Annual Report 2008
of Energinet.dk

Contents

A tour of the energy system

The photos in this Annual Report show examples of the many different tasks Energinet.dk performs 'in the field'.

2008 was a year when two large construction projects – The Great Belt Power Link and the grid connection of Horns Rev 2 offshore wind farm – left their mark on many activities on land and at sea, providing many Energinet.dk employees with a multitude of exciting tasks.

And as usual – the existing electricity and gas transmission grids gave employees travelling all over Denmark to inspect and maintain Energinet.dk's many different technical facilities much to do in 2008.

Photos

Page 12:	Karin Mortensen, working environment consultant
Page 16:	Jens Jørgen Rype, engineer
Page 20:	Poul Erik Pedersen, electrical engineer
Page 24:	Kim Holm, blacksmith
Page 26:	Jan Lykkegaard, MSc (Eng.)
Page 30:	Launy Grau, line assistant
Page 32:	Jan Bo Ringsing, electrical engineer
Page 36:	Sabina Nathalie Honoré, planner
Page 60:	Torben Klein, certified electrician
Page 68:	Claus Weismann, project leader
Page 70:	Jan Panduro, operating assistant

What is Energinet.dk

Energinet.dk is an independent public enterprise owned by the Danish state as represented by the Danish Ministry of Climate and Energy. Energinet.dk has its own supervisory board.

Our mission and vision are as follows:

Mission
As the entity responsible for the electricity and natural gas systems we own the overall energy infrastructure, ensure reliable energy supply and create the framework for well-functioning energy markets and effective integration of renewable energy

Vision
Using international and preferably market-based solutions, we will facilitate the increased use of renewable energy and help to solve the global energy and climate challenges

Energinet.dk's main responsibilities on the electricity and gas markets are to:

- Ensure overall security of supply in the short and long term

- Develop the overall Danish infrastructure

- Create objective and transparent conditions for competition and monitoring that competition works

- Carry out coherent and holistic planning involving future transmission capacity requirements and long-term security of supply

- Support environmentally-friendly electricity generation and the development and demonstration of technologies for environmentally-friendly energy generation

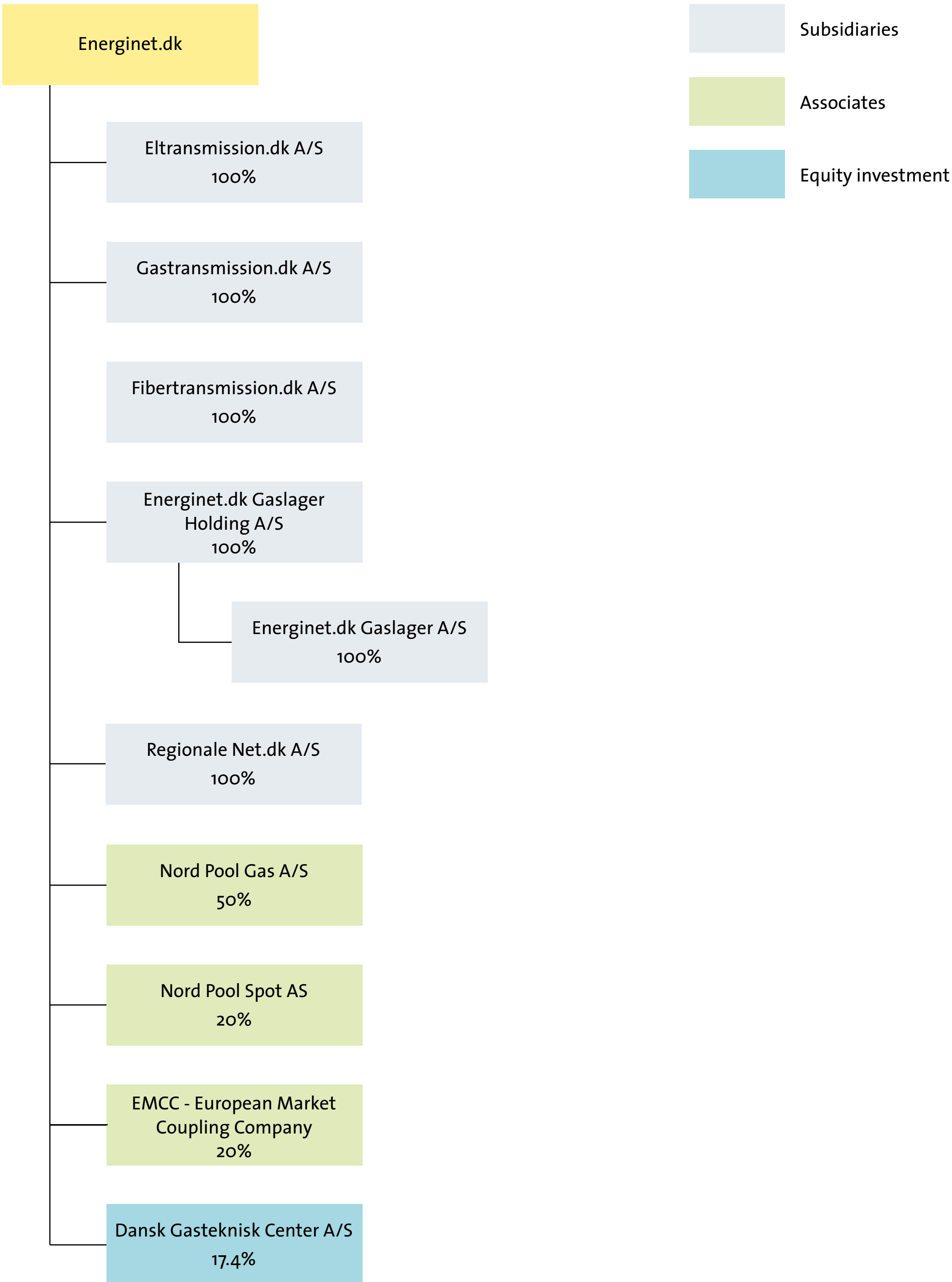
- Calculate the environmental impact of the energy system as a whole.

Energinet.dk's finances must balance. Its primary source of revenue is in the form of tariffs.

Energinet.dk owns the gas transmission grid and the 400 kV electricity transmission grid and, since 2008, the 132 kV grid in Northern Zealand as well. Energinet.dk co-owns electrical interconnections to the Nordic countries and Germany and has the electricity transmission grid above 100 kV at its disposal. Energinet.dk also owns Lille Torup natural gas storage facility and has access to the natural gas storage facility in Stenlille, Denmark.

An advisory Stakeholder Forum appointed by the Danish Minister for Climate and Energy submits opinions to Energinet.dk's management concerning the Enterprise's overall strategies and plans with a view to supporting the operations of the Enterprise.

The Energinet.dk Group



Supervisory and Executive Boards

Supervisory Board

Chairman
Niels Fog
MSc (Economics and Business Administration) and merchant

Other members
Birgitte Kiær Ahring
MSc (Biology), PhD. Professor at Section for Sustainable Biotechnology, Aalborg University

Birgitte Nielsen
Banking education, Graduate in Business Administration

Erik Dahl
Engineer, Graduate in Business Administration

Hans Schiøtt
MA and MSc (Theoretical Physics)

Niels Arne Gadegaard
MA (Law)

Peter Møllgaard
MSc (Economics and Management). Professor of law and economics, Copenhagen Business School

Poul Erik Morthorst
MSc (Economics). Senior Scientist at Risø National Laboratory

Employee-elected representatives
Berit Schilling
Diploma in Accounting and Finance, Settlement Architect in Market

Carl Erik Madsen
Electronics Engineer, Relay Technician in Electricity Transmission

Søren Dupont Kristensen
MSc (Economics). Economist in the Executive Secretariat

Executive Board
President and CEO
Peder Østermark Andreasen

Executive Vice President, Electricity Division
Torben Glar Nielsen

Executive Vice President, CFO, Support Division
Poul Steen

Back row from left: Torben Glar Nielsen, Peter Møllgaard, Hans Schiøtt, Peder Østermark Andreasen, Poul Steen, Søren Dupont Kristensen, Erik Dahl, Poul Erik Morthorst, Carl Erik Madsen, Niels Arne Gadegaard, Berit Schilling, Birgitte Nielsen and Niels Fog. Birgitte Kiær Ahring was not present when the photo was taken.

Financial highlights

Amounts in DKK million	2008	2007	2006	2005
Results				
Gross revenue	8,333	9,382	8,389	9,935
Revenue	4,966	4,158	3,983	4,386
Operating profit	500	802	468	724
Net financials	(388)	(246)	(149)	(131)
Net profit for the year	112	611	422	555
Consolidation of contributed capital	199	144	89	86
Balance sheet				
Non-current assets	17,164	15,119	11,827	12,103
Current assets	2,472	3,754	2,259	1,851
Balance sheet total	19,636	18,873	14,086	13,954
Interest-bearing debt	9,854	8,225	6,076	6,188
Equity	4,919	4,830	4,219	3,786
Cash flows				
Operating activities	990	1,181	277	1,828
Investing activities	(2,591)	(2,946)	(302)	(157)
of which investment in property, plant and equipment	(1,030)	(836)	(332)	(166)
Financing activities	939	2,401	(183)	(1,511)
Change in cash and cash equivalents for the year	(662)	636	(208)	160
Year-end cash and cash equivalents	36	698	62	270
Key ratios in per cent				
Solvency ratio	25	26	30	27
Price-index regulation announced by the Danish Energy Regulatory Authority	6.2	4.9	3.4	3.8
Year-end number of employees	**492**	**481**	**467**	**426**

Financial ratio

$$\text{Solvency ratio} = \frac{\text{Equity}}{\text{Balance sheet total}}$$

Statements and reports

Statement by the Supervisory and Executive Boards on the Annual Report

The Supervisory and Executive Boards have on this day considered and approved Energinet.dk's Annual Report 2008, which comprises Statement by the Supervisory and Executive Boards on the Annual Report, Management's review, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for the Group and the Parent.

