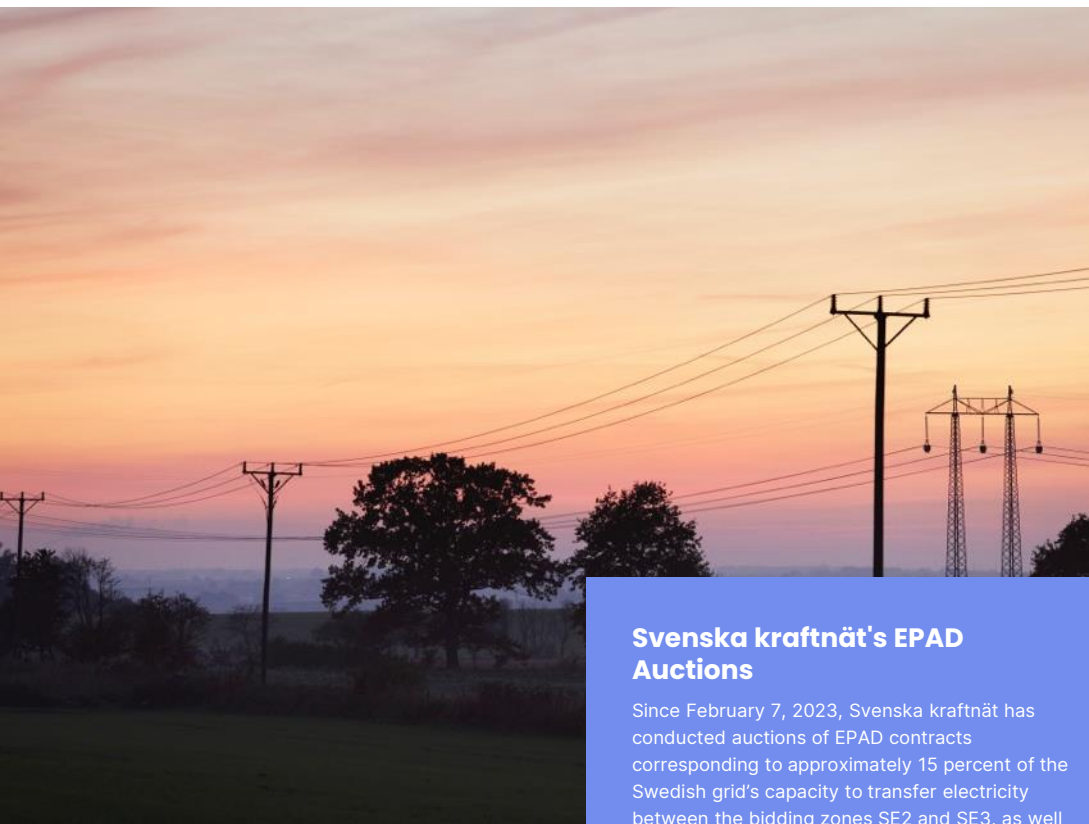


SVENSKA KRAFTNÄT

# Quarterly Summary

## – Svenska Kraftnät's EPAD auctions to support hedging opportunities

Third Quarter 2025



### **Svenska kraftnät's EPAD Auctions**

Since February 7, 2023, Svenska kraftnät has conducted auctions of EPAD contracts corresponding to approximately 15 percent of the Swedish grid's capacity to transfer electricity between the bidding zones SE2 and SE3, as well as SE3 and SE4.

## **QUARTERLY SUMMARY Q3 2025**

# **EPAD Auction Overview**

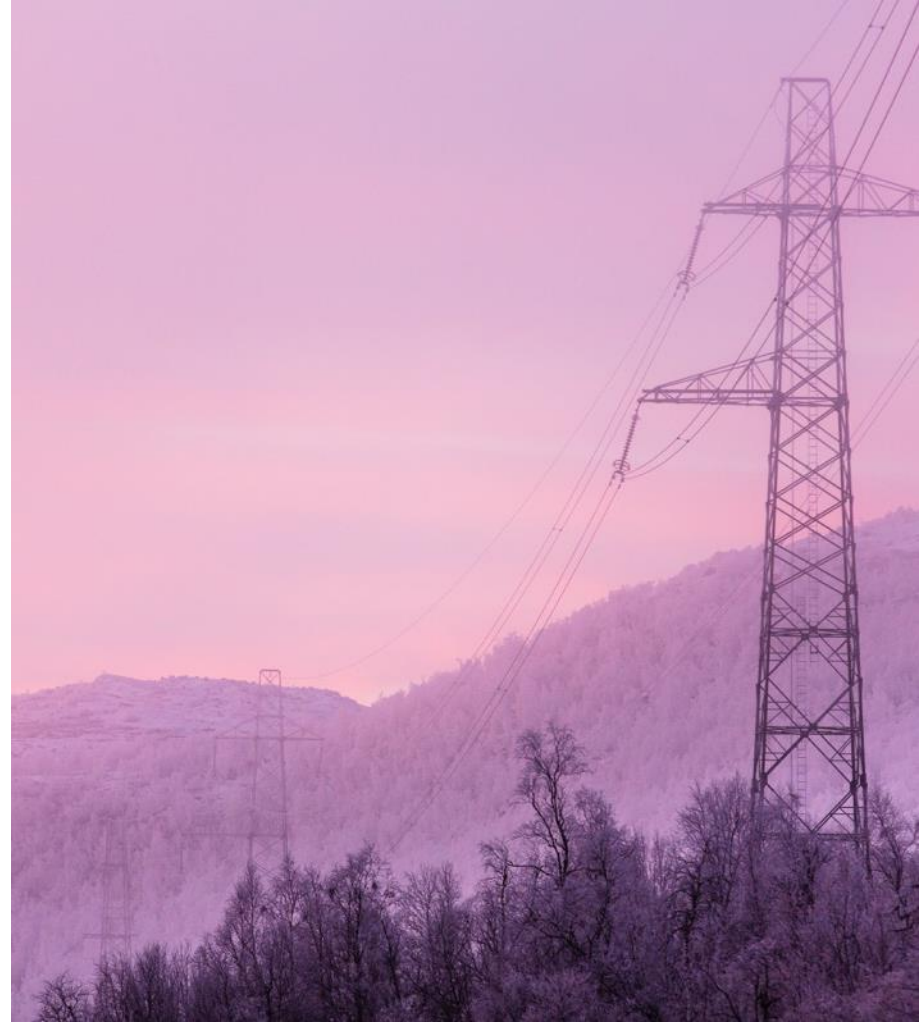
- Svenska kraftnät regularly conducts auctions of EPAD contracts for the bidding zones SE2, SE3, and SE4.
- The purpose is to improve hedging opportunities for market participants.
- A total of four auctions were carried out during the third quarter of 2025, starting on August 12.

