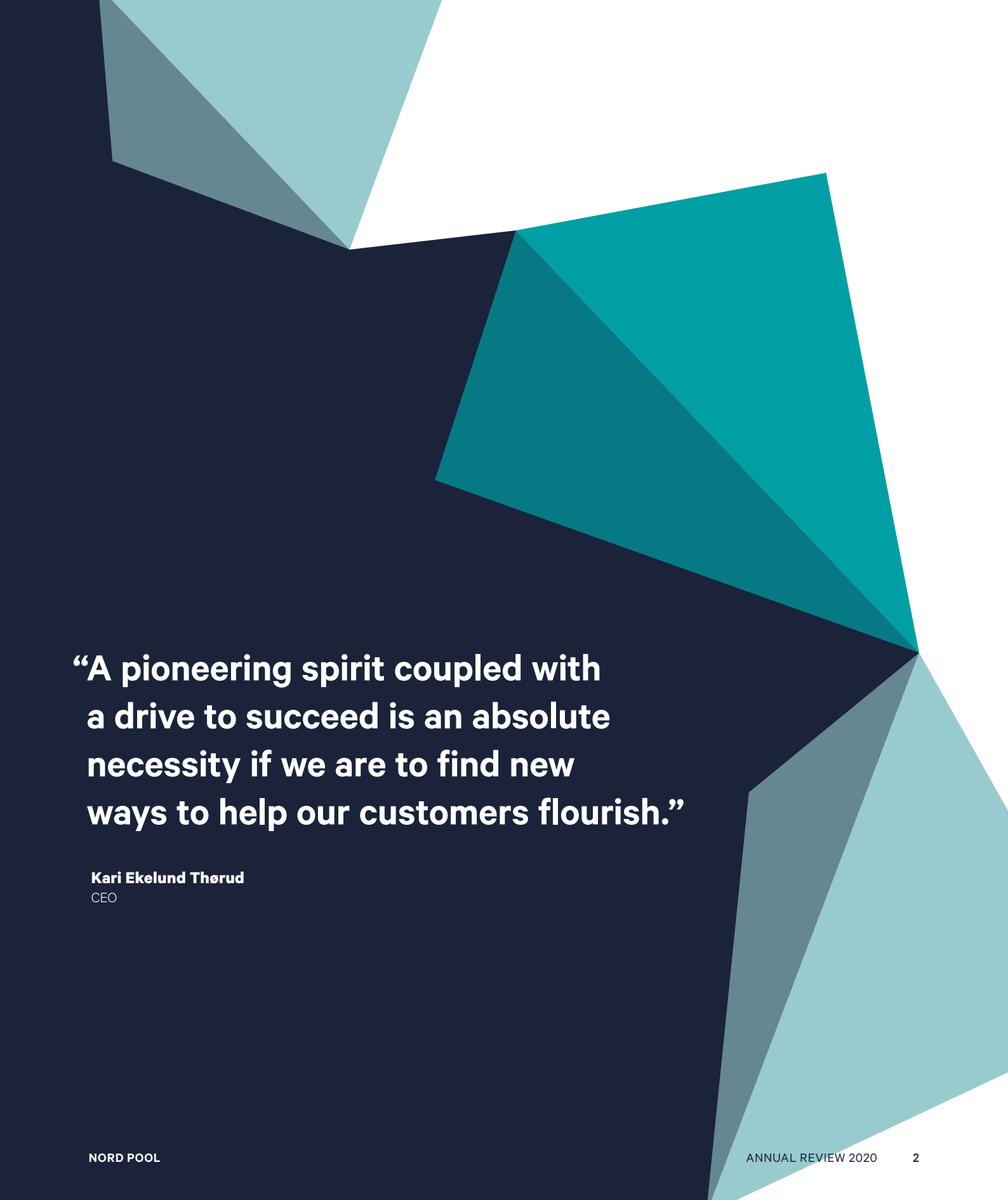


**NORD
POOL**


2020

Annual Review
Navigating a
Changed World



“A pioneering spirit coupled with a drive to succeed is an absolute necessity if we are to find new ways to help our customers flourish.”