The Annual Report has been presented in accordance with the Danish Financial Statements Act, applicable Danish Accounting Standards and the Danish Act on Energinet.dk.

We find that the accounting policies applied are appropriate, that the Group's internal control relevant to the preparation and presentation of the Annual Report is adequate and that the Annual Report therefore gives a fair presentation at 31 December 2008 of the Group's and the Parent's assets, liabilities and financial position, the results of the Group's and the Parent's activities and the Group's cash flows for the 2008 financial year.

We also find that business procedures and internal control have been established ensuring to the widest possible extent that the transactions covered by the Annual Report comply with the provisions for the state's contributed capital provided in the Act on Energinet.dk, other regulations, agreements concluded and generally accepted accounting principles.

Finally, we find that the administration performed in 2008 was financially appropriate and that the disclosures in the Annual Report about objectives and results have been documented and cover Energinet.dk's activities in 2008.

We recommend that the Annual Report with proposal for the distribution of net profit be approved by the Danish Minister for Climate and Energy.

Fredericia, 18 March 2009

Executive Board

Peder Østermark Andreasen
President and CEO

Poul Steen
Executive Vice President

Torben Glar Nielsen
Executive Vice President

Supervisory Board

Niels Fog
Chairman

Birgitte Kiær Ahring

Birgitte Nielsen

Erik Dahl

Hans Schiøtt

Niels Arne Gadegaard

Peter Møllgaard

Poul Erik Morthorst

Berit Schilling*

Carl Erik Madsen*

Søren Dupont Kristensen*

* Employee-elected

Internal auditors' report

To the Danish Minister for Climate and Energy

Auditors' report

We have audited the Annual Report of the independent public enterprise Energinet.dk for the financial year 1 January-31 December 2008, which comprises Statement by the Supervisory and Executive Boards on the Annual Report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The Annual Report is presented in accordance with the provisions of the Danish Financial Statements Act, Danish Accounting Standards and the Danish Act on Energinet.dk.

Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with the said legislation and accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In addition, Management is responsible for ensuring that the transactions covered by the Annual Report are in conformity with Danish law, other regulations, agreements concluded and generally accepted accounting principles.

Auditors' responsibility and basis of audit opinion

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish Auditing Standards and good public auditing practice, cf. the Danish Act on the Auditing of Governmental Accounts, etc., and the Act on Energinet.dk. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Enterprise's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Enterprise's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report. An audit also includes assessing whether business procedures and internal control have been established ensuring that the transactions covered by the Annual Report are in conformity with the provisions regarding the state's contributed capital provided in the Act on Energinet.dk, other regulations, agreements concluded and generally accepted accounting principles.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion the Annual Report gives a fair presentation at 31 December 2008 of the Group's and the Parent's assets, liabilities and financial position and of the results of the Group's and Parent's activities and the Group's cash flows for the financial year 1 January-31 December 2008 in accordance with the Danish Financial Statements Act, Danish Accounting Standards and the Act on Energinet.dk. In addition, in our opinion, business procedures and internal control have been established ensuring that the transactions covered by the Annual Report are in conformity with the provisions regarding the state's contributed capital provided in the Act on Energinet.dk, other regulations, agreements concluded and generally accepted accounting principles.

Statement on administration audit performed

In connection with the financial audit of Energinet.dk's Annual Report 2008 we have assessed whether due financial allowance has been made for specific areas in the administration of the Enterprise and whether the disclosures in the Annual Report about objectives and results have been documented and cover Energinet.dk's activities in 2008.

Management's responsibility

Management is responsible for establishing guidelines and procedures to ensure that due financial allowance is made in connection with the administration of the Enterprise and that the disclosures in the Annual Report about objectives and results have been documented and cover Energinet.dk's activities in 2008.

Auditors' responsibility and the administration audit performed

In accordance with good public auditing practice, cf. the Danish Act on the Auditing of Governmental Accounts, etc., we have examined specific administrative areas to evaluate whether Energinet.dk has established business procedures that ensure proper financial administration. Furthermore, on the basis of sampling, we have reviewed the disclosures in the Annual Report about objectives and results for Energinet.dk. We performed our work to obtain limited assurance that the administration of specific areas has been handled in a financially appropriate manner and that the disclosures in the Annual Report about objectives and results have been documented and cover Energinet.dk's activities in 2008.

Opinion

The administration audit performed has not revealed any circumstances leading us to believe that the administration in 2008 of the areas examined by us was not conducted in a financially appropriate manner or that the disclosures in the Annual Report about objectives and results have not been documented and do not cover Energinet.dk's activities in 2008.

Fredericia, 18 March 2009

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Carsten Gerner
State Authorised Public Accountant

Jesper Møller Christensen
State Authorised Public Accountant

External auditors' report

To the Danish Minister for Climate and Energy

Auditors' report

We have audited the Annual Report of the independent public enterprise Energinet.dk for the financial year 1 January-31 December 2008, which comprises Statement by the Supervisory and Executive Boards on the Annual Report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The Annual Report is presented in accordance with the provisions of the Danish Financial Statements Act, Danish Accounting Standards and the Danish Act on Energinet.dk.

With this auditors' report we consider the audit of the 2008 Annual Report as finalised. Rigsrevisionen (the national audit office of Denmark) may, however, decide to further investigate issues relating to this and previous financial years. In this connection new information may become available which may give rise to the reassessment of specific issues discussed in this auditors' report.

Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with the said legislation and accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In addition, Management is responsible for ensuring that the transactions covered by the Annual Report are in conformity with Danish law, other regulations, agreements concluded and generally accepted accounting principles.

Auditors' responsibility and basis of audit opinion

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish Auditing Standards and good public auditing practice, cf. the Danish Act on the Auditing of Governmental Accounts, etc., and the Act on Energinet.dk. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Enterprise's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Enterprise's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report. An audit also includes assessing whether business procedures and internal control have been established ensuring to the widest possible extent that the transactions covered by the Annual Report are in conformity with the provisions regarding the state's contributed capital provided in the Act on Energinet.dk, other regulations, agreements concluded and generally accepted accounting principles.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion the Annual Report gives a fair presentation at 31 December 2008 of the Group's and the Parent's assets, liabilities and financial position and of the results of the Group's and Parent's activities and the Group's cash flows for the financial year 1 January-31 December 2008 in accordance with the Danish Financial Statements Act, Danish Accounting Standards and the Act on Energinet.dk. In addition, in our opinion, business procedures and internal control have been established ensuring to the widest possible extent that the transactions covered by the Annual Report are in conformity with the provisions regarding the state's contributed capital provided in the Act on Energinet.dk, other regulations, agreements concluded and generally accepted accounting principles.

Statement on administration audit performed

In connection with the financial audit of Energinet.dk's Annual Report 2008 we have assessed whether due financial allowance has been made for specific areas in the administration of the Enterprise and whether the disclosures in the Annual Report about objectives and results have been documented and cover Energinet.dk's activities in 2008.

Management's responsibility

Energinet.dk's management is responsible for establishing guidelines and procedures with a view to ensuring that due financial allowance is made in connection with the administration of the Enterprise and that the disclosures in the Annual Report about objectives and results have been documented and cover Energinet.dk's activities in 2008.

Auditors' responsibility and the administration audit performed

In accordance with good public auditing practice, cf. Danish Act on the Auditing of Governmental Accounts, etc., we have examined specific administrative areas to evaluate whether Energinet.dk has established business procedures that ensure proper financial administration to the widest possible extent. Furthermore, on the basis of sampling, we have reviewed the disclosures in the Annual Report about objectives and results for Energinet.dk. We performed our work to obtain limited assurance that the administration of specific areas has been handled in a financially appropriate manner and that the disclosures in the Annual Report about objectives and results have been documented and cover Energinet.dk's activities in 2008.

Opinion

The administration audit performed has not revealed any circumstances leading us to believe that the administration in 2008 of the areas examined by us was not conducted in a financially appropriate manner or that the disclosures in the Annual Report about objectives and results have not been documented and do not cover Energinet.dk's activities in 2008.

Fredericia, 18 March 2009

Rigsrevisionen

Henrik Otbo
Auditor General

Edvin Andrée Andersen
Director

Management's review

Preface by Management

The climate and energy challenges are high on the political agenda both nationally and internationally, and they also set the agenda for Energinet.dk's future work. Energinet.dk plays a pivotal role in the realisation of the political visions.

The European Commission's climate and energy package and the Danish energy agreement from February 2008 provide an essential framework for the challenges facing Energinet.dk.

The energy agreement entrusts Energinet.dk with a variety of new responsibilities, and the EU's climate and energy package sets a new framework for Energinet.dk's international activities, eg the cooperation with other transmission system operators (TSOs).

Since its establishment in 2005, Energinet.dk has been responsible for ensuring security of supply, facilitating competition on the energy markets and expanding the electricity and gas infrastructure; tasks which have been solved thanks to the great efforts of our employees.

In the years to come, the most important challenges will be integrating renewable energy into the power system and ensuring the future supply of natural gas.

This is reflected in the new strategy formulated by Energinet.dk in 2008 and the concurrent organisational change that divided the Enterprise into divisions. Both measures have ensured that Energinet.dk is well set to meet the future challenges.

As the share of renewable energy in the energy systems will rise markedly in the years to come, integrated planning of the power, heating, gas and transport systems is of paramount importance. Consequently, Energinet.dk markedly increased its focus on this task in 2008. The construction of new electrical interconnections is one of the ways in which Energinet.dk aims to prepare the power system for the increased volumes of renewable energy.

For many years, there has been an urgent need for new guidelines for the expansion and undergrounding of the electricity transmission grid, especially because popular and political opposition to new overhead lines has made it difficult to expand the electricity grid on the basis of the existing principles. Based on the work performed by a committee headed by Energinet.dk, a political agreement was made in the autumn of 2008 on the expansion and undergrounding of the electricity transmission grid that paves the way for Energinet.dk's future work to reinforce, expand and renovate the grid. Energinet.dk aims to reduce the number of overhead lines in Denmark so that, in time, the electricity grid will be virtually invisible.

