



# The Next Frontier in Power Trading: Flexibility & Multi-Market Optimization

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Customer Key Note



*Your Navigator  
In the Energy Markets*

**We are Finland's leading provider of energy market services — a trusted partner for our customers.**

*Our mission is to **strengthen the electricity market** and promote seamless collaboration across the entire ecosystem.*



Electricity generation



Electricity users



Electricity retailers



The pioneering Nordic trading platform for bilateral electricity derivatives

**Bilateral trading platform  
launch Q4/2026**

*Trading Platform that Unites Us*



# Power-Deriva in numbers

Power-Deriva is comprised of two companies: Power-Deriva Oy and PD Power Oy. Our offices are located in Helsinki and Harjavalta.



# The surrounding world and energy market



## World & Technology

- Geopolitical **polarisation** continues, **uncertainties are increasing**
- AI breaks through as **mainstream technology**
- **Fragmented development** of Nordic economies, Finland weak
- Increasing **political intervention** in energy sector

## Electrification

- Green steel plants under **planning**
- Hydrogen and other e-fuel production projects mostly **in planning phase**
- More than 50% of new cars in Finland use electricity, in **Norway >90%** due to subsidy schemes

## De-carbonising power & heat generation

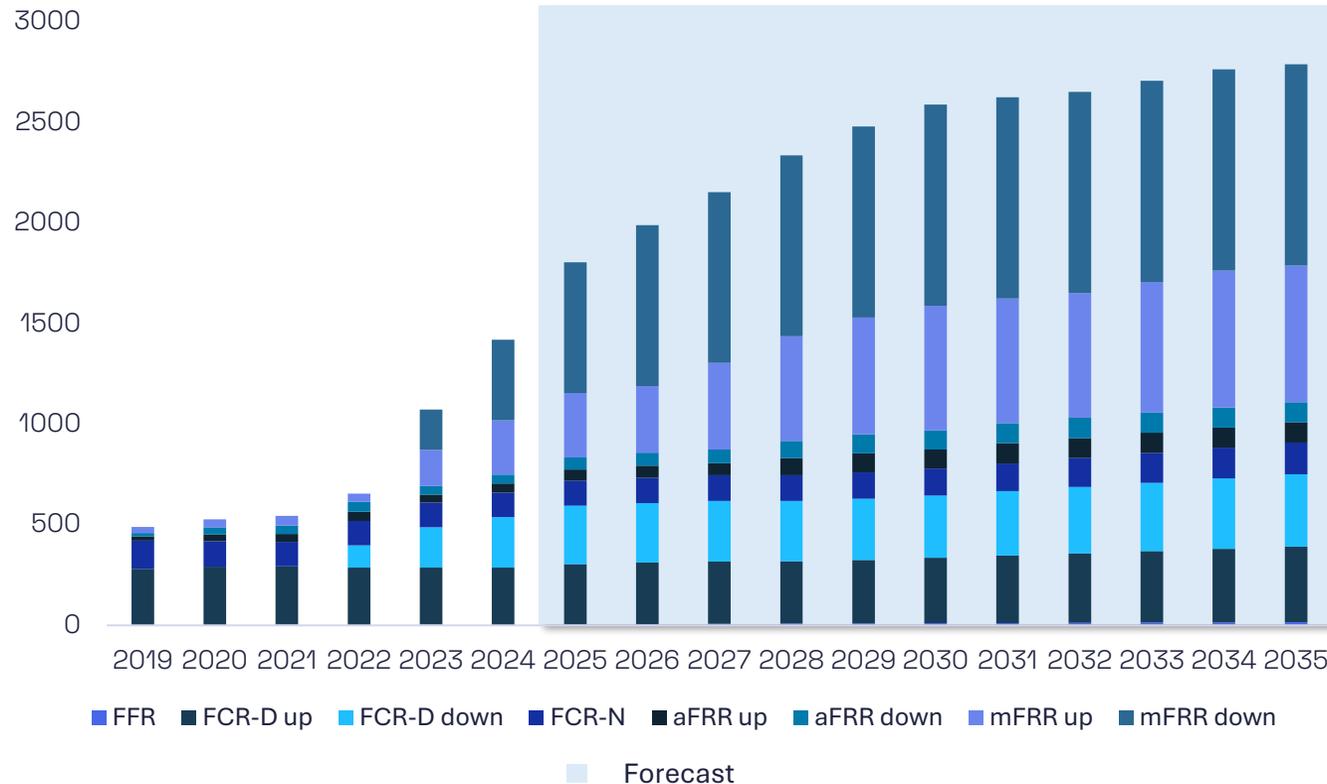
- Nordic Wind **capacity 32 GW** and PV capacity roughly **12 GW but new projects waiting for demand**
- CHP capacity threatened by increasing fuel cost and less running hours
- Condense power plants already decommissioned
- Finnish **DH heat boiler capacity >2000MW**
- Local heat pumps threaten competitiveness of DH

## Markets

- Consolidation amongst retailers continues amidst complex markets and tighter margins
- **Financial exchange volumes stable amidst Euronext startup**
- Bilateral hedging has **normalised as a hedging channel** to diversify counterparty risk & manage cash liquidity risk
- Price volatility **increases incentives** to participate in wholesale and reserve markets

# Fingrid anticipates a significant rise in reserve capacity procurement needs by 2035...

Fingrid's procurement forecast, (MW)



Fingrid's procurement capacity is expected to **double by 2035** compared to 2024 levels. FRR represents the fastest-growing market segment with a CAGR of 12.3 %. FRR markets are also expanding rapidly over the next decade, with e.g., mFRR up-regulation growing at a 7.8 % CAGR.



