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HEW and Vattenfall set up joint venture Nordic Powerhouse

Vattenfall and HEW (Hamburgische Electricitäts-Werke AG) are starting a joint energy trading company named "Nordic Powerhouse". Both partners will hold 50 percent each of the newly established company. The project still requires the approval of the parent companies' supervisory boards and of European cartel authorities in Brussels.

Nordic Powerhouse will be based in Hamburg. The company will trade physical and derivative energy products on the European market and at all relevant energy exchanges. Nordic Powerhouse aims to achieve a 20 percent market share in trading and position itself among Europe's top 5 players.

Experiences gained by Vattenfall and HEW in their respective markets uniquely complement each other. Trading know-how in the Scandinavian market, which has been fully deregulated since five years and shows a high liquidity, merge with multifaceted experiences and contacts on the continental European market with its many special characteristics in physical trading and OTC. Especially during the period of transition from monopoly to a liberalised market this particular combination of competence will prove to be valuable.

"Nordic Powerhouse will combine leading-edge trading competence from Germany and Scandinavia," says Jan C. Johansson, Executive Vice President of Vattenfall. "With HEW we have found experienced and highly specialised partners for successful energy trading on a European scale. HEW's energy trading floor has established excellent contacts and also strongly positioned itself in the OTC-trading. HEW provides the platform for Vattenfall's growth in Germany."

"The combination of different market experiences from Vattenfall and HEW today is unique in the energy business", explains Joachim Lubitz, member of the executive board of HEW. "This merger of two trading units promises even more successful deals on the European markets. In a European-wide competition, HEW strongly benefits from the close co-operation with our strategic partner and major shareholder Vattenfall."

The new trading company will employ 50 people, 20 of which will be traders. They are expected to open their first deals in electricity, natural gas, and oil in November. Staff will be composed of personnel from HEW's current trading unit, HEW's subsidiary VASA Energy, and Vattenfall. In medium term Nordic Powerhouse will offer new derivative products such as weather derivatives and emission certificates. Trading partners will be trading companies and banks.

Nordic Powerhouse will host a second business unit that will offer trading services for energy sales companies, products such as portfolio management, risk management, access to energy exchanges, and market analysis. These services will help companies to secure and optimise prices within a defined framework.

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Vattenfall is one of the largest energy companies in Europe, accounting for 25 percent of total electricity sales in the Nordic region. Vattenfall is a leading operator of regional and local distribution networks serving 1,1 millions customers. The Group also conducts operations in the areas of heating and natural gas, as well as transmission services and consulting for the energy sector. Vattenfall's biggest customers are energy companies, industrial enterprises, and retail customers in the Nordic region. Vattenfall is also active in the Baltic countries, Germany, the Netherlands, Poland, the Czech Republic, Austria, Southeast Asia and South America.