## Wider spreads and increasing continuous trading in SE2

The quarter was characterized by continued increases in price differences between SE2 and SE3, and between SE2 and SE4.

Continuous trading in EPAD contracts increased in SE2, while it remained stable in SE3 and continued to be low in SE4.

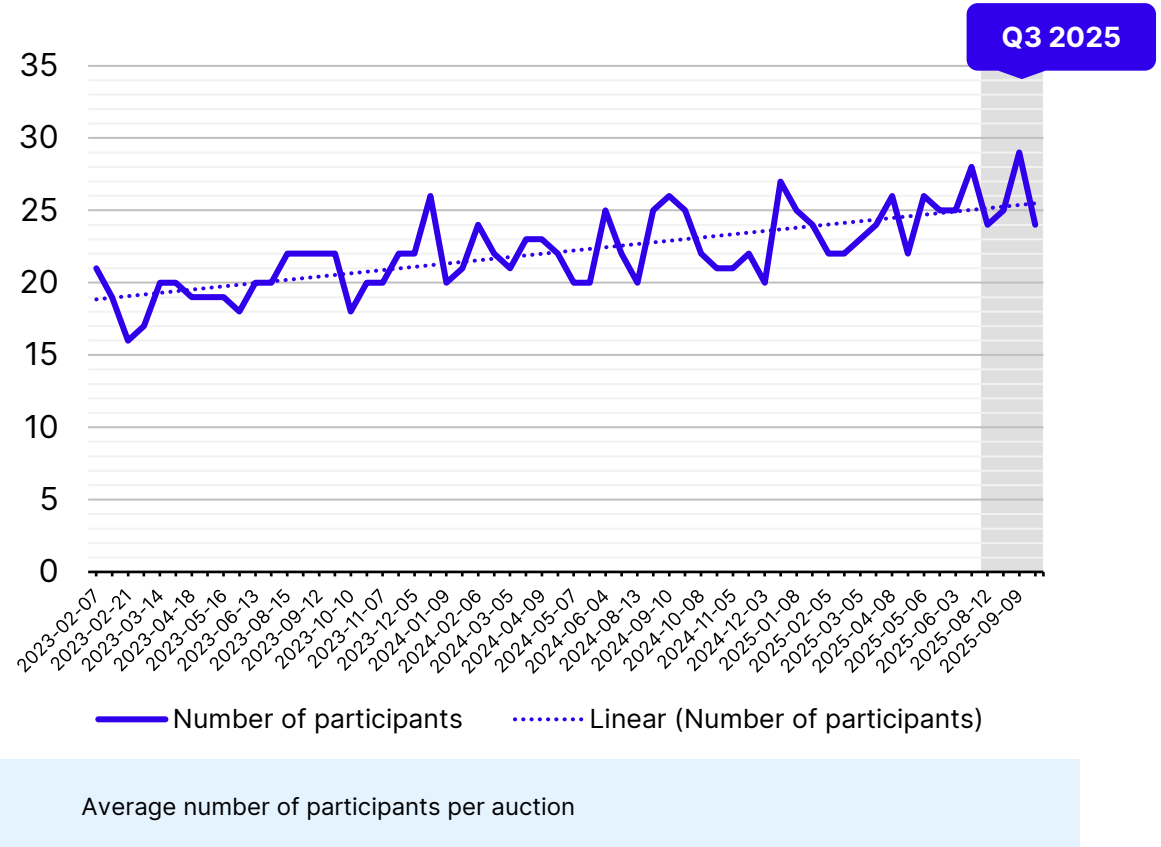
At the same time, tactical bids increased further. However, the auctions continued to be characterized by good price formation and high participation.