	CAGR <sup>1</sup>	
	UP	DOWN
FFR	12,3 %	
FCR-D	2,3 %	2,2 %
FCR-N	2,4 %	
aFRR	6,2 %	5,2 %
mFRR	7,8 %	4,4 %

Notes: 1) Compound Annual Growth Rate from 2025 to 2035

# ...but so is capacity enabled for ancillary service markets

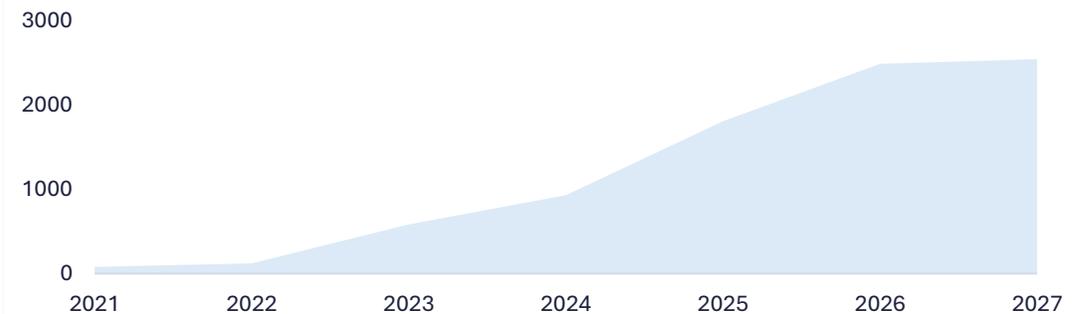
Strong past ancillary-market revenues have already driven growth in capacity participating in reserve markets, and this trend is expected to continue – driven by the BESS investments, consumption assets such as electric boilers, ultracapacitors for the hydro assets and wind power capacity in down-regulation.

+1 GW



Based on announced investments, BESS capacity could exceed 1 GW within the next two years.

Finnish electric boiler capacity growth from announced investments (MW)



It remains to be seen whether the increasing capacity will be sufficient to lower capacity-market revenues – or whether similar revenue levels will continue due to increasing procurement volumes by Fingrid



# Synergy with Flexibility solutions in the next frontier in Power Trading

**Multi-Market  
Optimization  
on physical  
markets**



**Strategic  
Hedging with  
derivatives**



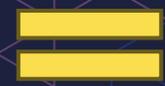
**Fully  
optimized  
business  
outcome**

# Synergy with Flexibility solutions in the next frontier in Power Trading

**Multi-Market Optimization on physical markets**



**Strategic Hedging with derivatives**



**Fully optimized business outcome**

# How do we do it at Power-Deriva?

## Asset Flexibility Concept

Flexibility enables assets to adjust energy consumption or production in response to market signals effectively.