The agreement also means that Energinet.dk can continue the necessary reinforcement of the backbone of the Jutland electricity grid between the Danish-German border and Tjele near the city of Viborg.

Where natural gas is concerned the great challenge is to ensure the future supply of natural gas when Denmark's natural gas reserves in the North Sea are no longer sufficient to cover the country's consumption. Energinet.dk will therefore continue its endeavours to build gas pipelines from Norway and Poland to Denmark and reinforce the gas pipeline crossing the Jutland-German border. Customer demand and Energinet.dk's planning must form the basis of investments in new infrastructure.

In 2008, Energinet.dk decided to start the work of releaching the caverns at Lille Torup natural gas storage facility. This decision could be the first step to markedly increase the capacity of the storage facility in the years to come.

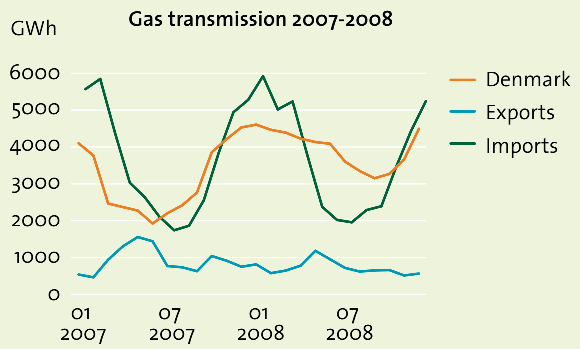
In recent years, the gas market has taken significant steps towards becoming more competitive, and in order to improve pricing Energinet.dk joined forces with Nord Pool Spot in March 2008 in opening a Danish gas exchange.

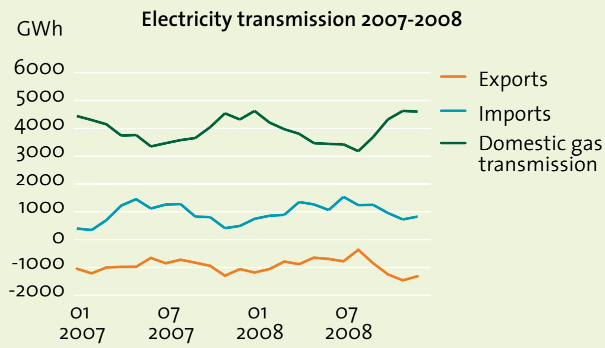
Internally, Energinet.dk has started working systematically with Corporate Social Responsibility, and the preparations for various climate activities, eg the fifteenth UN Climate Conference in 2009, are well under way.

Operation of electricity and gas transmission grids

In 2008, the Danish electricity and natural gas systems were characterised by a very high degree of operational reliability. There were no gas supply failures, and only a very few consumers experienced short-lived power cuts due to faults in the main electricity transmission grid.

In the summer of 2008, a joint electricity control centre was set up in Energinet.dk's head office in Erritsø, assuming control of the East and West Danish power systems. Organisationally, the merger of the East and West Danish electricity control centres has thus been completed, while the merger of the IT





systems used in the planning and operation of the power system will be concluded in 2009.

Operating incidents

In July 2008, Skagerrak 3, one of the three HVDC interconnections between Jutland and Norway, was recommissioned after the Danish transformer broke down in August 2007, putting the 500 MW interconnection out of operation.

Skagerrak 3 is a pivotal interconnection in the Nordic electricity market, which has been plagued by prolonged breakdowns on several occasions in recent years. The owners of the interconnection, ie Statnett, the Norwegian TSO, and Energinet.dk have therefore decided to acquire two spare transformers. The outage time in connection with breakdowns can thus be reduced from almost a year to two months.

In March, the Konti-Skan 1 interconnection between Jutland and Sweden experienced a fault in a pole transformer. The interconnection was out of service for a week while the transformer was repaired. In June, as a result of an anchor being pulled through the area between Sweden and the island of Læsø where the two submarine cables are located, the Konti-Skan interconnections were inoperational for a brief period of time. The interconnections were out of service for a couple of days until it had been established with certainty that the cables had not been damaged.

The Kontek Link between Zealand and Germany was out of operation for two months between February and April when a leak in a cable joint had to be repaired. As many of the cable joints on the Kontek Link have suffered from leaks that have taken a long time and been very expensive to repair, it has been decided to replace the submarine cable with a new one.

Security of supply – gas

To ensure security of gas supply in emergency situations, Energinet.dk acquires access to the Danish gas storage facilities as well as access to gas via the Syd Arne pipeline. Energinet.dk also concludes individual contracts with large end-consumption sites – primarily CHP plants – on the interruption of consumption.

In 2008, to ensure a sufficient number of contracts on the interruption of consumption in emergency situations at the lowest price possible, Energinet.dk held an auction of the interruptibility of large end-consumption sites in emergency supply situations – so-called interruptible emergency supply. At the same time, Energinet.dk increased the number of consumption sites capable of offering interruptibility in emergency situations. All consumption sites with an annual gas offtake of 2 million m^3 or more were thus invited to place bids at the auction. Last year the limit was 10 million m^3 annually. Energinet.dk concluded contracts with a total of 40 consumption sites.

The costs of ensuring security of emergency gas supply were DKK 278 million in 2008 as opposed to DKK 216 million in 2007.

Security of supply – electricity

To ensure security of electricity supply, Energinet.dk concludes agreements on the supply of ancillary services in the form of reserves and regulating power.

The costs of buying electricity reserve capacity were DKK 1,059 million in 2008 as opposed to DKK 821 million in 2007. In addition, the costs of buying regulating power were DKK 401 million in 2008 compared to DKK 197 million in 2007. The increased costs are a result of electricity wholesale prices rising on average by 75 per cent in 2008.

Collaboration with neighbouring areas

In 2008, Energinet.dk became a full member of the UCTE (Union for the Co-ordination of Transmission of Electricity). Membership, which only applies to the West Danish power system, obliges Energinet.dk to comply with the UCTE rules and standards for the operation of the synchronous European power system. Membership has given Energinet.dk more influence on the operation of the power system and its development towards Europe. Recent years have witnessed several large power cuts in Europe, and focus has therefore increasingly been on operational cooperation.

In 2008, the Nordic body of cooperation, Nordel, published a new plan for the development of the Nordic electricity transmission grid. The plan assesses where the Nordic power system needs to be expanded to ensure security of supply and proper electricity market functioning, suggesting expansion options internally in the Nordic electricity transmission grid and new interconnections to the Continent.

The UCTE and Nordel collaboration will continue under the auspices of the newly founded ENTSO-E (European Network of Transmission System Operators – Electricity), which was set up as part of the EU's efforts to improve the Single Electricity Market and is intended to replace various European bodies of cooperation in the field of electricity. A similar organisation for gas – ENTSO-G – is in the making, and the two organisations must lay down a series of technical rules and market rules for cross-border energy transmission, thus contributing to the development of more well-functioning European energy markets.

Preparedness

Energinet.dk is responsible for coordinating the preparedness work of the electricity and gas sectors and for monitoring and advising the sectors on this work.

In April 2008, Energinet.dk and the electricity and gas sectors participated in a national crisis exercise, CMX 2008, which aimed at practising the information preparedness and cooperation in both sectors. The exercise was successful and will be followed up by even more exercises – internally in Energinet.dk as well as externally in the electricity and gas sectors.

In the spring of 2008, Energinet.dk revised the supervision concept and in the next supervision round, which runs until 1 February 2011, it will continue the value-creating supervision of the licensed enterprises.

In February 2007, Rigsrevisionen initiated a study on local and national electricity preparedness and the Nordic cooperation on electricity preparedness. Against that background, Rigsrevisionen published its report in October 2008, concluding that in general overall preparedness planning is satisfactory, but that there is room for improvement.

Possible initiatives could include guidelines for the selection and maintenance of reserve power supply and a strengthening of the collaboration on repair preparedness in the event of extensive failures in one of the Nordic power systems. The conclusions of the report will form the basis of the discussion of improvements between authorities and TSOs in the Nordic region.

Safety and working environment

Energinet.dk transmits very large amounts of energy at high voltage levels (electricity) and at high pressure (gas). Accidents may seriously damage technical installations and injure people.

Systematic safety training courses are conducted to prevent employees and contractors working on Energinet.dk installations from being injured during work. The technical installations are also subject to regular safety inspections. An employee with special focus on the working environment is attached to all large maintenance and construction projects. Furthermore, in 2008, Energinet.dk took the initiative to have an offshore safety film made aimed primarily at contractors working on its transformer platforms.

In 2008, Energinet.dk experienced five notifiable accidents due to heavy lifts and collisions, among other things. Altogether, Energinet.dk recorded 185 hours of absence as a consequence of the accidents.

Transmission of electricity and gas	2008	2007
Gas GWh		
Transmission in gas transmission grid	91,570	80,679
Imports (from Germany)	8,686	11,098
Exports (to Sweden and Germany)	47,450	36,889
Consumption	44,120	43,791
Electricity GWh		
Transmission in electricity transmission grid	47,371	47,343
Imports (from the Nordic countries and Germany)	12,718	10,319
Exports (to the Nordic countries and Germany)	11,264	11,274
Consumption (incl. grid losses)	36,103	36,069

Electricity and gas markets

Energinet.dk is responsible for developing the electricity and gas markets so as to create an optimum framework for competition. Energinet.dk also monitors the efficiency of the market and reports any signs of players abusing their dominant market positions to the competition authorities.

Functioning of the electricity market

In January 2008, Svenska Kraftnät decided to expand the transmission grid in Southern Sweden. The expansion will eliminate congestion in the South Swedish grid which has often been moved towards the borders to neighbouring areas, including the Øresund Link.

Also, in the autumn of 2008, the Nordic Council of Ministers asked the TSOs in the Nordic region to split up the Nordic electricity market into several bidding or price areas. These initiatives will pave the way for a better functioning electricity market.