# Auction Participation

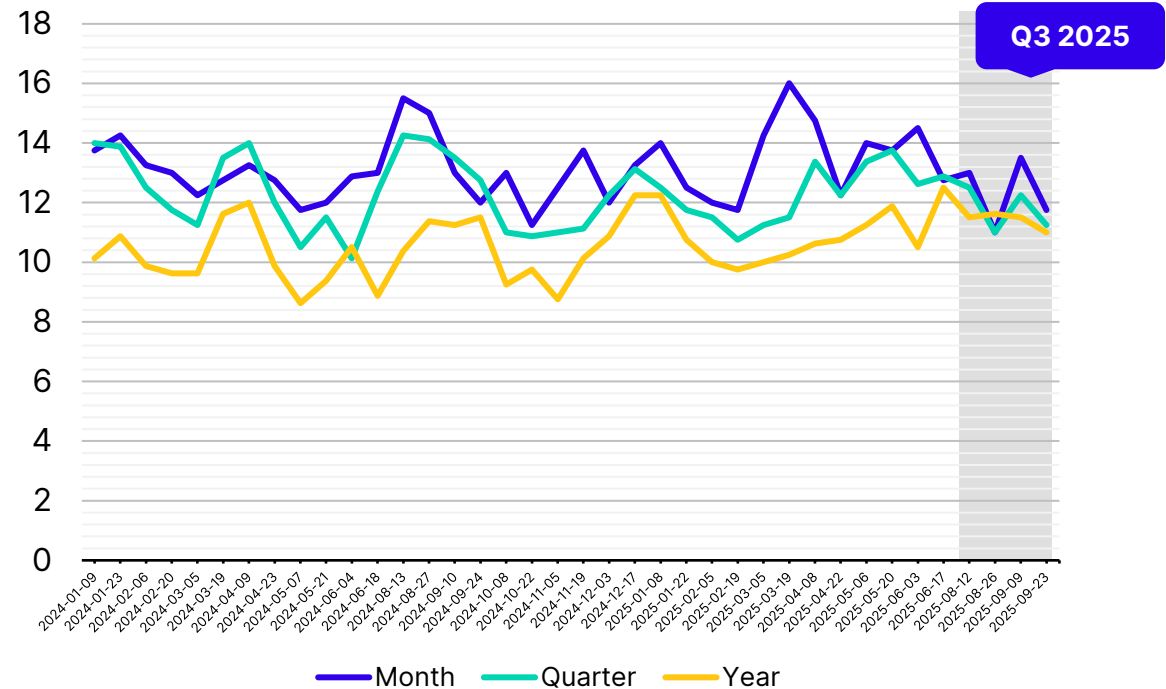
## Participation continues to increase

- Auction participation continues to show a positive trend. A new record high of 29 participants was achieved at the auction on September 9.
- On average, 26 participants took part in each auction during the third quarter of 2025.



## Participation by contract type

- Monthly contracts continue to attract the most interest from participants, although the differences appear to be gradually narrowing.
- Cal-contracts have increased in relative terms, but the time period is still too short to allow for any firm conclusions.

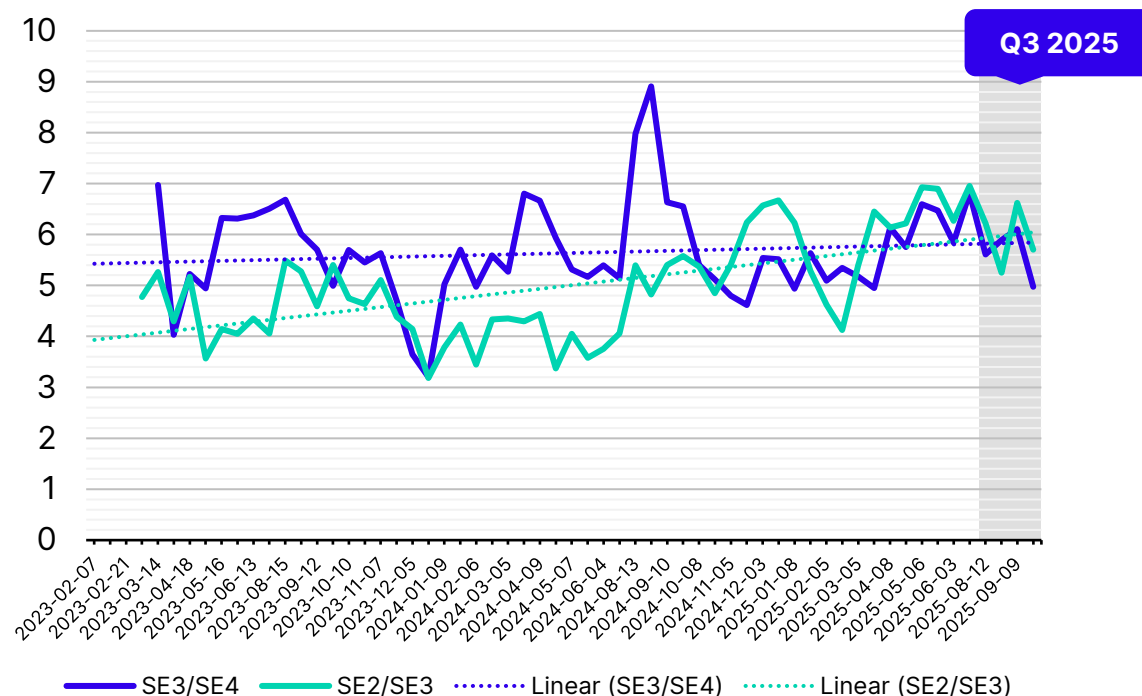


Average number of participants per auction, broken down by monthly, quarterly, and calendar year contracts.