## Multi-market Participation

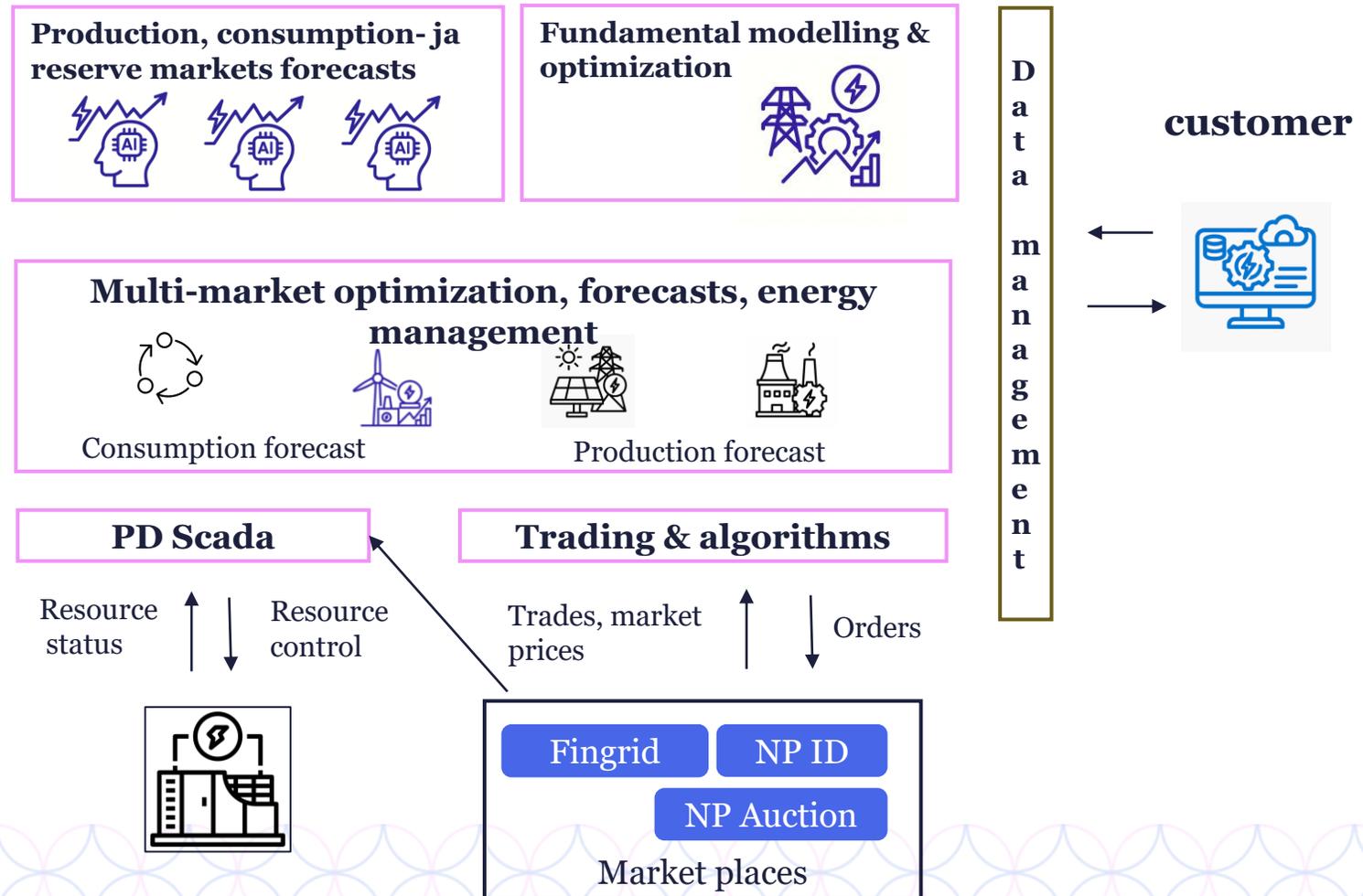
E.g. batteries and electric boilers participate in various markets like day-ahead scheduling and frequency reserves to maximize profits.

## Operational Model

Continuous monitoring, predictive analytics, and automated dispatch optimize flexibility and revenue opportunities. Data management improvement is the key for the success.

## Strategic Decision-Making

Understanding flexibility helps to align investment priorities and partnerships with market opportunities





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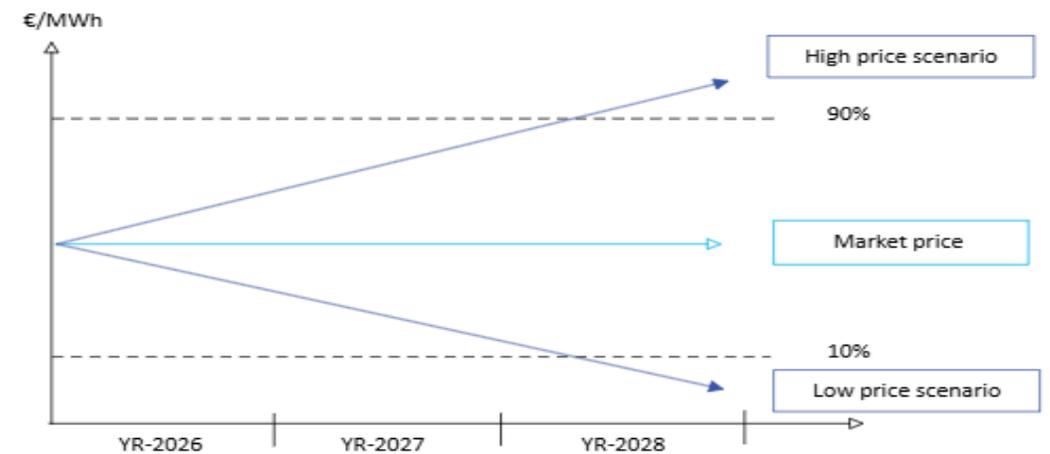
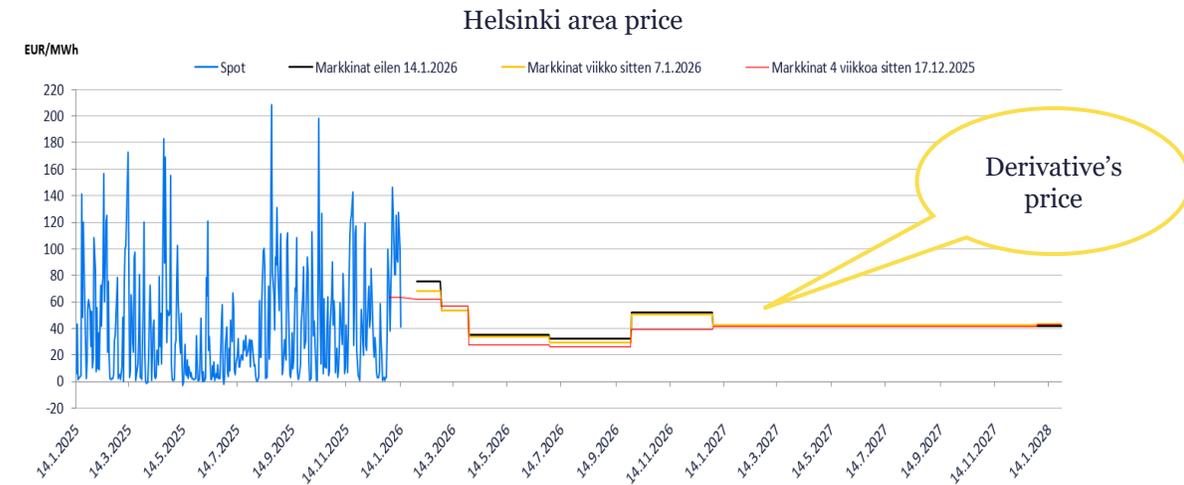
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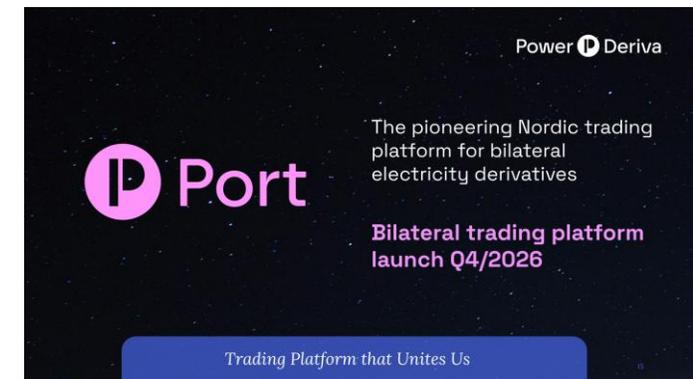
# Strategic hedging with derivatives