Market coupling with Germany

September 2008 witnessed the launching of the market coupling between Denmark and Germany through the newly founded enterprise EMCC (European Market Coupling Company), which is jointly owned by Energinet.dk, Vattenfall Europe Transmission, E.On Netz, Nord Pool Spot and the European Energy Exchange (EEX). The purpose of market coupling is to ensure optimum, market-oriented utilisation of the interconnections between the Nordic countries and Germany. Unfortunately, the market coupling had to be suspended immediately after the launching due to unforeseen errors. Instead, the daily auctions and the Kontek price area have been resumed until the problems with the market coupling have been solved. The aim is to relaunch the market coupling in the second quarter of 2009.

Trading close to the delivery hour

In June 2008, trading close to the delivery hour between Jutland and Germany was introduced. Trading close to the delivery hour now only remains to be introduced on the border to Norway. This is expected to happen in 2009.

Electricity price in 2008

On average, electricity prices were 75 per cent higher in 2008 than in 2007. Prices were affected by the fluctuating international market conditions. Throughout the spring and summer, raw material prices, especially of oil and coal, surged to new record highs. This resulted in sharply rising electricity prices, and in July and August average wholesale prices came close to 50 øre/kWh.

As the financial crisis pushed raw material prices down during the autumn of 2008, electricity prices also fell. The average price for the whole of 2008 was 42.1 øre/kWh in Western Denmark and 42.2 øre/kWh in Eastern Denmark.

In 2008 and 2007, Danish wind power production was around 7,000 GWh, which corresponds to approx. 20 per cent of the electricity consumption. Consequently, wind power was a price-lowering factor in the electricity market again in 2008 even though wind power alone was unable to keep electricity prices at the same low level as in 2007. However, the number of zero-price hours was lower in 2008 than in 2007; Western Denmark recording 28 zero-price hours and Eastern Denmark nine zero-price hours. In 2007, the figure was 85 zero-price hours for Western Denmark and 30 zero-price hours for Eastern Denmark.

Because of large volumes of water in the Nordic water reservoirs throughout most of 2008, Western and Eastern Denmark imported large amounts of current from the other Nordic countries in that year.

Negative prices in the pipeline

To give the power stations an incentive to stop production when electricity generation exceeds consumption, Nord Pool Spot will introduce negative electricity spot prices sometime in 2009. When prices are negative, producers will have to pay to sell their electricity on the power exchange when electricity generation exceeds consumption. As such, negative prices aim to discourage producers from bringing electricity on to the market in hours with expected high wind power generation and low electricity consumption.

New CHP plants and wind turbines on market terms

Due to the rising wholesale prices in 2008, a record number of local CHP plants and wind turbines decided to start operating on market terms instead of receiving fixed subsidies. A total of 1,544 wind turbines – 948 of them because of the electricity price – and 178 local CHP plants changed status in 2008. More than half of the plants smaller than 5 MW are now operating on market terms. All plants larger than 5 MW are under a statutory duty to produce electricity for the market.

The main reason why so many wind turbine owners decided to start operating on market terms instead of being under a purchase obligation was the prospect of being able to enter into favourable fixed-price contracts in the market.

New renewable energy schemes

As from 1 January 2009, a new renewable energy act entrusted Energinet.dk with the administration of four new schemes, all of which are part of a DKK 10 million guarantee scheme. Under the new schemes wind-turbine owners can apply for funding of preliminary investigations etc.; neighbours to wind turbines have the right to buy shares in new wind-turbine projects; local citizens are entitled to compensation if the value of their property falls by more than 1 per cent due to new wind turbines (value loss scheme); and local authorities can apply for funding of initiatives aimed at enhancing social acceptance of renewable energy. Common to the schemes is that they apply to wind turbines higher than 25 metres and offshore wind turbines not having been put up for tender.

Gas trade

In recent years, the Danish gas market has experienced growing trade between market players; a fact demonstrated by the significant increase in the use of Energinet.dk's virtual trading place – the so-called Gas Transfer Facility (GTF). In 2008, more than 60 per cent of the Danish gas consumption was traded on the GFT.

In March 2008, trading gas on a Danish gas exchange became possible as Nord Pool Spot and Energinet.dk joined forces in setting up such an exchange in an effort to ensure more transparent pricing. Following a cautious start in the spring and summer, the number of trades landed at about 90 at the end of 2008, and the first end consumer – a large Danish enterprise – concluded a gas purchase contract where the price is determined as the monthly average of the price on the Nord Pool gas exchange. Energinet.dk is one of the players on the gas exchange, having bought and sold balancing gas as well as gas to increase its emergency storage.

As part of a common project with Energinet.dk, the gas exchange will continue to develop its products in 2009. In November 2008, the gas exchange introduced a monthly product as a supplement to the first product introduced by the exchange, ie the day-ahead product.

Possibility of importing German gas

The gas market is still approaching a situation where it will be necessary to physically import gas from Germany. Energinet.dk therefore cooperates with the TSO south of the Danish-German border in an effort to clarify the possibilities of physically importing gas from Germany.

New rules and procedures

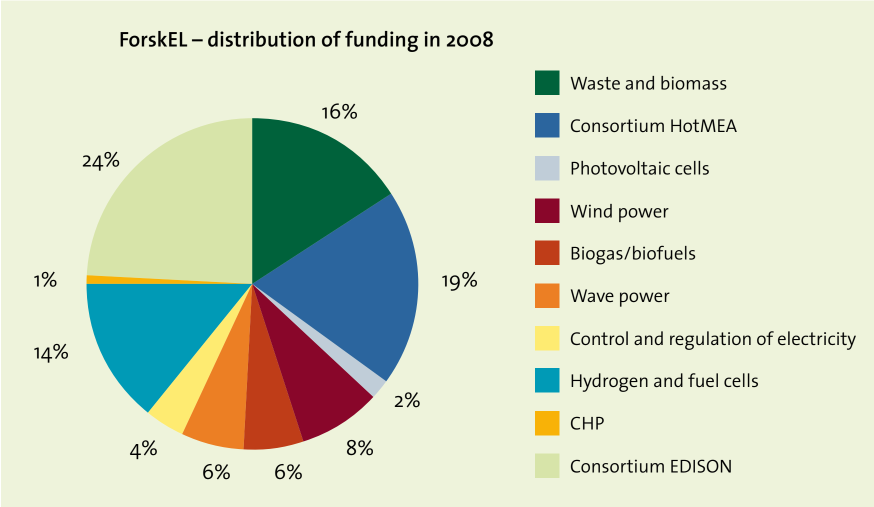
In 2008, the gas distribution companies joined forces with Energinet.dk in preparing a common set of rules for gas suppliers. The set of rules applies in all of Denmark irrespective of where the gas is delivered. The rules came into force on 1 May 2008, replacing the three distribution companies' different sets of rules.

Also, in March 2008, Energinet.dk introduced an online capacity booking system making it possible for shippers to buy capacity up to one hour before the nominations for the day of operation must be made and to change their nominations during the actual day of operation.

Sale of gas storage capacity

To ensure fair and transparent distribution of the storage capacity in Lille Torup gas storage facility, Energinet.dk decided to auction off the storage capacity in connection with the 2008 call. At the 2008 auction, 91 per cent of the capacity was sold on the first day of auction, while the remaining 9 per cent was sold at a later stage.

Energinet.dk is constantly developing storage products and sales mechanisms in keeping with market development and will in 2009 introduce a three-year capacity product to meet the storage customers' requirements.



Financial support to environmentally-friendly electricity generation

Energinet.dk has a statutory duty to promote environmentally-friendly energy. Among the means used are subsidies for environmentally-friendly electricity and CHP generation, payment of the costs of connecting environmentally-friendly electricity generation facilities to the grid and support to research and development in environmentally-friendly electricity generation and efficient energy use.

Energinet.dk is obliged to buy electricity produced by small local CHP plants and certain wind turbines. Energinet.dk buys the electricity generated at the statutory purchase price and sells it on the power exchange, ie Nord Pool Spot. The difference is charged via the PSO tariff (Public Service Obligation) on the consumers' electricity bills. The same applies to the subsidies, etc., which Energinet.dk pays to wind turbines and local CHP plants operating on market terms. On 1 January 2008, Energinet.dk also took over the payment of electricity generation subsidies to the local CHP plants from SKAT (the Danish tax authorities).

Research and development

Financial support to environmentally-friendly electricity generation

Energinet.dk has a politically determined annual budget of DKK 130 million for supporting research, development and demonstration of environmentally-friendly electricity generation technologies. This programme is called ForskEL, and the pool is financed by electricity consumers as a Public Service Obligation (PSO).

Each year, the Danish Minister for Climate and Energy determines the focus areas to benefit from PSO-financed research and development upon the recommendation of Energinet.dk. Support is allocated to projects on the basis of a professional assessment performed by an external, international expert panel and Energinet.dk. In addition, applications are coordinated with the energy research programmes funded by the Danish Energy Agency and Danish Energy Association – Net.

In 2008, Energinet.dk received 74 applications for a total amount of requested funding of DKK 527 million. Nearly half of the DKK 130 million pool was granted to two consortiums, whose participants come from research institutions and enterprises. One of the consortiums, EDISON, received DKK 32 million to conduct the world's largest demonstration test on electric vehicles powered by wind-generated electricity. The other consortium, HotMEA, was awarded DKK 25 million to develop high-temperature PEM fuel cells capable of using fuels other than pure hydrogen.

Financial support to small RE technologies

The energy agreement from February 2008 tasked Energinet.dk with managing a support programme for small RE technologies to the tune of DKK 25 million a year, provisionally for the period 2008-2011. The new support programme, which is a PSO scheme just like the ForskEL programme, is called ForskVE.

The programme offers support to photovoltaic cells, wave power and biogasification. In 2008, applications for the first two portions of funding of DKK 25 million for 2008 and 2009, respectively, were invited, and 19 applications requesting PSO funding to an amount of DKK 128 million were received. A photovoltaic cell project was awarded 53 per cent of the DKK 50 million pool, while 34 per cent was allocated to wave power and 10 per cent to biogasification. The remaining 3 per cent was was held in reserve.