# Price Formation

## Bid-to-cover ratio

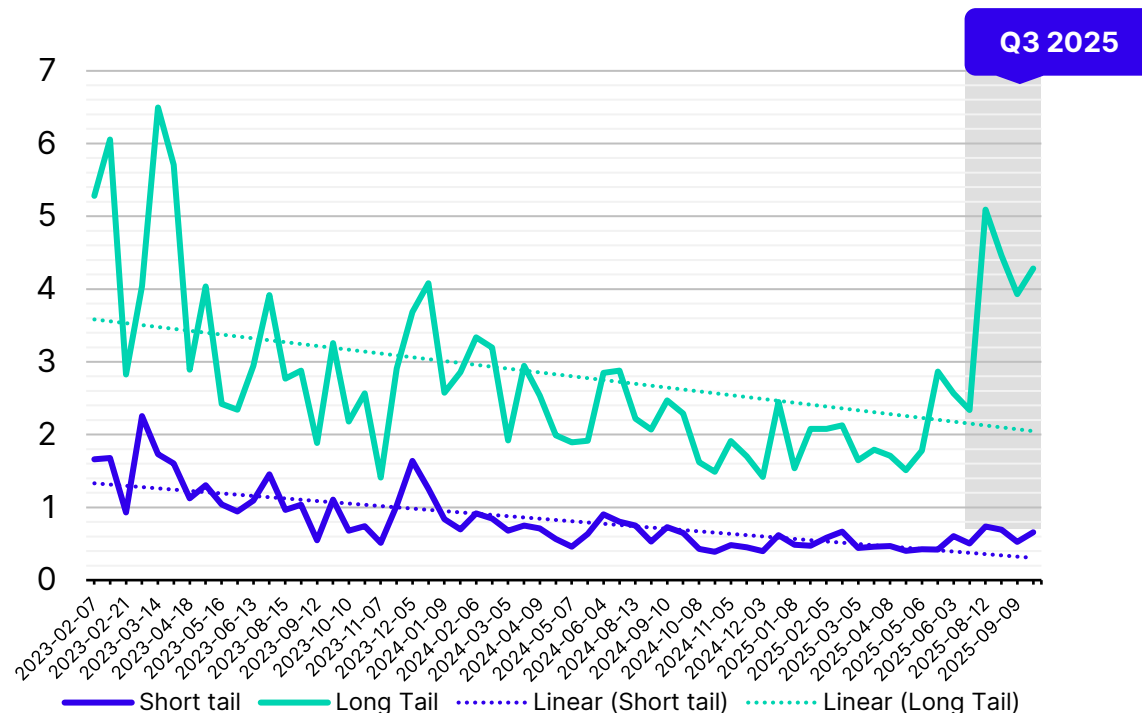
- The bid-to-cover ratio for SE2/SE3 (cut 2) has continued to approach that of SE3/SE4 (cut 4). Overall, the subscription rate is satisfactory.
- Please note that the bid-to-cover ratio is adjusted according to the auction conditions and is not based on the total order volume.\*



The bid-to-cover ratio at each auction (the dots on the lines) for the bidding zone borders SE2/SE3 and SE3/SE4, to which the allocation conditions apply.