- Energy market environment is evolving rapidly
- Extreme weather conditions, fastly increased renewable energy production and flexible energy solutions causes high volatility on both on physical markets and derivatives markets
- Hedging ensures the stability of the future result
- Electricity price risk can cause risk of million euros for the energy companies



# Where to hedge - New Nordic Power Derivatives Landscape 2026

- From 2026, Nordic power derivatives trading shifts to a dual-exchange model:
  - power futures on Euronext and EEX
  - exchanges require GCM (General Clearing Member) arrangements, and standard contract size is 1 MW
- A new alternative Q4/2026:
  - Power-Deriva will launch the PD Port platform, enabling bilateral power derivative transactions, including <1 MW products
  - flexible hedging without exchange-based barriers



# Synergy with Flexibility solutions in the next frontier in Power Trading

## Multi-Market Optimization

Maximizes operational revenues by leveraging flexibility services across multiple markets for better asset utilization



## Strategic Hedging with derivatives

Exchanges or PD Port supports strategic hedging to mitigate market risks and stabilize financial outcomes for physical electricity market participants.



## Fully optimized business outcome

Synergy arises from combining operational excellence with financial risk management, protecting margins and capturing opportunities.

# Question

What is the main challenge for a District Heating company in 2026?

- 1) Competition of other technologies like geothermal
- 2) Deciding on future heat sources
- 3) optimising existing assets and heat network?

# Illustrative Case Study: electric boilers in heating system

## Multi-Market Optimization

Electric boilers participate in day-ahead, intraday, and reserve markets to increase revenue streams

## Operational Strategy

Predictive analytics, automated bidding, and real-time dispatch drive efficient asset operation and market participation

## Financial Hedging

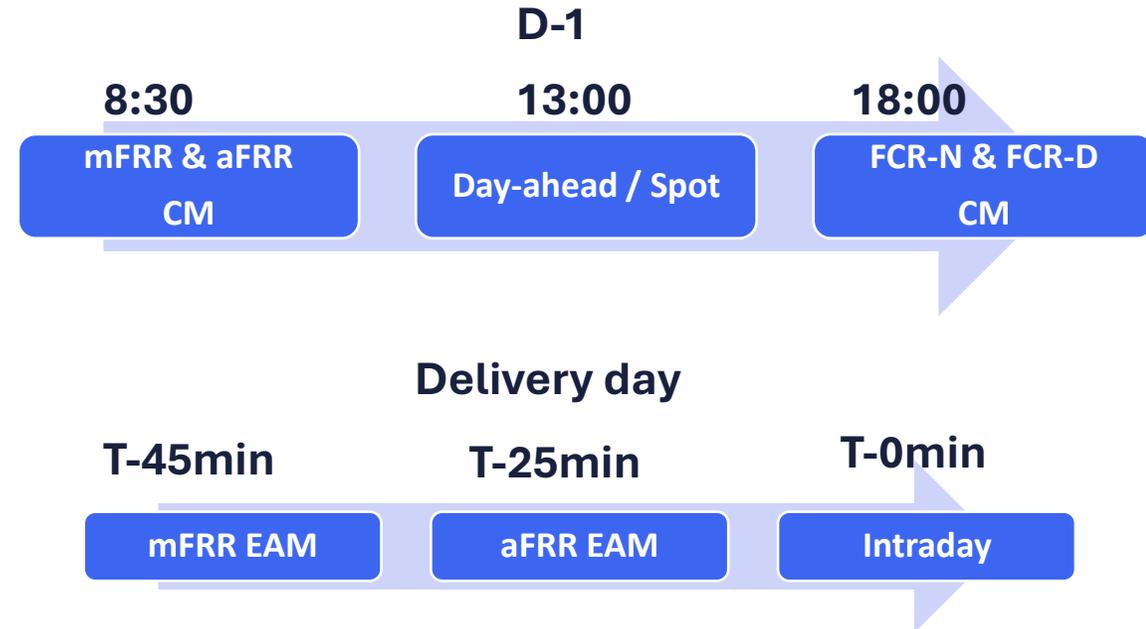
Customized hedging agreements stabilize financial outcomes by locking seasonal margins and mitigating price risks