Financial support to natural gas research
In 2007, Energinet.dk launched a special natural gas research programme, ForskNG, to ensure research and development in the gas systems of tomorrow. In 2008, there were seven applicants. As the programme funds are limited, only one project was awarded funding, namely a project aimed at optimising the production of biogas from slurry. The project was awarded DKK 3 million.

The support to ForskNG is financed through Energinet.dk's ordinary gas transmission tariffs.

Own research programmes

Energinet.dk has a statutory duty to initiate the necessary research and development projects with a view to maintaining high security of supply and developing the electricity and natural gas grids to the benefit of the environment, society and customers. These activities are financed through Energinet.dk's normal electricity and gas tariffs.

In the area of electricity, two major development projects are currently being conducted under the auspices of Energinet.dk, ie the Cell Project and Ecogrid.dk. One of the purposes of the Cell Project is to develop a robust, decentralised and intelligent power system capable of managing the integration of markedly larger amounts of renewable energy and local electricity generation. In the EcoGrid.dk project, Energinet.dk collaborates with Danish universities and industrial partners on drafting a proposal on how to optimise the integrated planning of increasing amounts of renewable energy in the Danish energy systems.

Environment

Each year, Energinet.dk publishes a statutory environmental report providing a statement of emissions to the environment from electricity and CHP generation in Denmark. The statement covers 15 different substances. Furthermore, a 10-year forecast is prepared on the development in emissions in different scenarios. Moreover, Energinet.dk prepares an environmental impact statement and an electricity label, which is a statement of emissions per kWh of electricity consumed in Denmark. The environmental report also contains a statement of emissions in connection with the transmission of electricity and natural gas in Energinet.dk's transmission grids as well as environmental aspects relating to Lille Torup natural gas storage facility.

The 2008 environmental report was published on 1 May 2009, whereas the environmental impact statements were published on 1 March 2009.

Investments

In 2008, Energinet.dk invested DKK 936 million in electricity and gas transmission facilities.

In June 2008, Energinet.dk took over DONG Energy's transmission grid in Northern Zealand for DKK 2 billion with retrospective effect from 1 January 2008. Ownership is placed in the subsidiary Regionale Net.dk A/S. The acquisition of the regional transmission grid in Northern Zealand was a consequence of the DONG Energy merger and took place in pursuance of Section 35 of the Danish Electricity Supply Act. This Act stipulates that when an enterprise owning a regional transmission grid changes owner, the grid must be sold to Energinet.dk.

The Northern Zealand grid is expected to be fully integrated into Energinet.dk's business by 2013.

Strategies for the electricity transmission grids

The integration of large volumes of renewable energy into the power system makes it necessary to expand the interconnections to neighbouring areas and the main electricity grid in Denmark.

The political agreement made in the autumn of 2008 on the principles for the future expansion and undergrounding of the main electricity grid in Denmark means, for example, that new 400 kV overhead lines cannot be constructed on stretches of land where overhead lines have not already been constructed. This agreement is essential if Energinet.dk is to proceed with the necessary expansion and reinforcement of the electricity grid.

Specifically, one of the implications of the political agreement is that Energinet.dk will improve the visual appearance of the existing high-voltage grid in those places where from an environmental and landscape point of view the 400 kV grid has been placed in an inappropriate location. The plan for improving the visual appearance of the transmission grid that has been prepared in cooperation with the regional environmental centres was presented to the Danish Climate and Energy Minister in March 2009.

A key element in the political agreement is the long-term undergrounding of the transmission grid, and Energinet.dk will therefore start testing the first long 400 kV AC cable in Denmark.

Energinet.dk has also prepared an overall, national cable action plan for the existing 132/150 kV grids. The plan, which outlines how and when the regional transmission grids can be placed underground in the coming years, was presented to the Climate and Energy Minister in spring 2009.

The Great Belt Power Link

The construction of the Great Belt Power Link got underway in the spring of 2008. The 600 MW link will spur increased competition on the electricity market, which in turn will reduce the costs of reserve capacity. The Great Belt Power Link will cost about DKK 1.3 billion and will be commissioned at the end of 2010.

Connection of new offshore wind turbines

Energinet.dk is currently in the process of connecting two new offshore wind farms to the electricity grid: Horns Rev 2 offshore wind farm in the North Sea, which must be connected to the grid by 1 May 2009, and Rødsand 2 near Lolland, which must be connected to the grid by September 2010. To connect Horns Rev 2 offshore wind farm to the grid, Energinet.dk must construct a transformer platform, a 150 kV submarine cable and a 150 kV power cable. The facilities on land will be handed over to Vestjyske Net once the wind farm has been connected to the grid. The Rødsand 2 grid connection consists of a transformer platform and a submarine cable. The power cable will be installed by SEAS-NVE.

The total price for the two landing facilities is approx. DKK 1.2 billion.

Future investments in the transmission grids

Construction projects 2008-2018	Ongoing projects, DKK million	Planned projects, DKK million
Electricity transmission lines	4,240	7,542
Other projects, electricity	118	459
Renovation, electricity	0	969
Gas transmission	15	7,225
Total	**4,373**	**16,195**

Energinet.dk has also started planning the facilities that are to bring ashore the electricity generated by a future 400 MW offshore wind farm located between Djursland and Anholt in the Kattegat. To ensure that the offshore wind farm can be constructed without delay, the Danish Energy Agency has asked Energinet.dk to arrange for the preparation of an environmental impact assessment (EIA) and other relevant investigations. These investigations must be completed before a call for tenders is issued for the offshore wind farm. The call must be completed in the first half of 2010, and the grid connection must be ready at the end of 2012.

Energinet.dk has joined forces with the German TSO, Vattenfall Europe Transmission, and the Swedish TSO, Svenska Kraftnät, to clarify whether it is possible to construct an ocean-based electricity transmission grid connecting the Danish, German and Swedish electricity transmission grids to the respective countries' offshore wind turbines at Kriegers Flak in the Baltic. The preliminary investigation will be completed in spring 2009.

Reinforcement of the backbone of the Jutland electricity grid

The planned wind power expansion increases the need for reinforcing the 400 kV power line between Kassø near the Danish-German border and Tjele near the city of Viborg. Energinet.dk will therefore convert the existing 400 kV overhead line between Kassø and Tjele into a double circuit line placed on a row of towers in a new design. The conversion will ensure the necessary transmission capacity in the north- and southbound directions. It will also make the grid sufficiently strong to enable the staged integration of long 400 kV cables into the grid and prepare the 400 kV grid structure for undergrounding/restructuring of the underlying 150 kV grid in the long term.

The conversion of the Kassø-Tjele power line, which is budgeted at DKK 1.3 billion, is expected to be completed in 2014.

Expansion of interconnections to Norway and Germany

Energinet.dk's Supervisory Board and Statnett in Norway have decided to add an additional 600 MW cable (Skagerrak 4) to the Skagerrak interconnection between Kristiansand in Southern Norway and Tjele near the city of Viborg in Jutland. This work will be initiated at the end of 2014 provided the environmental and planning authorities of the respective countries and the Danish Climate and Energy Minister give the project their seal of approval. The Danish investment contribution is expected to be around DKK 1.5 billion.

Because of the expansion of the Skagerrak interconnection, Energinet.dk and the German TSO, E.On Netz, have decided to expand the interconnections between Jutland and Germany as well. This expansion is also subject to the approval of the authorities of the respective countries and the Danish Climate and Energy Minister. The expansion of the interconnection to Germany will take place in two stages. Initially, DKK 25 million will be invested in the Danish side to increase the transmission capacity of the existing interconnections. Subsequently, the transmission grids on the Danish and German sides of the border will be reinforced. The reinforcements are expected to be completed on both sides of the border in 2012, increasing trading capacity from 950 MW to 1500 MW in northbound direction and from 1500 MW to 2000 MW in southbound direction.

The expansion of the interconnections to Norway and Germany is a precondition for integrating increasing amounts of wind power into the Danish power system and ensuring a better functioning and competitive electricity market. Both expansion projects are part of the European Commission's prioritised electricity infrastructure projects.

New interconnection between the Netherlands and Denmark

In the autumn of 2008, the Dutch TSO, TenneT, and the Danish TSO, Energinet.dk, decided to investigate the possibilities of constructing an electrical interconnection between Denmark and the Netherlands.

Such an interconnection goes hand in hand with the EU's ambitions to develop a stronger and more coherent European electricity grid capable of contributing to the development of a more international and sustainable energy market. On the basis of a business case identifying, for example, the economic advantages, cable capacity, investment size and time of commissioning, the boards of the two enterprises will decide in 2009 whether to construct the interconnection.

Spare transformers for the Skagerrak interconnections

Statnett in Norway and Energinet.dk in Denmark have decided to invest in two spare transformers for the Skagerrak 3 interconnection between Norway and Denmark. The spare transformers will reduce the socioeconomic loss if the Skagerrak 3 interconnection breaks down. In the last five years, transformer faults have put the Skagerrak 3 interconnection out of service for about half the time.

Energinet.dk's investment contribution is expected to be around DKK 45 million. The spare transformers are expected to be commissioned in summer 2010.

Replacement of submarine cables

The joints on the submarine cables in the Kontek Link between Zealand and Germany have leaked on several occasions. In 2008, the fault rate led to the decision to replace the submarine cables. This work will be completed in autumn 2010. The expenses will be divided between Energinet.dk, Vattenfall Europe Transmission and Vattenfall AB. Energinet.dk's share of the expenses of the new cables will be DKK 215 million.

Expansion of gas storage facility

In 2008, Energinet.dk's Supervisory Board decided to expand the Lille Torup natural gas facility as the demand for storage capacity is expected to rise in the coming years. The expansion could be the first step in a possible staged expansion which – depending on requirements – could double the capacity of the gas storage facility over a number of years.