# Implicit tails

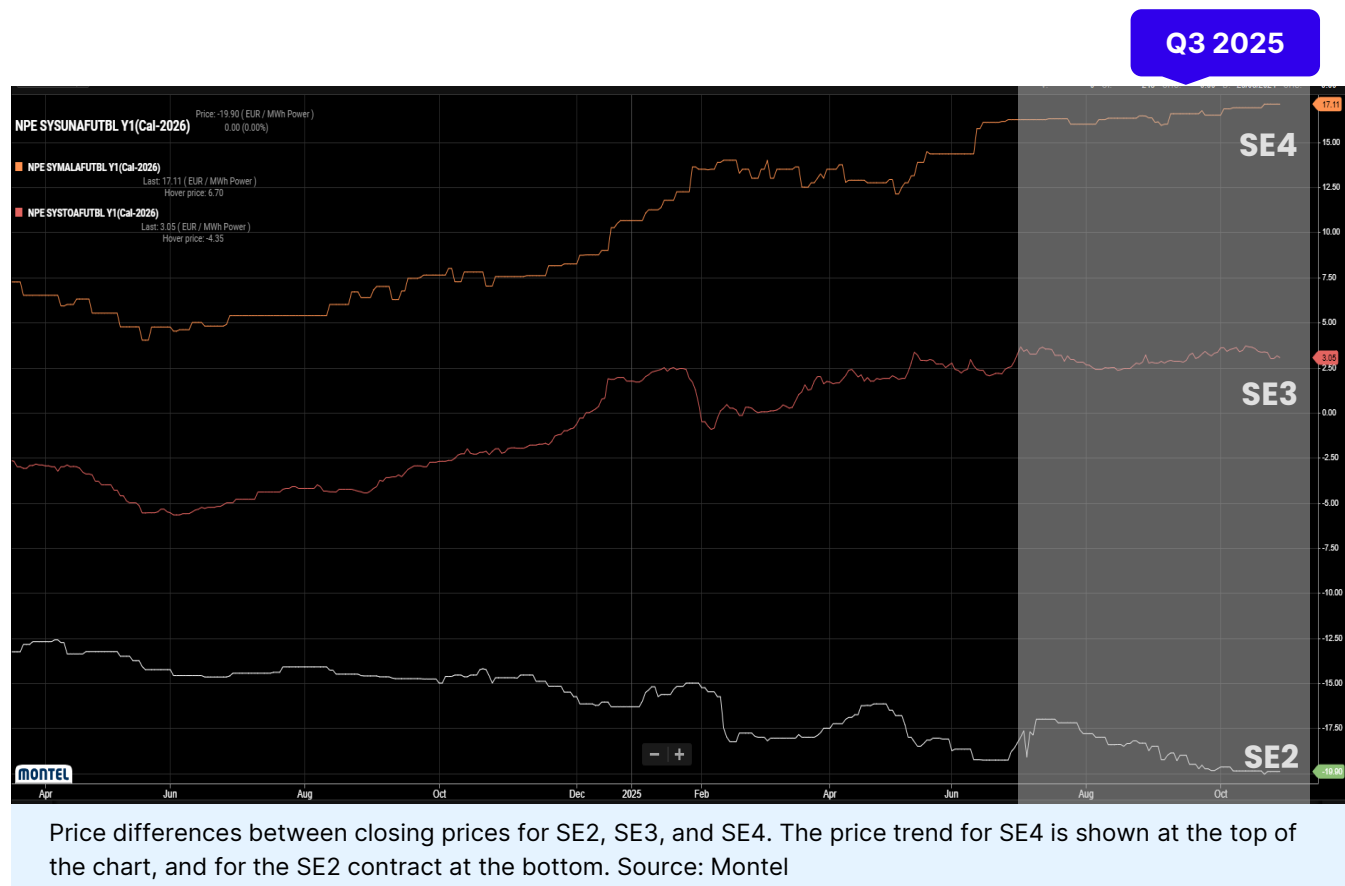
- The implicit tails serve as a measure of price formation – the shorter the tail, the better the auction. Read more about implicit tails in the annual report.\*
- After an earlier decline, long tails have increased over the past two quarters. This trend suggests more tactical bidding, i.e., market participants prioritizing securing allotment in auctions by placing bids that deviate from prevailing market prices.



Average implicit short and long tails per auction. The linear trend lines for the short and long tails (dotted lines) in the figure show the general change in tails expressed in EUR.

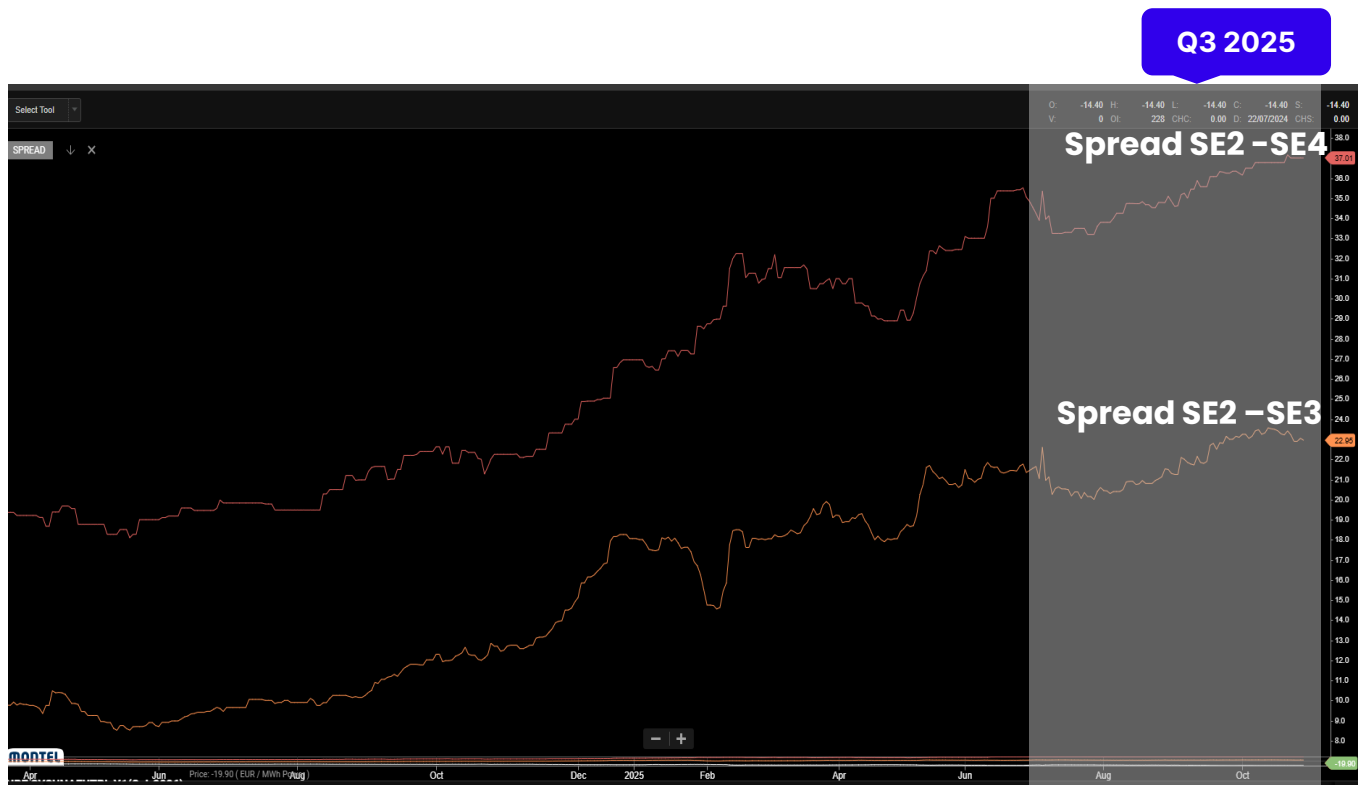
# Market Development for EPADs (Cal-26)