- 4 MW // 1 MWh/15min
- DA: 1 MWh/15min offer
- ID: 0.5 MWh/15min offer
- mFRR EAM up: 0.3 MWh/15min offer



# Managing heat demand & minimising cost

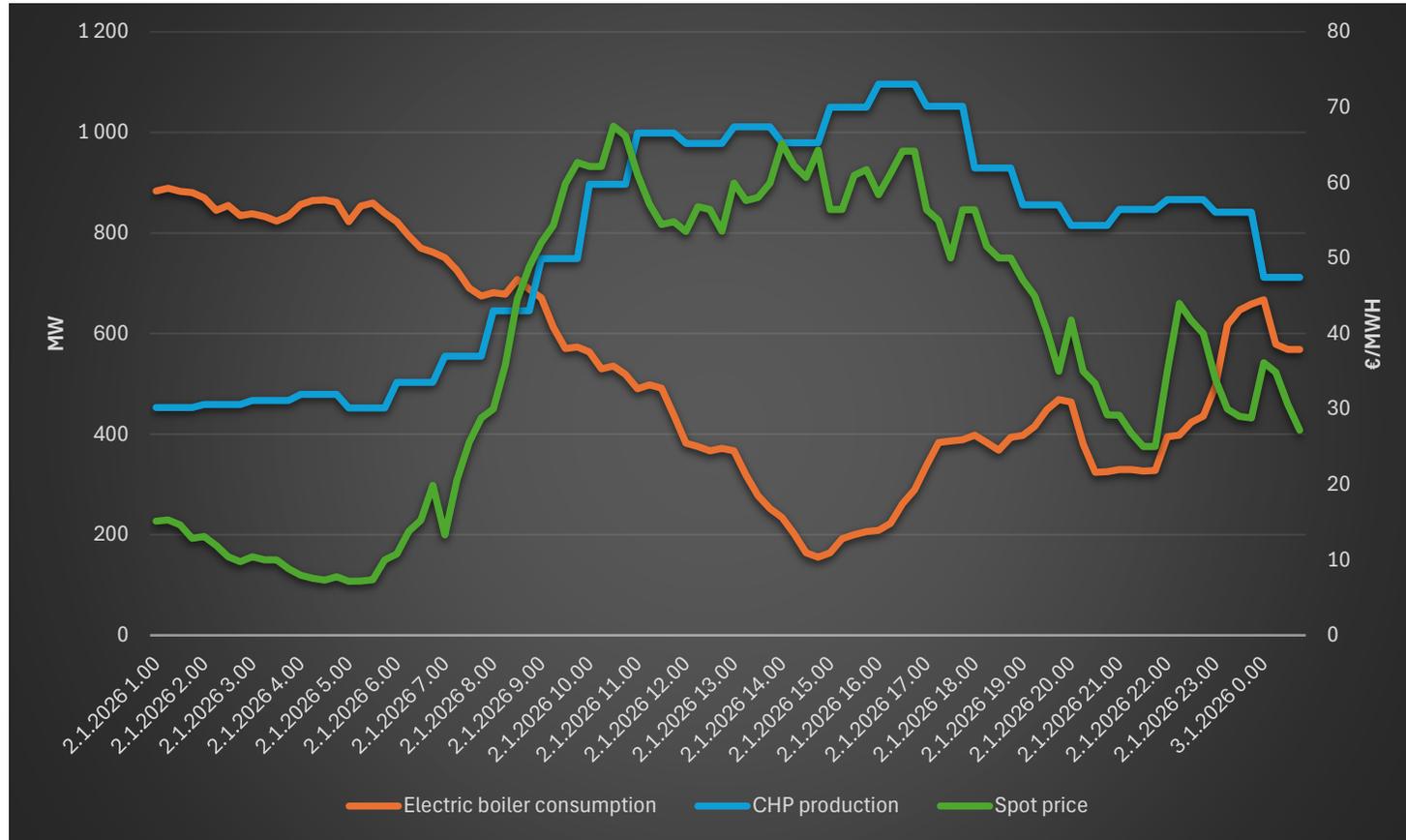
- 1 Heat demand curve needs to be satisfied
- 2 CHP plants need production plans and foresight
- 3 Electric boiler has capabilities for all markets
- 4 Market opportunities occur at different times



Optimisation result driven by price forecast accuracy

24/7 optimization & trading needed to minimize heat cost

# Spot basics – 2.1.2026 Finland



- Spot price clearly drive asset behavior
- Prices increase =>
  - CHP becomes profitable
  - Most electric boilers ramp down
- But what more could be done to minimize cost of DH?