Kari Ekelund Thørud
CEO

- 
- 4** The Year in Review
 - 10** 2020 Highlights
 - 14** Key facts and figures

The Year in Review

Navigating a Changed World

Kari Ekelund Thørud

CEO

In my three years as Nord Pool's Chief Executive – and in my previous roles within the energy sector – I have become very familiar with the ever-changing nature of the business world in which we operate. To some extent that is what makes this constantly-developing sector both challenging and exciting to work in. At Nord Pool we dedicate a great deal of our time and effort to trying to predict and mitigate some of that uncertainty, to help ensure our customers businesses run as smoothly and efficiently as possible.

All that being said, none of us could have anticipated the sheer unpredictability that has characterised the past year, not just in the power trading world, but globally. Not one of our ever-growing community of customers and stakeholders, wherever they are placed in Europe's expanding energy sector, nor any of us individually, can fail to have felt the shattering impact of the global pandemic which struck so suddenly in early 2020.

One of the great pleasures of my role as Chief Executive is travelling around Europe to speak with, and listen to, Nord Pool's customers, partners and other stakeholders - hearing their concerns and working together to develop and deliver solutions. Suddenly that all stopped. Our work worlds shrunk, for many of us into our own homes, and we had to find new ways not just to do business, but to maintain and nurture relationships and to take care of each other.

As I write this there at least seems to be some light at the end of this particular tunnel, though things are far from 'back to normal'.

At Nord Pool, I am glad to say, we have worked particularly hard to keep close to our customers through these very trying times, doing our best to ensure the level of personal attention which they have come to rely on from us. And that goes for every aspect of the customer relationship, from managing the on-boarding process for those who have joined us in the past year, to ensuring that every day trading is kept as simple, efficient and secure as it possibly can be – even when other aspects of life have become more complicated and confusing than any of us could have foreseen, a year ago!

The fact that things have seemed overwhelming for many people in the past 12 months, has also led us to change our approach to presenting this, our yearly touchstone with customers and other stakeholders. We have changed our usual Annual Report format, to a somewhat lighter 'Annual Review'. We will still be sharing the achievements and milestones from the past year of which we are particularly proud, as we always have, but in slightly scaled-down, easier to handle, presentation. We hope that you like the change, reflecting, as it does, a rather chaotic year for us all.

A changing market

As I have already hinted, quite apart from the additional complexities presented by the global COVID pandemic, for Nord Pool every year seems to be characterised by the constant change that we see in our sector. Our dedicated team of highly experienced energy experts is continually confronted by new developments and fresh challenges which they must understand and accommodate, sometimes unexpectedly and at short



Kari Ekelund Thørud
CEO

notice. Only by doing that can we be completely certain that Nord Pool's continued delivery of transparent, trustworthy and robust power trading – the 'trade marks' for which we are rightly renowned across Europe – is assured.

It is all too obvious that the market never stands still and therefore nor can we. Nord Pool must continue to grow our markets and customer base at the same time as providing real innovation in the products, services and technical solutions we bring. While what we offer takes as its main focus our core products and services, which permit the smooth and efficient functioning of an important market, making the daily trading of our customers as easy as possible, we still need to explore new avenues and opportunities – even where doing so takes us out of our traditional 'comfort zone'.

While we were, individually, stuck at home for most of 2020 - as a business Nord Pool still managed to achieve some landmarks in terms of expanding what we offer within Europe. We have also been able to explore the many opportunities and synergies that having Euronext as our majority owner presents. I feel sure we can promise further developments in this area, deepening and strengthening our European presence, as part of the Euronext 'family'.

That said, this year did give the opportunity to take the time to look inwardly, exploring ways in which some inward-facing developments too can help us make better sense of the competitive power market. That means not just ensuring that we support the smooth implementation of multi-NEMO arrangements, but also that we seek a simplified and unified application of the CACM guidelines, particularly in terms of ensuring shared order books in all geographies and all timeframes. We are big believers in the competitive 'level playing field' that lies at the heart of the CACM guidelines, but we see a way to go yet before that ideal is made a reality.

In a complicated world, there is a core focus which runs like a 'red thread' through the year for us here at Nord Pool. That thread has been our on-going determination to make sure our customers, no matter what size business they operate, nor where they operate from, reap every possible benefit of trading power through Nord Pool.

