

# Fortum's Annual Report 2014

*Fortum is an energy company highly committed to sustainability. We strive to respond to the needs of our customers by generating, selling and distributing low-carbon electricity and heat and by offering energy-sector expert services.*

## Market conditions

### Nordic countries

In 2014, according to preliminary statistics, electricity consumption in the Nordic countries was 378 TWh (2013: 386). Industrial consumption was nearly unchanged, while non-industrial consumption decreased due to the exceptionally warm weather particularly during the first half of the year.

At the beginning of 2014, the Nordic water reservoirs were at 82 TWh, 1 TWh below the long-term average and 3 TWh lower than a year earlier. The year 2014 ended with reservoirs at 80 TWh, 3 TWh below the long-term average and 2 TWh below the level at the end of 2013.

The average area price in Finland was EUR 36.4 per MWh (2013: 39.9) and in Sweden SE3 (Stockholm) EUR 31.3 per MWh (2013: 37.5). The difference in area prices compared

to the spot price was mainly due to the fact that Finland continued exporting power to Estonia, while high Swedish hydropower volumes and good availability of the Swedish nuclear power plants kept Swedish area prices close to the system level.

In 2014, the average system spot price was EUR 29.6 per MWh (2013: 38.1). In Finland, the average area price was EUR 36.0 per MWh (2013: 41.2) and in Sweden SE3 (Stockholm) EUR 31.6 per MWh (2013: 39.4).

In Germany, the average spot price during the fourth quarter of 2014 was EUR 34.8 per MWh (2013: 37.5) and in 2014 EUR 32.8 per MWh (2013: 37.8).

The market price of CO<sub>2</sub> emission allowances (EUA) was at approximately EUR 4.8 per tonne at the beginning of the year and approximately EUR 7.3 per tonne by the end of December 2014. In 2014, the EUA daily

close ranged between EUR 4.4 and EUR 7.5 per tonne.

### Russia

Fortum operates in the Urals and Western Siberia in the Tyumen and Khanty-Mansiysk area, where industrial production is dominated by the oil and gas industries, and in the Chelyabinsk area, which is dominated by the metal industry.

In 2014 according to preliminary statistics, Russia consumed 1,021 TWh (2013: 1,026) of electricity. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 777 TWh (2013: 772).

In 2014, the average electricity spot price, excluding capacity price, increased by 5 % to RUB 1,163 per MWh (2013: 1,104) in the First price zone.

## Power consumption

TWh	2014	2013	2012
Nordic countries	378	386	391
Russia	1,021	1,026	1,037
Tyumen	93	87	83
Chelyabinsk	36	36	36
Russia Urals area	260	257	252

## Average prices

	2014	2013	2012
Spot price for power in Nord Pool power exchange, EUR/MWh	29.6	38.1	31.2
Spot price for power in Finland, EUR/MWh	36.0	41.2	36.6
Spot price for power in Sweden, SE3, Stockholm, EUR/MWh	31.6	39.4	32.3
Spot price for power in Sweden, SE2, Sundsvall, EUR/MWh	31.4	39.2	31.8
Spot price for power in European and Urals part of Russia, RUB/MWh <sup>1)</sup>	1,163	1,104	1,001
Average capacity price, tRUB/MW/month	304	276	227
Spot price for power in Germany, EUR/MWh	32.8	37.8	42.6
Average regulated gas price in Urals region, RUB/1,000 m <sup>3</sup>	3,362	3,131	2,736
Average capacity price for old capacity, tRUB/MW/month <sup>2)</sup>	167	163	152
Average capacity price for new capacity, tRUB/MW/month <sup>2)</sup>	552	576	539
Spot price for power (market price), Urals hub, RUB/MWh <sup>1)</sup>	1,089	1,021	956
CO <sub>2</sub> , (ETS EUA), EUR/tonne CO <sub>2</sub>	6	5	7
Coal (ICE Rotterdam), USD/tonne	75	82	93
Oil (Brent Crude), USD/bbl	99	109	112

1) Excluding capacity tariff.

2) Capacity prices paid only for the capacity available at the time.

## Water reservoirs

TWh	31 Dec 2014	31 Dec 2013	31 Dec 2012
Nordic water reservoirs level	80	82	85
Nordic water reservoirs level, long-term average	83	83	83

## Export/import

TWh (+ = import to, - = export from Nordic area)	2014	2013	2012
Export/import between Nordic area and Continental Europe+Baltics	-14	-3	-19
Export/import between Nordic area and Russia	4	5	5
Export/import Nordic area, total	-10	-2	-14