Case study

Source: Fingrid Open Data & Nord Pool

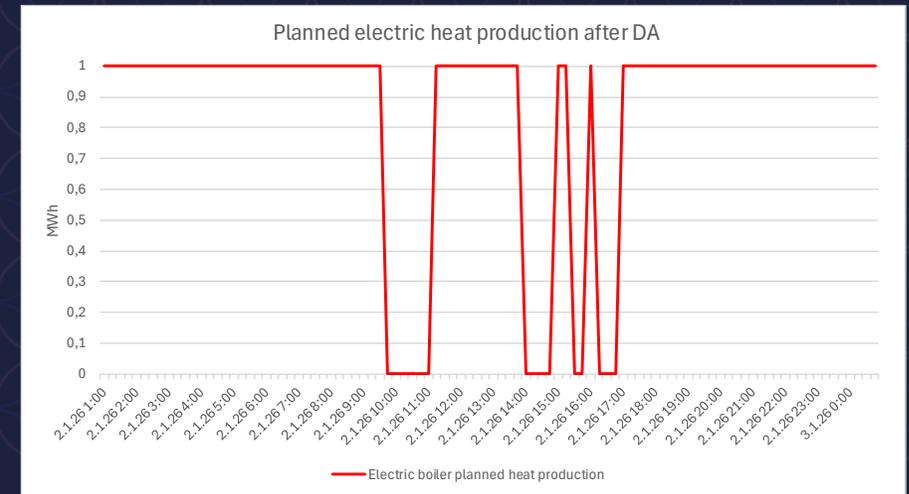


# Spot market optimisation

## Input to spot market optimisation:

1. Alternative heat production cost 60 €/MWh
2. Heat production need constant 4 MWh/h

Spot market bids for CHP and electric boiler

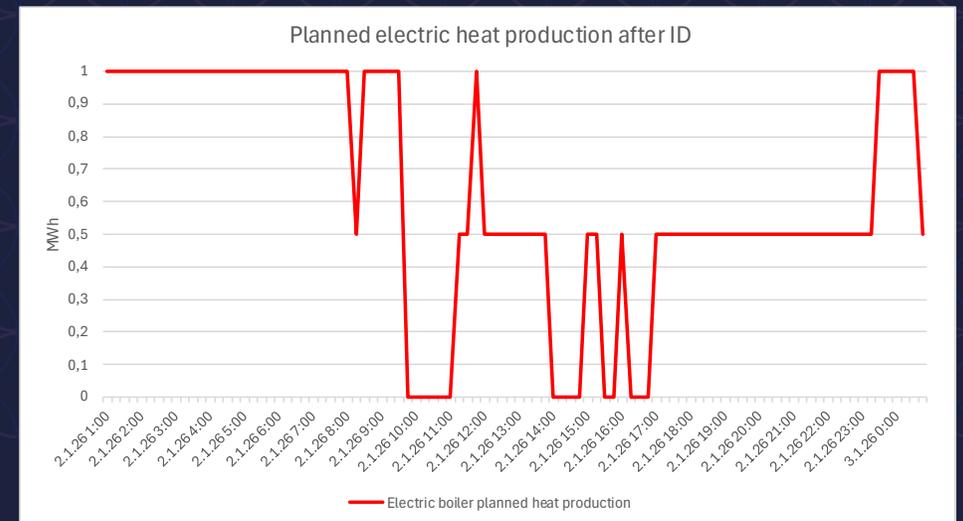
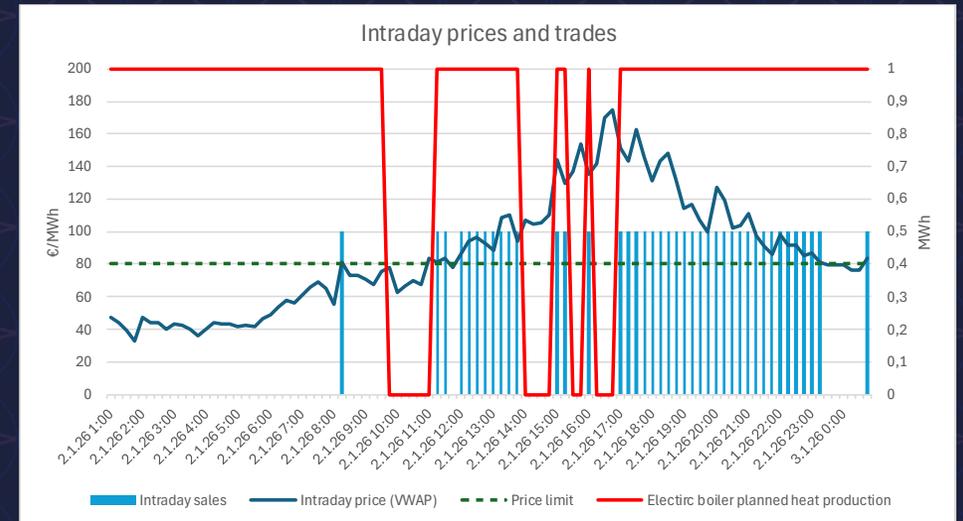


# ...adding intraday...

## Input to continuous intraday trading:

1. Updated heat demand
2. Spot market results
3. Updated plans for boiler and CHP assets
4. Price forecasts for balancing market