What the numbers say

Coming very much from a commercial background, it pleases me greatly that Nord Pool has not just maintained, but worked to improve our very customer-focused mindset, which is expressed in the approach we take, right across the business. Today we operate in an extremely competitive power exchange landscape, which means that this approach is something on which we must always remain fully focused.

Despite the fact that we have been largely unable to meet face-to-face in the past year, for me, one of Nord Pool's prime assets is our people. Diversity across the board, be it in terms of age, gender, area of specialism, cultural background or ethnicity, is what epitomises our team here. But that would be nothing without that core commercial focus that we always maintain. And the proof of that, for me at least, comes when we look at our performance in terms of the bald statistics of our year.

In 2020 a total volume of 995 TWh of power was traded with Nord Pool. That included Nordic and Baltic day-ahead market trading of 718 TWh, UK day-ahead seeing 177 TWh traded (quite an achievement as we celebrated a decade of doing business in the UK), and our intraday markets hitting 26 TWh of trade.


Our relatively new central and western Europe day-ahead market saw its first full year of trading since it was established, recording an extremely creditable and encouraging 74 TWh of power traded.

The numbers in our business are, of course, always important. Our achievements in that respect illustrate a continued growth. But the plain figures cannot tell the whole story of our year's achievements. What they do show, however, is that Nord Pool proudly continues its upwards trajectory with a unified purpose, interacting with those around us with the utmost integrity and always with our ultimate goal being the pursuit, and achieving, of excellence. It is reassuring, when thinking of that, that our 2020 figures provided the foundations for strong and on-going growth and development.

All that being said, there is one unarguable truth that our numbers for the past year illuminate, and that is this – in power exchange terms, Nord Pool now stands at the very heart of an era of increasingly real competition. That fact only serves to emphasise the overwhelming importance of our determination to achieve robust numbers in those markets where we are already well-established, while ensuring that we keep driving forwards in new ones where, perhaps, we are less well known and face a variety of new challenges. If we do that, we will surely build the reliable foundations on which expansion can flourish – and that means not only in terms of exploring new geographies, but also in developing and expanding our unparalleled range of products and services, too.

Serving our customers

Of course, it is great that we continue, as a business, to achieve excellent trading figures which underpin what we want to achieve. Yet it would be a mistake to assume that we see achieving those numbers as something that we take for granted. We are surrounded by the tangible evidence of power market competition being more fully realised and, in that environment, we can never allow ourselves to fall into the trap of complacency about even one single aspect of our complex operations. How could we, when our entire focus must be on finding new and better ways in which to serve our customers?



Even with the challenges presented by a global pandemic, I am proud to say that we have not wavered from the customer focus that is so fundamental to how we operate. Nord Pool staff have found new and innovative ways to continue not just to provide individual care and attention, but to strengthen and grow the customer relationships on which we place such high importance. From where I sit, I believe there are two fundamental reasons why it is vital now, more than ever, that we do this. Of course, we want to be absolutely certain that customers who have been with us for some time continue to be happy and confident in working alongside us. But it is equally important that we let potential new customers know what we can offer to make their working lives easier and more profitable. We want them to feel that it is absolutely natural and worthwhile to be in touch with Nord Pool, to find out more about how we can help them get the most from the emerging pan-European power market, based on the Nordic market model we pioneered a quarter of a century ago!

In a changeable and challenging world, what does not change, for me, is the certainty that we must ensure our customers – undeniably the most important people to the success of our business – can always depend on us to anticipate, develop and deliver the key products, services and innovations we know they need, to ensure the health of their operations now and into the future.

New deliveries across our markets

In a year that produced some unpredicted challenges, there were at least some which we knew in advance we would be facing. For example, we put a great deal of planning into how we could best manage the UK's BREXIT. Our dedicated GB team worked hard throughout the year to ensure a smooth a transition to 'isolated' trading for our customers in the GB power market.

We were pleased that the adaptations Nord Pool made in preparation for BREXIT – such as changing our auction timing to fit around explicit interconnector capacity auctions and the Single Day Ahead Coupling auction at 12 CET – gained widespread customer approval.