- As in the previous quarter, the period ended with the 2026 annual contracts in SE4 and SE3 trading at higher levels, while SE2 was traded slightly lower.



# Price Spread Between Northern and Southern Sweden (Cal-26)

- The spread has increased continuously since the summer of 2024.
- A key explanatory factor remains the introduction of flow-based capacity calculation in combination with the strong hydrological situation in northern Sweden, which together have contributed to lower prices in SE2.

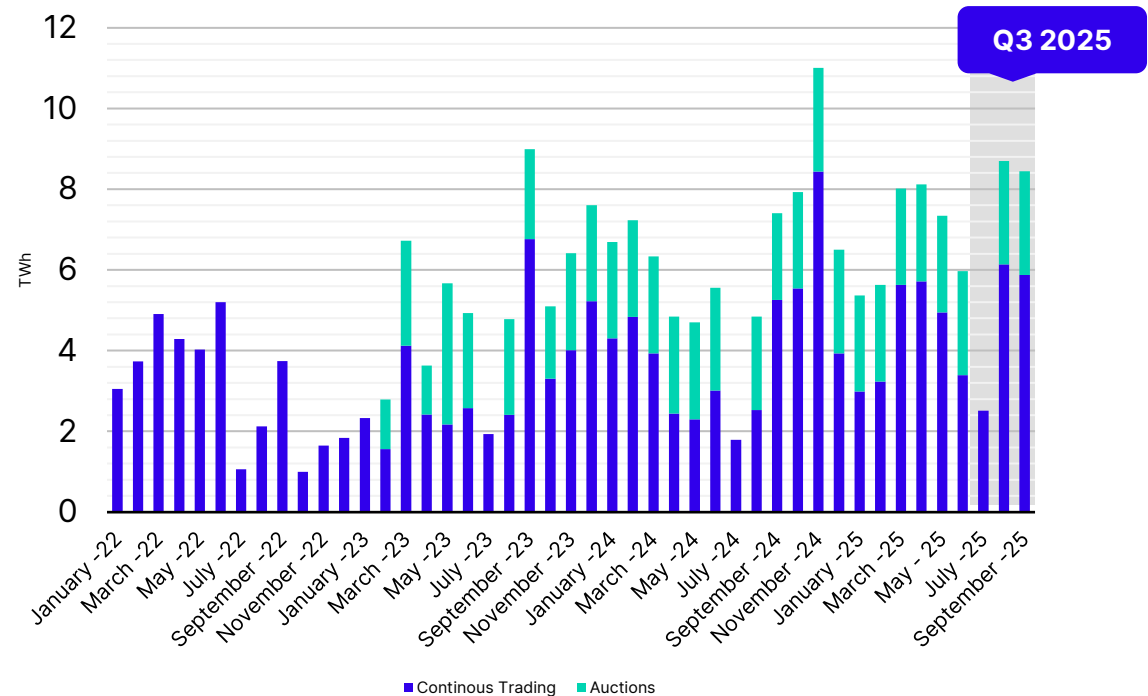


Price difference between SE2 and SE4, and between SE2 and SE3. Source: Montel

# Activity and trading in the continuous EPAD market

## Total EPAD-volume in SE2, SE3 and SE4

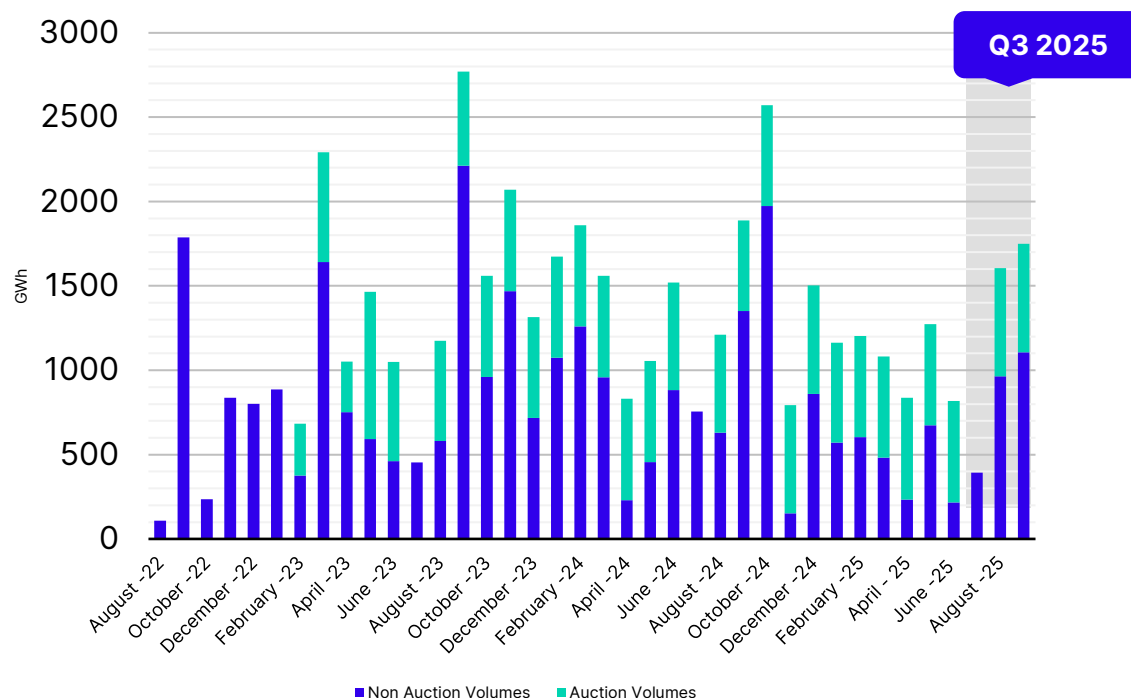
- The proportion of continuous trading increased overall during the period. However, it should be noted that the comparison only covers August and September, as no auctions were held in July.
- During these two months, continuous trading accounted for approximately 70% of the total volume, compared to an average of 65% for the period 2023–2025.