The expansion of the gas storage facility must be approved by the Danish authorities.

The first stage of the expansion is a DKK 112 million investment to reestablish an existing leaching plant and to releach, initially, one of the seven existing caverns. Releaching will take place over a period of three years, increasing cavern volume by 15 per cent annually.

New gas supply routes

Around 2015, Denmark will cease to be self-sufficient in gas from the Danish part of the North Sea. For the first time ever, Energinet.dk therefore launched an Open Season process where gas players could request new gas supplies to and from Germany, Norway, Poland

and Sweden. Energinet.dk then uses the investment signals generated by the Open Season process as a basis for deciding on gas infrastructure investments before 2015.

Energinet.dk is currently involved in two new natural gas projects aimed at facilitating the import of gas.

Gas from Norway

In January 2007, Energinet.dk signed an agreement to participate in a Nordic natural gas project headed by Norwegian-owned Gassco. The project is to facilitate export of Norwegian natural gas through a natural gas pipeline to Western Sweden and Northern Jutland. In Denmark, the plan is for the Norwegian natural gas to be brought ashore at the town of Sæby. The gas pipeline will go from Aalborg down to Energinet.dk's natural gas storage facility in Lille Torup, a 120 kilometre stretch. At the same time, the natural gas transmission grid between Lille Torup and Egtved will be reinforced through the addition of a gas pipeline to be placed in parallel with the existing 127 km long natural gas pipeline.

The pipeline will be commissioned at the end of 2012 provided the investment decision is made by the end of 2009.

Gas to Poland

Similarly, to enable the initial transit and subsequent import of gas, Energinet.dk made an agreement in May 2007 with a Polish oil and natural gas company to investigate the possibilities of establishing a gas pipeline between Poland and Denmark, the so-called Baltic Pipe. If the Baltic Pipe project becomes a reality, it will connect the Scandinavian gas systems and resources to the Polish system, which today has close links to the Russian system. This would give the Danish and the Polish gas markets access to additional natural gas sources, which would benefit security of supply and gas market competition. If the project turns out to be profitable, and the authorities in the countries involved approve the project, the Baltic Pipe will initially be owned and financed by Poland. Energinet.dk will, however, have to invest in three compressors to be installed on the stretch between Egtved and Avedøre.

Investments until 2018

Because of the major challenges in the fields of electricity and gas Energinet.dk will have to invest around DKK 20 billion until 2018 in the expansion and reconstruction of the electricity and gas transmission grids.

Knowledge resources and organisation

Organisational change

In May 2008, Energinet.dk implemented a major organisational change while formulating a new strategy for the Enterprise. From being a 'merged organisation', the organisation is now geared to focusing on meeting the future challenges. Three divisions have now been established – a gas division, an electricity division and a support division.

At the same time, executive vice presidents Torben Glar Nielsen and Poul Steen joined the Executive Board, thus strengthening overall management.

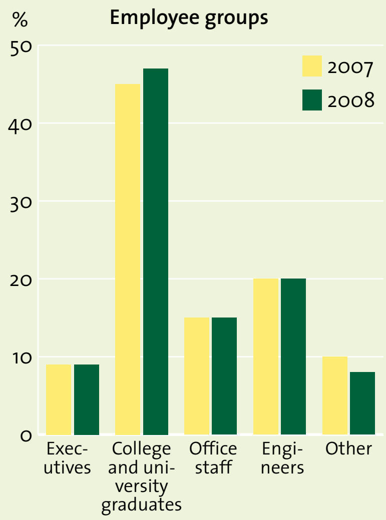
Employee attraction and retention

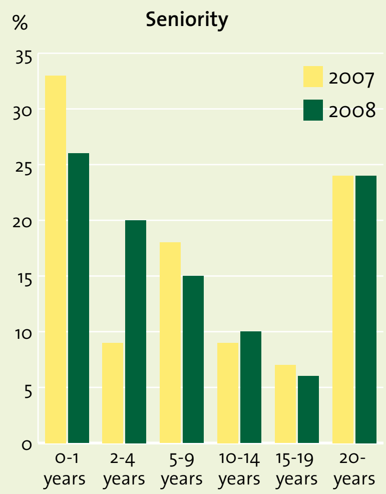
At the end of 2008, Energinet.dk had 492 employees (487 full-time positions), an increase of seven on last year. The increase in the number of employees is due to new construction projects and increased efforts on the international scene.

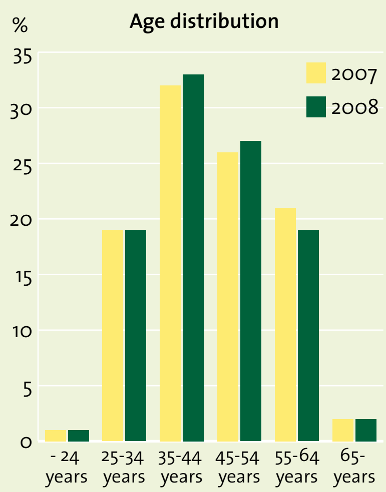
Of the 492 employees, 347 are men and 145 are women. Employee turnover was approx. 11.2 per cent.

In 2008, Energinet.dk continued its Graduate Programme, which was introduced to strengthen recruitment of qualified employees and to ease an expected succession. The graduates complete a two-year training programme, which involves rotation between three different departments, structured education programmes and mentorship. In the beginning of 2009, there were 15 graduates in Energinet.dk. The first graduates completed their employment on 1 August 2008, and seven out of nine graduates were subsequently employed with Energinet.dk in permanent or temporary jobs.

Energinet.dk has also continued working with employer branding in a goal-directed manner in order to continue to be able to attract







and retain qualified labour. Activities include targeted efforts towards students and newly qualified electrical engineers, economists and other specialists, www.energijob.dk – a special energy job site on the Internet, and a new branding campaign, which was launched at the beginning of 2008.

Employee satisfaction and development
Using annual employee satisfaction surveys, Energinet.dk has made targeted efforts to increase employee satisfaction. At the end of the year, the annual survey showed an increase in employee satisfaction from index 70 to index 74, and employee satisfaction for Energinet.dk is now higher than the average for Danish enterprises. The employees' assessment of their immediate managers is still markedly higher than the general level for Danish enterprises, and employee satisfaction with the personal and professional development is very high. This is all completely in line with Energinet.dk's wishes.

The objective for 2009 is to further improve employee satisfaction by, for example, constantly focusing on leadership, professional and personal development, the daily work and Energinet.dk's image.

Energinet.dk wants to make it possible for the individual employees to develop personally and professionally, and to that end considerable resources have been allocated to, for example, supplementary training and individual bonus schemes for all college and university graduates and some other employees. In 2008, Energinet.dk therefore conducted many internal courses and arranged a successful inhouse training fair prior to the annual employee development interviews. In 2008, Energinet.dk launched a comprehensive executive programme based on elements such as team challenge, executive development courses and personal executive development interviews. A structured communication course was held for chief executives, and additional communication courses for line managers will be held in 2009. Also, structured talent development courses for managers and specialists were implemented along with training courses for project managers and project participants.

As part of Energinet.dk's senior policy all senior employees are offered interviews with their immediate manager, the possibility of joining a senior scheme (reduced working hours) and a senior course in preparation of life outside the labour market.

IT

In recent years, Energinet.dk has carried out very extensive work to consolidate and harmonise its IT systems.

A new operational planning system and the infrastructure for the new control centres in Erritsø and Egtved were commissioned in 2008, while a new monitoring system will be put into operation on a rolling basis from the autumn of 2008 until mid-2009. The new common SAP-based ERP solution from 2007 was expanded even further in 2008, now being an effective tool for many of Energinet.dk's processes. The solution provides a solid management basis in the areas of finances, operation and maintenance, procurement and human resources.

Energinet.dk's new business strategy resulted in major work being implemented to prepare a new IT strategy aimed at supporting the business strategy. One of the most significant challenges of the IT strategy lies in preparing Energinet.dk's systems for supporting the target of 50 per cent renewable energy in the power system as a variety of new technologies and concepts for controlling more decentralised production facilities must be put in place.

Corporate Social Responsibility

Energinet.dk is conscious of its social responsibility, and Corporate Social Responsibility (CSR) is part of its corporate culture. To ensure continued focus on social responsibility and to develop its social responsibility work, Energinet.dk adopted a CSR policy in January 2009.

The CSR policy focuses on three areas which are particularly important for Energinet.dk to work with. The first focus area is the employees, and Energinet.dk works to ensure employee satisfaction and development. The other focus area is climate and the environment, and Energinet.dk endeavours to minimise its climate and environmental impact. The third focus area is activities in the supplier chain. These activities imply that Energinet.dk will make demands as to the conditions under which the products acquired by the Enterprise are produced.

In 2009, Energinet.dk will also join UN Global Compact.

Corporate governance

Energinet.dk's attitude to good corporate governance
Energinet.dk is an independent, public enterprise under the Danish Ministry of Climate and Energy. The owner has ultimate authority over the Enterprise within the framework laid down in legislation and exercises its ownership rights in pursuance of the guidelines provided in the Danish Act on Energinet.dk and the Danish Executive Order on the Financial Regulation of Energinet.dk.

Corporate governance is an issue which Energinet.dk's Supervisory Board has discussed and will continue to discuss, using the Enterprise's activities, external framework, history, etc., as point of departure. Good corporate governance is a dynamic process in the course of which Management continuously assesses whether changes are required.

Energinet.dk has chosen to follow the recommendations of The Copenhagen Stock Exchange Committee on Corporate Governance even though Energinet.dk as an independent public enterprise is not obliged to do so. Because of Energinet.dk's ownership structure, some of the areas addressed by the recommendations hold no meaning for the Enterprise. Energinet.dk has therefore chosen to focus on the recommendations that are considered to be value creating in the context of the Enterprise.

Role of the owner and cooperation with Management
Energinet.dk always endeavours to ensure an open and relevant dialogue with its owner on Energinet.dk-related matters and specific issues.