While our GB customers were very much on our mind throughout the year, we never shifted our focus from our equally important Nordic, Baltic and central western Europe markets. In response to customer demand, we were able to extend intraday trading in Finland into the last 30 minutes before delivery hour, lengthening the duration of a highly successful pilot, originally planned to last only six months. We further strengthened our intraday service with a new solution to trade on local contracts should the Single Intraday Coupling (SIDC – formerly XBID) platform go down. This backup would run on Nord Pool's local platform with, in the event of SIDC downtime, new local contracts replacing SIDC ones, allowing Nord Pool customers to place new orders. And to support German TSOs Nord Pool developed an intraday index for balancing power, covering every hourly and quarter-hour product.

Competing in Europe

Perhaps one of our most important developments of the year was launching our full intraday trading and clearing offer in Poland, allowing customers to trade intraday with Nord Pool in 15 countries, using our single simple and reliable platform, with access to a liquidity pool covering the Nordic, Baltic, Austrian, Belgian, French, German, Luxembourg, Netherlands and Polish markets.

Of course, 2020 saw the partners in the Nordic Multi-NEMO Market Coupling project launch the Multi-NEMO Arrangement (MNA) in the region, marking the final stage of the



implementation phase of the project, after successful completion of extensive pan-European testing. Having devoted a great deal of time, effort and resource to ensuring the implementation of the MNA framework in our 'home' territory, we were particularly pleased to see this important project smoothly delivered and in a timely fashion. Perhaps this development was apt in a year where we celebrated the 20th anniversary of the unification of the Nordic energy market through Nord Pool; joining together Norway, Sweden, Finland and Denmark.

Importantly, we also used the year to turn our attention more fully to another important aspect of our work – the superb market data that we provide every day. We released a comprehensive intraday market data offering covering all trades and order lifecycle events and revamped our broader market data subscription, combining it with a new website experience to refine our full data package and make it easier to use.

Finally we welcomed developments in Germany, for which we had lobbied for some time, to level the playing field a little more between incumbent and entrenched power markets. It may seem like a small thing, but the German Parliament's decision to change the definition of 'power exchange' in the German Renewables Energy Act to refer to all NEMOs offering trading services in the German bidding zone, opens the door for much broader and fairer power market competition in Germany and across Europe.

Shaping the future

Turning back to our GB customers, we extended our market offering to enable members to trade in the two coupled cross-border intraday auctions between GB and SEM (the Single Electricity Market – the wholesale electricity market for the island of Ireland). And we rounded-off the year by

transitioning the GB day-ahead auction market to our new auction platform, giving customers access to all GB auction markets (including the half-hourly auction and the SEM GB intraday auctions) and central western Europe markets, through a single URL. Our determination here was to continue to consolidate market access into a single platform for day-ahead across all Nord Pool markets, improving usability and creating efficiencies for customers in maintaining Nord Pool platforms.

However, as I write this we are very well aware that, like us, our GB customers eagerly await a much clearer steer on future GB power market arrangements. At Nord Pool we are determined to bring all our influence, experience and expertise to bear to ensure those arrangements are fair, functional and fit for purpose. We believe that must mean that we see meaningful market reform. You can read more about our views on this important topic here (which can be found [here](#)).

All these developments and deliveries throughout the year (and the list touched upon here is far from exhaustive) make me very confident that Nord Pool is building a business that is fully fit for the competitive future we face. What our accumulated experience and expertise tells us, is that a pioneering spirit coupled with a drive to succeed is an absolute necessity if we are to find new ways to help our customers flourish.

Punchy prices

The earlier part of the year saw the European power market facing a great deal of uncertainty – which saw some price volatility and achievement of previously unseen extremes, particularly in our 'home' Nordic territory. There was a combination of reasons for this, for example a mild and very wet first quarter with high wind production, which saw power prices plummet to record lows.

The demand side was also affected as the impact of COVID-19 on industries and homes was felt differently from country-to-country. We were very aware that this entailed a high degree of uncertainty for our customers and worked closely with them to try to ease this burden in the short-to-medium term.

Despite the headline-grabbing attention this was given in the media at times, for us it illustrated a functioning and transparent market, where the supply and demand sides meet to set a robust daily price for power – even where that price is sometimes not what was expected.