Total trading volumes (TWh) for EPADs (SE2, SE3 and SE4) in continuous trading and in auctions respectively.

## EPAD-volume SE2 (Sundsvall)

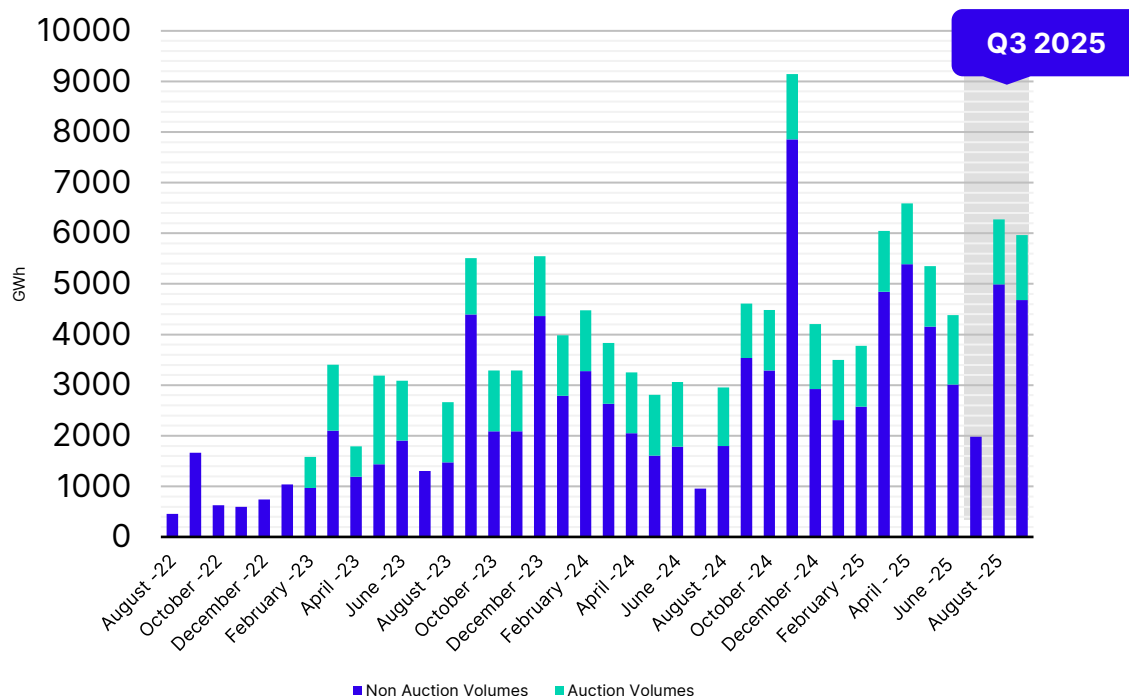
- Continuous trading in SE2 increased during the quarter, a pattern that recurs annually.
- Auction volumes as a share of total volume decreased to approximately 38% in the third quarter, compared to 62% in Q2 2025.



Monthly trading volumes (GWh) of EPADs in SE2.