The Climate and Energy Minister meets on a quarterly basis with the Supervisory Board chairman as well as any other Supervisory Board members and Executive Board members if required. At the quarterly meetings the Minister is briefed about Energinet.dk and the status and development of its wholly-owned subsidiaries. The investment and financing plan and other important issues are also discussed.

Energinet.dk attaches paramount importance to briefing its owner continuously of the current operations of the Enterprise and the challenges it will be facing in the future.

Openness and transparency

Energinet.dk has set up procedures ensuring that it provides the information which is essential to the owner.

Energinet.dk's communication policy is based on openness and dialogue as the stakeholders – be they customers, cooperation partners, citizens, authorities or the press – have a legitimate expectation that Energinet.dk, a public enterprise with an important social role, communicates openly and transparently about its activities.

Tasks and responsibility of the Supervisory Board

The Supervisory Board employs and dismisses the Executive Board and determines the terms of employment of the Executive Board.

The Supervisory Board is responsible for ensuring that Energinet.dk's activities are organised in a proper manner, that Energinet.dk's financial resources are sufficient at all times in light of Energinet.dk's activities and that accounting, asset management and compliance with legislation are monitored in a manner satisfactory to Energinet.dk.

Furthermore, the Supervisory Board's work is subject to continuous internal review in order to ensure the best possible management of Energinet.dk.

Supervisory Board composition

The Climate and Energy Minister appoints eight of the 11 Supervisory Board members, including two members on the recommendation of the electricity sector. One member with knowledge of the gas sector has also been appointed.

The Supervisory Board must, between them, possess general business and managerial competencies as well as insight into the fields of electricity, gas and heat supply besides consumer and social conditions. Supervisory Board members must be independent of the commercial interests of businesses producing and trading in electricity and gas.

Remuneration for Supervisory and Executive Board members

The remuneration for Supervisory Board members is determined by the Climate and Energy Minister, giving due consideration to the nature of the position and the extent of the work.

The remuneration for the Executive Board is benchmarked against the remuneration paid to persons in similar positions.

Risk management

Energinet.dk always strives to have an overview of the strategic, operational, insurable and financial risk factors and to manage them with a view to reaching its objectives. Energinet.dk aims at reducing the potential force of the risk factors and counteracting their possible consequences.

The risk policy serves as the basis for Energinet.dk's insurance, credit and financing policies as well as a revision of internal controlling and business processes with a view to hedging and reducing risks.

The Executive Board informs the Supervisory Board of the status of and development in the individual risk factors and any action plans.

Auditing

Energinet.dk's annual report is audited by Rigsrevisionen in pursuance of the provisions of the Danish Financial Statements Act and the rules provided in the Act on the Auditing of Governmental Accounts, etc.

As auditor for Energinet.dk, the Auditor General reports to the Supervisory Board, which presents the financial statements. The Auditor General may report on the audit to the members of the Danish Public Accounts Committee at their request and of his own volition. A draft for a possible report to the members of the Danish Public Accounts Committee is presented to the Supervisory Board and the Climate and Energy Minister for comments.

Internal auditors

The internal audit is handled by a state-authorised accountant who also audits the financial statements of Energinet.dk's subsidiaries. The Auditor General supervises the internal audit. It has been agreed that the details of the tasks to be performed in connection with the internal audit and the relationship with the Auditor General are determined in pursuance of Section 9 of the Danish Auditor General Consolidation Act.

Public and internal supervision

The Danish Access to Public Administration Files Act, the Danish Public Administration Act and the Danish Ombudsman Act apply to the activities carried out by Energinet.dk and its wholly-owned subsidiaries.

Energinet.dk prepares relevant internal monitoring programmes with a view to avoiding discriminatory behaviour in connection with the transmission and TSO activities relating to the electricity and gas supply.

Energinet.dk immediately informs the Danish Commerce and Companies Agency of all material aspects concerning Energinet.dk that may impact the Enterprise's future, employees and creditors.


Lång last
SÆRTRANSPORT

Financial review

Net profit for the year

The net profit for the year is DKK 112 million after tax compared to a profit of DKK 611 million after tax in 2007.

The development in the net profit for the year is primarily due to the excess revenue in previous years and higher expenses for ancillary services and regulating power. On the other hand, congestion rents earned rose compared to 2007.

The accounting policies have been changed where the treatment of congestion rents transferred to reserves is concerned. The changed accounting policies mean that in future congestion rents transferred to reserves will be recognised under the item Excess revenue/deficit in equity rather than as debt under the item Deferred income. The changed accounting policies affect net profit for the year positively with DKK 339 million. Congestion rents transferred to reserves will be transferred back to the consumers in the form of reduced tariffs. The calculation of tariffs remains unaffected by the change in accounting policies.

The net profit for the year before tax is DKK 112 million, which is DKK 174 million lower than announced in the 2008 interim report. The lower net profit is primarily attributable to an increase in expenses relating to the purchase of regulating power, reserve capacity and ancillary services. On the other hand, significantly higher congestion rents than anticipated were realised.

Gross revenue

Energinet.dk's gross revenue was DKK 8,333 million in 2008, which is a fall of DKK 1,049 million or 11 per cent over 2007.

The fall is largely the result of a fall in tariff revenue. Congestion rents and revenue from the balance market have increased. The lower tariff revenue is primarily attributable to falling tariffs in the PSO segment in 2008 over 2007.

As far as congestion rents from interconnections are concerned, the distribution of the profit for 2008 included the transfer of DKK 339 million to Excess revenue/deficit to be used in connection with the future expansion of the electricity infrastructure in order to reduce congestion in the electricity grid.

At the same time, revenue from the sale of electricity on the balance market rose by DKK 246 million compared to 2007. This increase is primarily due to relatively high balancing power prices for upward regulation in 2008.

Gross revenue (amounts in DKK million)	2008	2007	2006	2005
Tariff revenue	4,860	7,291	4,146	6,637
Sale of electricity	1,580	1,315	2,043	1,952
Revenue from interconnections	1,156	897	296	694
Balance market	519	273	272	585
Excess revenue/deficit from PSO	(27)	(410)	963	(51)
Other income (incl. eliminations)	245	16	77	118
Total gross revenue	**8,333**	**9,382**	**7,797**	**9,935**

Revenue

Revenue constitutes the total revenue generated by Energinet.dk excluding PSO activities. In 2008, revenue amounted to DKK 4,966 million compared to DKK 4,158 million in 2007. The increase is attributable to higher revenue from congestion rents and the balance market.

Costs of environmentally-friendly electricity generation

The costs of environmentally-friendly electricity generation (see p 28) fell from DKK 5,224 million in 2007 to DKK 3,367 million in 2008.

The DKK 1,857 million fall is made up of DKK 1,056 million in subsidies to local CHP plants and DKK 853 million in subsidies to wind turbines. Subsidies to research and development as well as other expenses rose by DKK 52 million.

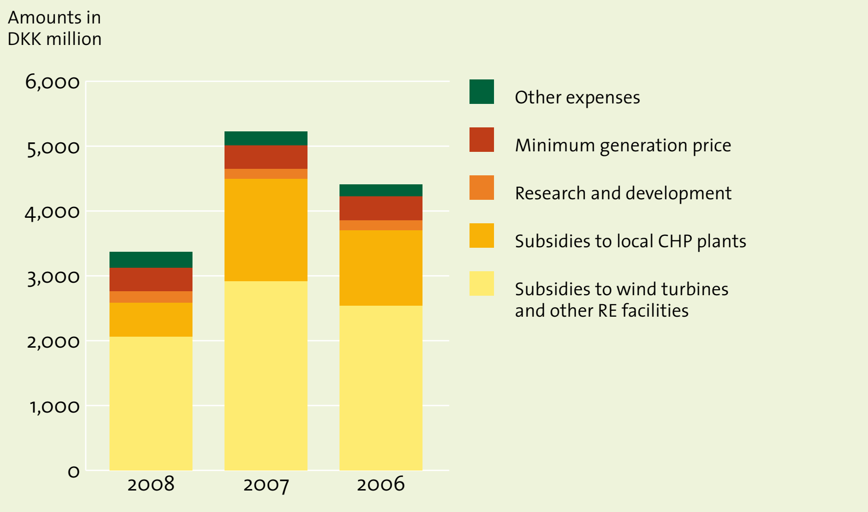
One of the reasons for the fall is that much of the generation began taking place on market terms in 2008. In addition, due to rising spot market prices the subsidies paid out by Energinet.dk to electricity producers in 2008 were significantly lower than in 2007. This was due to the fact that a guaranteed minimum price is paid to the electricity producers for the electricity generated, with Energinet.dk subsequently paying the remaining expenses corresponding to the difference between the spot price and the guaranteed minimum price. Rising spot prices therefore result in lower subsidies.

Other external expenses

Other external expenses (see p 28) totalled DKK 3,498 million in 2008, which is an increase of DKK 914 million or 35 per cent on 2007.

The increase is primarily attributable to rising expenses relating to the purchase of

Costs of environmentally-friendly electricity generation



electricity, gas, reserve capacity and ancillary services. These expenses increased chiefly because of the high electricity market price. Furthermore, the availability payment relating to the 132/150 kV grid dropped by DKK 63 million. This corresponds to a drop of 10 per cent, which is largely due to the acquisition of Regionale Net.dk A/S.

Other external expenses rose by DKK 9 million, which corresponds to a 2 per cent increase. The increase is primarily attributable to the acquisition of Regionale Net.dk A/S and Lille Torup natural gas storage facility in 2007. In addition, 2008 was characterised by a high level of activity throughout the year.

Staff costs

Energinet.dk's staff costs climbed by DKK 35 million. In 2008, DKK 321 million was realised compared to DKK 286 million in 2007. The rise is largely the result of an increased level of activity involving project work owing to the expansion of the electricity infrastructure, a rise in the number of employees and the general development in wages and salaries. The increase in the number of employees is due to two factors: the development of the business segment relating to Regionale Net.dk A/S and other activity expansions within the Group. In 2008, focus was also on adapting the number of employees to the Group's activities.