Looking ahead

For Nord Pool, 2020 was a year spent acclimatising to the new multi-NEMO environment we are operating in, while aiming to use our expertise to try to iron-out some of the bumps in the road towards achieving the trustworthy and properly-functioning pan-European power market in which we all place our faith. That will inevitably require a clearer and more unified application of the CACM guidelines, including ensuring shared order books in all geographies and all timeframes, something we at Nord Pool have been pushing for, for quite some time now. A transparently competitive 'level playing field' sits at the heart of the CACM guidelines. I firmly believe that working to ensure the success of broader power market competition, is also working to ensure our own success as a business and as an energy sector pioneer.

As a leading power exchange in Europe, our work world is ever-more defined by the increasing pace of change, innovation and unexpected developments. That might be a source of worry to some – but not to Nord Pool. For us this is an opportunity not just to face, but to embrace, the challenge and to tailor what

we do to the increased advantage of our customers, while always holding at heart our central values – ensuring integrity and transparency in cross-border power trading, to the mutual benefit of market participants, whoever and wherever they may be.

Let me end with a note of personal thanks. I want to thank all Nord Pool colleagues, our owners and – most importantly – our customers. That extends beyond their continued backing for what we do, to express the value we place on their working so closely with us to evaluate challenges, in a difficult year.

I started this review of our year by looking at the pleasing levels of trade which our customers continue to undertake through us. Those numbers are our lifeblood. But just as vital is that customers continue to share their forthright views, not just on what we do but on the world in which we all operate.

We welcome that honesty – we hear you and we act, because frank feedback is an invaluable tool in shaping our continued delivery of efficient, simple and secure power trading. I look forward to this highly-prized tradition of openness between ourselves and our customers continuing into the future. The past year may have been incredibly challenging for us all – but we ask our customers to keep on challenging us so that we at Nord Pool can continue to achieve our very best.

2020 Highlights

January

Nord Pool marks
10 years
in the UK.

New owner confirmed

Euronext announces completion of the acquisition of 66% of the share capital and voting rights of Nord Pool group, after receiving regulatory approvals.

Extended intraday trading for Finland

Due to strong customer demand, we extended our pilot for intraday trading in Finland into the last 30 minutes before delivery hour. Originally planned to last just six months, the idea proved so successful that we decided to continue it into 2021, allowing customers to trade themselves into balance closer to delivery.

February

CAB meets

The first of our three Customer Advisory Board (CAB) meetings in 2020. The CAB is our most important regular gathering in which to gain customer guidance and feedback.

March

Critical status

Nord Pool is appointed a Critical Infrastructure Unit in Norway by the Norwegian Water Resources and Energy Directorate.

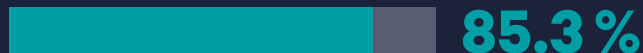
Customer satisfaction

Our annual customer survey results are in:

Overall Satisfaction score



Likelihood to recommend Nord Pool



Likelihood to continue trading with Nord Pool



April

Decade of power

The Estonian power market celebrates its 10th anniversary.

Kari joins Board

Nord Pool CEO Kari Ekelund Thørud, joins the Board of Europex – the Association of European Energy Exchanges.

May

New intraday backup

We strengthened our intraday service with a new solution to trade on local contracts should the Single Intraday Coupling (SIDC, formerly XBID) platform go down. Running on Nord Pool's local platform, the backup was made available to customers in all of Nord Pool's SIDC markets. In the event of SIDC downtime, new local contracts replace SIDC ones, so that Nord Pool customers can immediately place new orders.

June

Nordic Multi-NEMO Day-Ahead Market Coupling

The partners in the Nordic Multi-NEMO Market Coupling project launched the Multi-NEMO Arrangement (MNA) in the Nordic region, marking the final stage of the implementation phase of the project.

The project implemented the MNA framework in compliance with the guidelines on Capacity Allocation and Congestion Management (CACM) and made the Single Day-Ahead Coupling accessible for more than one Nominated Electricity Market Operator (NEMO).

New UMM feature

New functionality was added to our popular Urgent Market Message (UMM) user interface making it possible to view and report outage information in local time, as well as to change time zone for reporting and viewing information. In this way we aim to make our proven unavailability reporting service more flexible and simple to use.