## EPAD-volume SE3 (Stockholm)

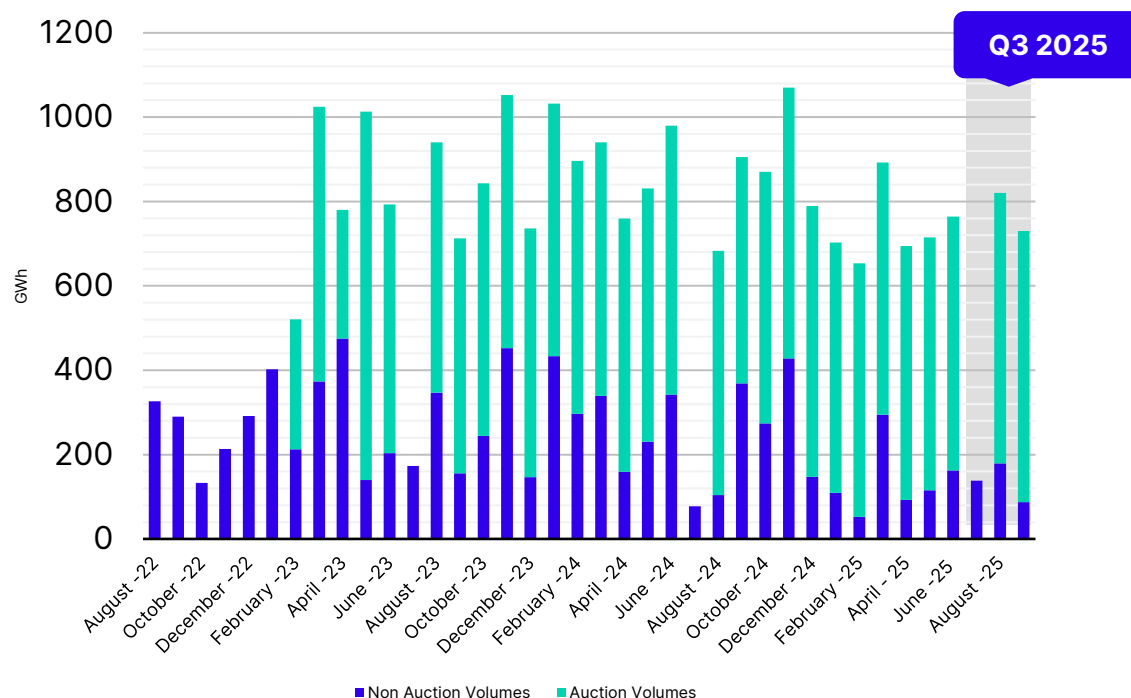
- In SE3, auctions account for a relatively small share of the total volume. This indicates a rather well-functioning market and a desirable outcome, as the purpose of auctions is to support the market.
- During the third quarter, the share of auction volumes was approximately 21%, compared with 23% in Q2 2025 and 26% in Q1.



Monthly trading volumes (GWh) of EPADs in SE3.

## EPAD-volume SE4 (Malmö)

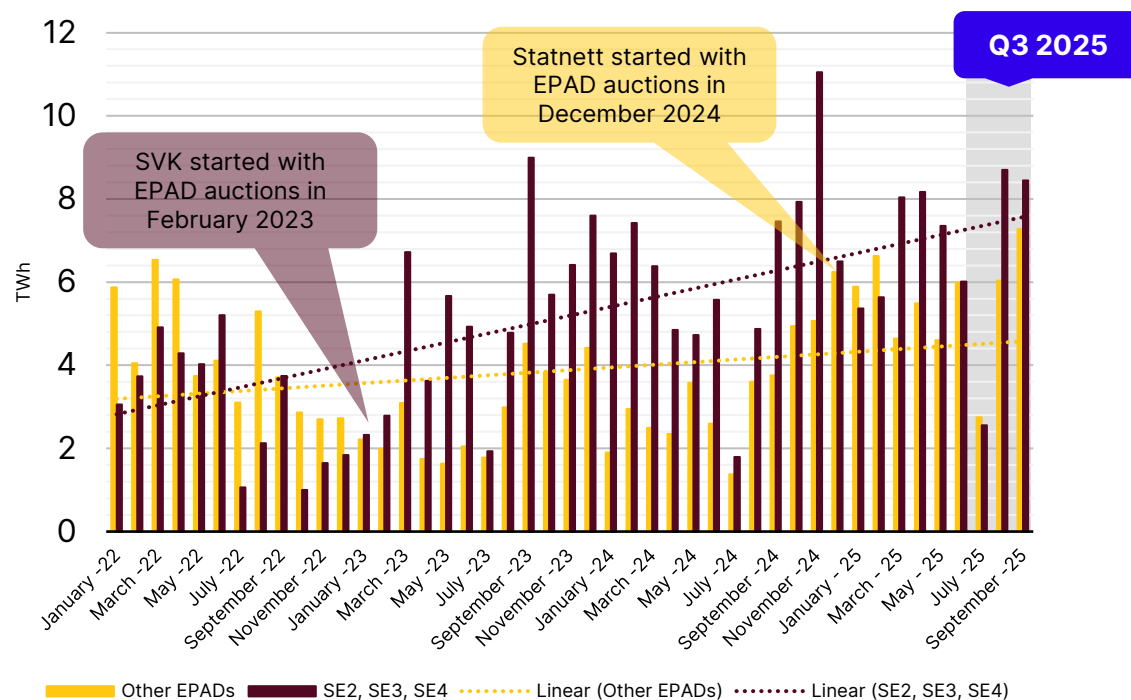
- In SE4, auctions account for the majority of the volume, which indicates weaker continuous trading and a less liquid market.
- Auction volumes as a share of total volume remained stable at 83% in the third quarter, the same level as in Q2 2025, compared with 80% in Q1.



Monthly trading volumes (GWh) of EPADs in SE4.

## Total turnover in SE2, SE3 and SE4 EPADs compared to other EPAD contracts\* in the Nordics

- EPAD volumes in SE2, SE3, and SE4—both from auctions and continuous trading—accounted for 57% of total EPAD volume in August and September 2025, which is in line with the previous quarter.



Total trading volumes (TWh) in SE2, SE3 and SE4 compared to other EPAD contracts. Other EPAD contracts include SE1, Finland, Denmark, and Norway.