Sell bids @80€/MWh into the intraday market

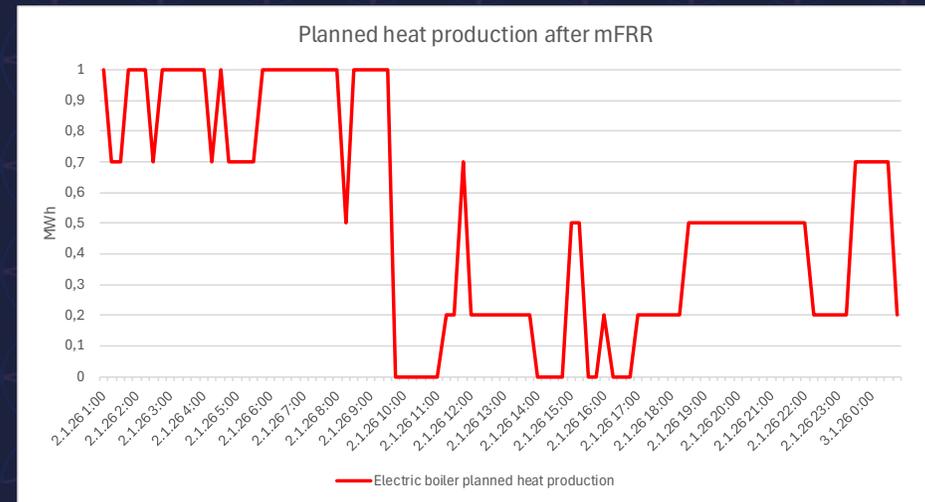
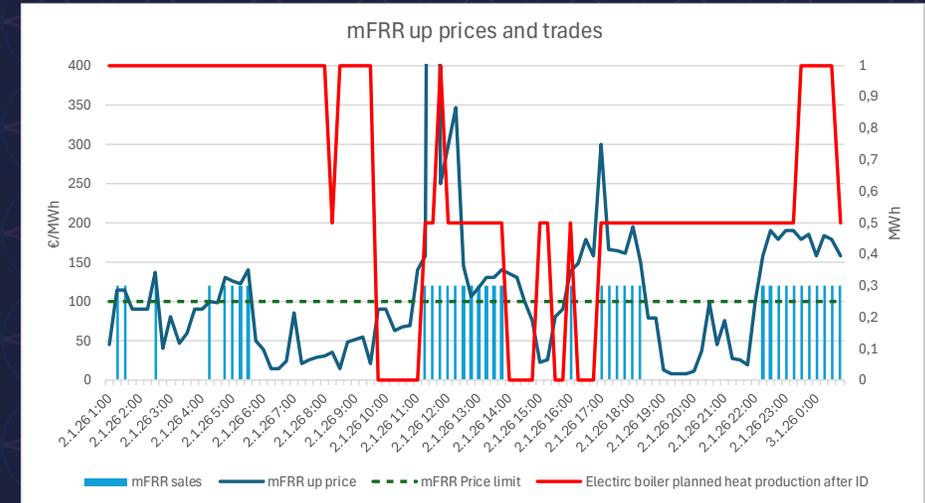


# ...adding balancing market

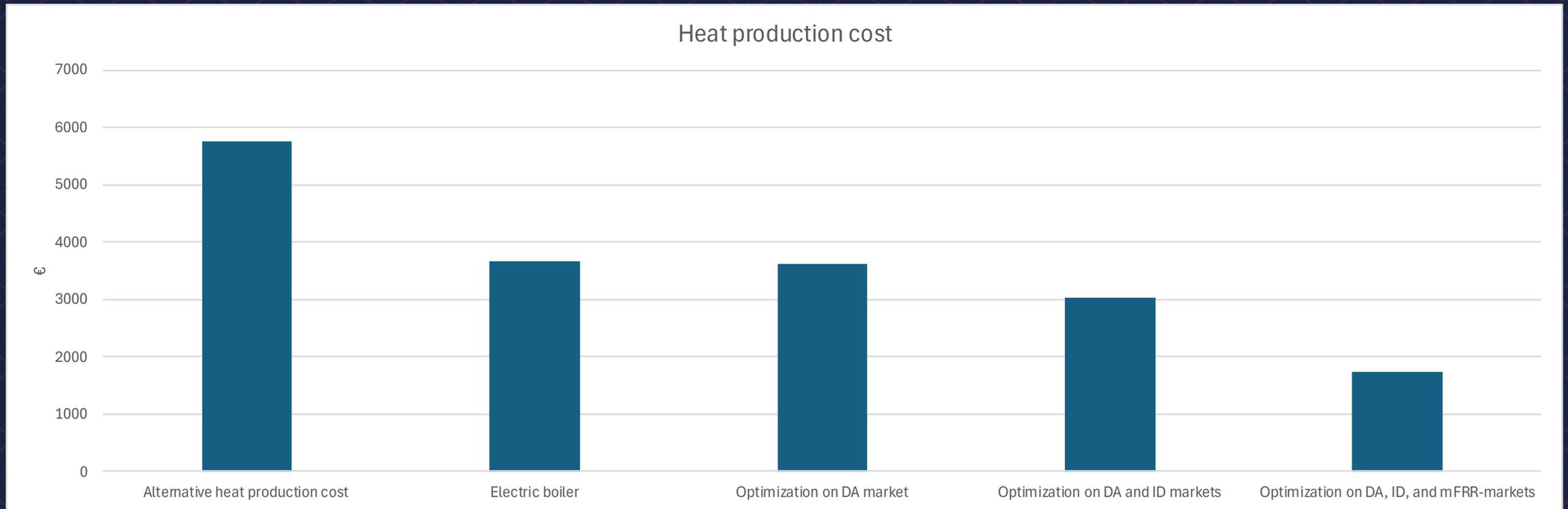
## Input to balancing market bidding:

1. Updated heat demand
2. Spot and intraday market results
3. Updated plans of boiler and CHP assets
4. Price forecasts for balancing market

Sell bids 0,3MWh@100€ into the balancing market

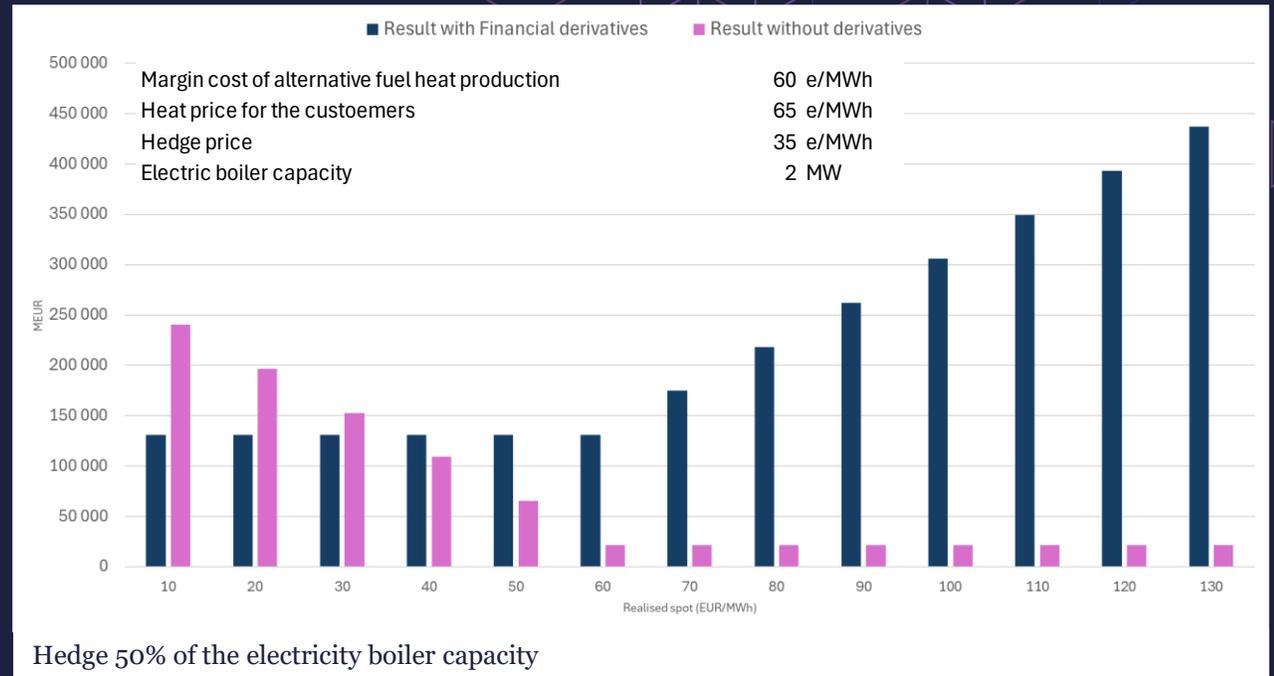


# Why would you bother?



# Ensuring Stability, Efficiency and Optimized Outcomes

- Example of the Q2 is uncertain period during heating season
- Optimize the cost of fuel by hedging the electric boiler consumption
- Why to hedge?
  - The use of the electric boiler remains financially predictable, even when electricity prices fluctuate significantly
  - Heat production is secured cost-effectively, capital is not tied up in a fuel stock
  - The system leverages market volatility to achieve the best overall economic outcome
  - Ensures the predictability of the heat pricing for the future



# How Hedging Unlocks the Full Potential of Electric Boilers

- Hedge with the derivative at a price lower than the variable cost of the alternative heat production 60 €/MWh
- Hedge e.g 2 MW of 4 MW electric boiler production depending on the risk appetite
- Buy electricity when the price is lower than the alternative fuel cost and sell the electricity when it is higher than expected spot price or alternative fuel cost
- Optimized timing of the hedges decreases the electric boiler's fuel cost



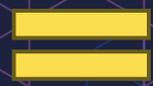


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**Optimized  
Operational and  
Financial  
Integration**

Optimized cost reduction  
vs day-head price

Optimized cost reduction  
from financial hedges vs  
DA

Optimized revenue of the  
heating system

**Trading Platform that Unites us.**

**Questions?**

A new era of responsible electricity derivatives trading — get in touch and join us in creating a new market standard!

**The platform for fair, safe, and easy bilateral power hedging.**