Intraday index for balancing power in Germany

To support German TSOs, Nord Pool launched an intraday index for balancing power, covering every hourly and quarter-hourly product.

July

New self-trading flag for intraday

Nord Pool extended the marking of self-trades feature in its intraday market, enabling companies with multiple legal entities registered to trade at Nord Pool to flag trades between those entities as self-trades.

August

Cutting the cost of trading

We are always looking at ways to cut customer costs. With this in mind, we changed our margin model to help reduce the total cost of trading by capturing exposure to the actual spot price, better. This lowers collateral requirements for customers in periods with low spot prices and strengthens Nord Pool's risk management in periods with high spot prices.

Intraday for Poland

For the first time, Nord Pool launched our full intraday trading and clearing offer in Poland, allowing customers to trade intraday with Nord Pool in 15 countries, using our single simple and reliable platform.

Opening cross-border trading – SEM-GB

We extended our GB market offering to enable members to trade in two coupled cross-border intraday auctions; between GB and SEM (the Single Electricity Market – the wholesale electricity market for the island of Ireland).

September

Data Offering Update

Nord Pool released its Intraday Market Data offering covering all trades and order lifecycle events available for publication, providing a suite of products designed for use in high demand real-time analytical systems. We also revamped our Market Data subscription model by introducing country-based subscriptions alongside our already-popular regional packages.

October

20 years of unity.

20th anniversary of the unification of the Nordic energy market through Nord Pool, joining together Norway, Sweden, Finland and Denmark.

November

Improving day-ahead for the GB market

As part of our on-going work to consolidate market access into a single platform for day-ahead across all Nord Pool markets, we transitioned the GB day-ahead auction market to our new auction platform - giving customers access to all GB auction markets (including the half-hourly auction and the SEM GB intraday auctions) and CWE markets, through a single URL. The aim here is to improve usability and create efficiencies for customers.

NSL contract confirmed

Nord Pool received confirmation of the award of a contract to operate the standalone trading solution for the North Sea Link (NSL) cable, winning a competitive tender process.

December

New products in SIDC

The Single Intraday Coupling introduced new 30- and 15-minute products became on several borders: 30-minute products were introduced on the French-Belgian border, 15-minute products on the Austrian-Hungarian border, and 15 as well as 30-minute products on the Belgian-German, Belgian-Dutch and Dutch-German borders.

UMM Changes for ACER certification

ACER began registering Inside Information Platforms, including our own successful UMM system, as Regulated Information Services based on compliance with the quality requirements for effective disclosure of inside information.

Welcome change to German law

Nord Pool welcomed news that the German Parliament agreed a change to the German Renewables Energy Act, altering the definition of 'power exchange', to refer to all NEMOs offering trading services in the German bidding zone, rather than a definition favouring the exchange registering the highest volume of trade. This opens the door for much broader and fairer power market competition in Germany and across Europe.

Key facts and figures

Trading volume

Trading volume for Nord Pool markets comprises all buy volume (total bought per hour by market participants) plus all sell volume (total sold per hour by market participants) in each bidding zone.

995 TWh

Total volume traded



717.9 TWh

Nordic and Baltic day-ahead market

177.5 TWh

UK day-ahead market

73.6 TWh

CWE day-ahead market (covering Austria, Belgium, France, Germany, Luxembourg and The Netherlands)

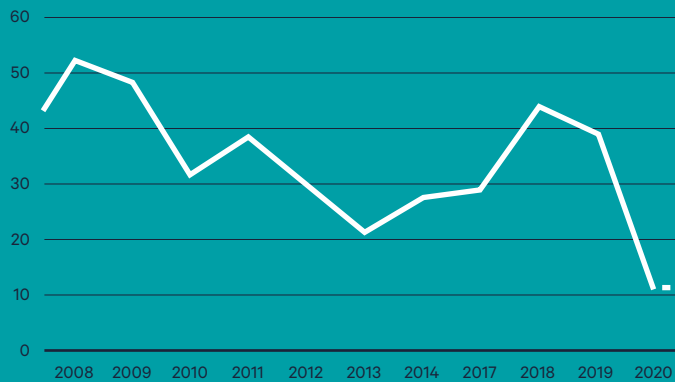
26 TWh

Nord Pool intraday markets

Nord Pool system price

(average price in EUR/MWh)

The system price is an unconstrained market clearing reference price for the Nordic region, calculated without any congestion restrictions by setting capacities to infinity. It is worked out locally at Nord Pool after area prices are calculated for all bidding areas. Flows between the Nordics and The Netherlands, Germany, Poland and the Baltics from the area price calculation are taken into account in system price calculation.



2021 average

(Nord Pool system price)

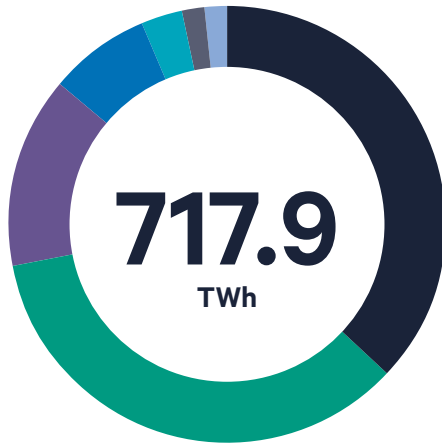
10.95

€/MWh

Day-ahead

Nordic/Baltic day-ahead volume turnover 2020

(per country in TWh)



- Norway
- Sweden
- Finland
- Denmark
- Lithuania
- Latvia
- Estonia

Traded volume (in TWh)

A total of 995 TWh traded in 2020

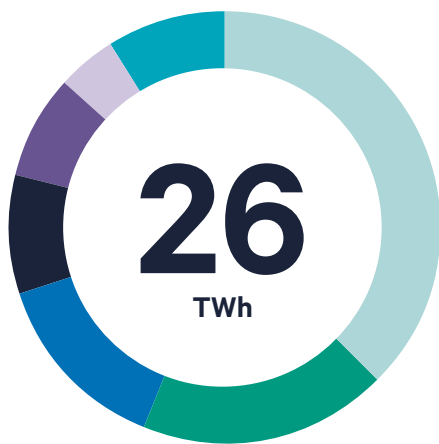


* Trading volume for Nord Pool markets comprises all buy volume (total bought per hour by market participants) plus all sell volume (total sold per hour by market participants) in each bidding zone.

Intraday

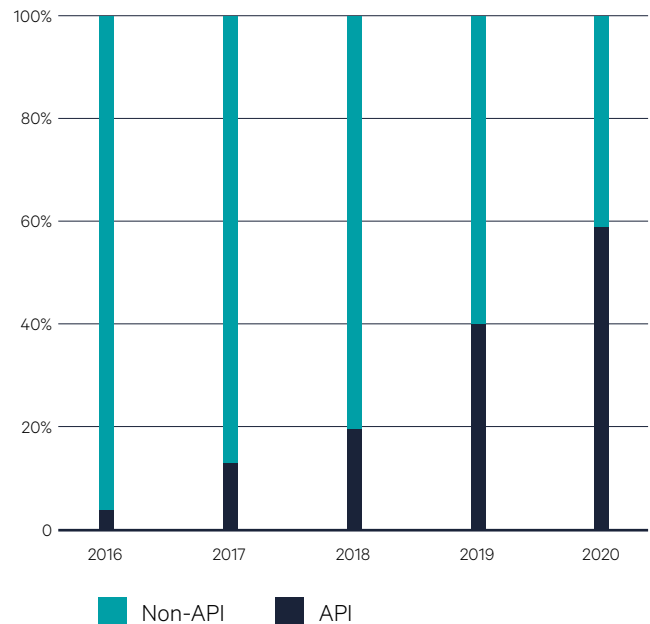
Intraday volume turnover 2020

(per country in TWh)



- Germany
- Sweden
- Others
- Denmark
- Norway
- Belgium
- Finland
- France
- Austria
- Estonia
- Lithuania
- Poland
- The Netherlands
- United Kingdom

Percentage of trading undertaken by Application Programming Interface



Expanding influence

■ Where we operate now

■ Serviced markets*

● Nord Pool offices

* Not shown: Georgia



NORD POOL



www.nordpoolgroup.com