Annual depreciation

Annual depreciation rose from DKK 593 million in 2007 to DKK 762 million in 2008. The DKK 169 million increase covers increased depreciation as a result of the expansion of the activities in connection with Regionale Net.dk A/S of DKK 91 million and the whole-year effect of Lille Torup natural gas storage facility of DKK 36 million. The remainder of the increase is attributable to the high investment level. In addition, the accounting estimates have been changed. For accounting purposes, the useful life of the Kontek Link from Zealand to Germany has been reduced from 2012 to 2010, which increased depreciation in 2008 by DKK 29 million.

Net financials

Net financials including fair value adjustments totalled DKK 388 million in 2008 compared to DKK 246 million in 2007. The DKK 142 million increase is linked to the interest-bearing debt having risen from DKK 8,225 million in 2007 to DKK 9,854 million in 2008. The increase in interest-bearing debt is primarily attributable to the fact that in 2008 the expansion of activities relating to Regionale Net.dk A/S was financed in the amount of DKK 2,069 million.

In 2008, on the other hand, tariff deficits from previous years were reduced significantly. In 2008, operating activities affected the interest-bearing debt positively by DKK 1,050 million. Also, interest rates were generally somewhat higher in 2008 than in 2007 due to the turbulence on the financial markets.

Tax on net profit for the year

Tax on net profit for the year is DKK 0 million, which corresponds to an effective tax rate of 0 per cent. The difference between the effective tax rate and the corporation tax rate of 25 per cent is attributable to various factors. On the one hand, Energinet.dk receives revenue that is recognised in the income statement but is not included in the tax statement as it relates to the period when Energinet.dk was not subject to the Danish Corporation Tax Act. Furthermore, expenses were incurred which are capitalised in the balance sheet but deducted for taxation purposes. These factors also manifested themselves in previous years. On the other hand, Energinet.dk received tax income in 2008 relating to previous accounting periods, which further reduced the effective tax rate for the year.

The tax payable for 2008 constitutes DKK 59 million and relates solely to Energinet.dk's gas activities.

Other external expenses (amounts in DKK million)	**2008**	**2007**	**2006**	**2005**
Purchase of electricity and gas	793	434	527	813
Purchase of storage capacity and emergency supply	335	216	248	245
Purchase of reserve capacity and ancillary services	1,059	821	856	733
Availability payment relating to the 132/150 kV grid	571	634	574	558
Expenses incurred in connection with foreign grids	53	47	178	64
Subsidies for electricity generation	246	0	0	0
Other external expenses	441	432	363	393
Total other external expenses	**3,498**	**2,584**	**2,746**	**2,806**

Balance sheet

Energinet.dk's balance sheet total rose from DKK 18,873 million in 2007 to DKK 19,636 million in 2008. The DKK 763 million increase is primarily attributable to the takeover of the regional transmission grid in North Zealand in connection with the acquisition of Regionale Net.dk A/S. The reason why the increase was not quite so marked is that the major part of the financing required was provided in 2007.

Assets

The increase in assets is primarily due to an increase in property, plant and equipment from DKK 13,303 million in 2007 to DKK 15,571 million in 2008.

The DKK 2,268 million increase is chiefly the result of Regionale Net.dk A/S being recognised in the balance sheet at an amount of DKK 2,810 million as well as infrastructure and software investments in the amount of DKK 936 million and DKK 77 million, respectively.

The value of decommissioning provisions, however, was reduced by DKK 415 million. The reduction is due to a reassessment of the costs anticipated in connection with the decommissioning of the transmission grid, including changed scrap prices for special metals. In addition, the expectations for the development in inflation and the market rate have changed. In 2008, depreciation of non-current assets at the amount of DKK 1,166 million was provided.

In addition, trade receivables fell from DKK 706 million in 2007 to DKK 405 million in 2008. The fall is largely the result of changed terms of payment in connection with tariff settlement.

Equity

Equity rose by DKK 89 million from DKK 4,830 million in 2007 to DKK 4,919 million DKK in 2008.

Of the net profit for the year, return on the contributed capital of DKK 199 million was recognised in 2008. The return is recognised as a part of Energinet.dk's equity with a view to maintaining the real value of the contributed capital.

The remaining adjustment of the net profit for the year of minus DKK 87 million has been transferred to Excess revenue/deficit.

Financial instruments and equity investments in foreign currency have been adjusted by a total of minus DKK 23 million.

Debt and financial issues

The net interest-bearing debt of the Group rose from DKK 7.4 billion in 2007 to DKK 9.5 billion in 2008. The increased debt owes primarily to the acquisition of a regional transmission grid at the amount of DKK 2,100 million.

The duration of the interest-bearing debt was 2.39 years in 2008 as opposed to 3.36 years in 2007. The fall is essentially due to the time to maturity on loans raised in previous years being reduced by one year, just as the share of floating-rate debt rose from 41 per cent at the end of 2007 to 47.5 per cent at the end of 2008. At the end of 2008, the floating-rate debt consisted of existing floating-rate loans totalling DKK 2.6 billion, Commercial Papers totalling DKK 1.5 billion, and a net draw on bank credits and withdrawals from accounts totalling DKK 0.4 billion. Consequently, Energinet.dk is relatively sensitive to interest-rate changes. The average effective borrowing rate for interest-bearing debt was 5.05 per cent in 2008. By way of comparison, the average effective borrowing rate for interest-bearing debt was 4.28 per cent in 2007.

The global financial crisis affected Energinet.dk's access to liquidity in 2008. This also affected Energinet.dk's possibilities of using its Commercial Paper programme. In periods this market was virtually non-existent, and Energinet.dk experienced rising prices on the papers issued. The decline was temporary, and at year-end the access to liquidity had improved, although prices increased marginally.

Energinet.dk has continuously assessed the extent of its back-up facilities. Energinet.dk believes that access to relending via Danmarks Nationalbank, in combination with bank credit facilities, provides adequate funds to handle the current level of activity.

Throughout 2008, the acknowledged rating agency Standard & Poor's increased its focus on enterprises' cash resources during the global financial crisis. Despite the crisis, Energinet.dk was able to maintain the previously awarded rating of AA+.

On 16 June 2008, Energinet.dk repaid a USD 150 million loan raised with the European Investment Bank.

According to the loan conditions, the European Investment Bank is entitled to demand repayment of the loan if Energinet.dk's rating falls below A+ at any time. Energinet.dk has no other loans subject to early repayment due to changes in its rating.

Cash flow statement

The change in cash and cash equivalents for the year constitutes a fall of DKK 662 million.

Cash flows from investing activities constituted DKK 2,591 million. This development is largely the result of investments in subsidiaries of DKK 2,018 million. The investments in property, plant and equipment for the year of DKK 1,030 million mainly relate to the construction of the Great Belt Power Link and the grid connection of a new offshore wind farm at Horns Reef.

Cash flows from financing activities amounted to DKK 939 million, and borrowing was implemented primarily to finance the acquisition of Regionale Net.dk A/S.

Outlook for 2009

The outlook for 2009 builds on a financial assessment of each individual business segment. It naturally follows that information about the future is highly uncertain.

The Energinet.dk Group expects an after-tax profit of approx. DKK 750 million for 2009. The 2009 budget includes an amount of DKK 500 million, which is expected to be transferred to Excess revenue/deficit under equity. In pursuance of the rules contained in EC regulation 1228, this amount will be paid back to the consumers via the tariffs in subsequent years.

The consolidation of the contributed capital is budgeted at DKK 226 million.

It is expected that DKK 111 million, which has been accumulated in previous years as excess revenue, will be paid back in 2009.

Other adjustments of excess revenue/deficit amount to DKK 138 million and relate to the expected adjustment of deferred tax liabilities.

A minor loss of DKK 4 million is expected in the gas storage segment.

The following central budget assumptions have been made:

An average electricity market price in Western Denmark of 48.2 øre/kWh and 48.4 øre/kWh in Eastern Denmark is budgeted. The assumption about pricing is based on forward prices.

Where Eastern Denmark is concerned, congestion rents and auction income from interconnections are recognised fully in the income statement. In Western Denmark, DKK 500 million will be transferred to reserves to cover future investments. The transfer is implemented as a part of the distribution of profit.

In 2009, Regionale Net.dk A/S will be fully recognised in the income statement. The payment of tariffs relating to the regional transmission grid is in line with the general rule that tariffs must not rise as a consequence of Energinet.dk's acquisition of regional transmission grids.

In 2008, an annual amount of DKK 25 million was set aside for a new support scheme aimed at small RE technologies. This amount will be included in the PSO financial statements.

In addition, Energinet.dk's current strategic initiatives have been taken into account.

Energinet.dk's interest expenses are expected to rise to DKK 470 million chiefly because of its many infrastructure projects. On the other hand, the deficit on PSO activities is expected to be on the decline, which means that short credits will not be used as intensively in 2009.

Events after the balance sheet date
No significant events have occurred after the balance sheet date that affect the fair presentation at 31 December 2008 of the Group's and the Parent's assets, liabilities and financial position and the results of the Group's and the Parent's activities.

Business segments

In pursuance of the Danish Act on Energinet.dk and the Danish Executive Order on the Financial Regulation of Energinet.dk issued by the Danish Ministry of Climate and Energy, Energinet.dk is obliged to prepare financial statements for electricity-related and natural gas-related activities. In addition, financial statements must be prepared for separate tariff areas in pursuance of the Danish Electricity Supply Act. Where the electricity-related activities are concerned, segmental financial statements must be prepared for the PSO, system and grid segments. Where natural gas activities are concerned, financial statements must be prepared for the transmission and storage segments.

Segmental financial statements are prepared in accordance with an adapted 'full cost' allocation method with 'activity-based costing' methods being applied as the allocation principle for revenues and expenses.

Principles and methods for revenue and expense allocation must be based on the individual business segment's drain on overall capacity. The preparation of segmental financial statements for the various business segments must take place partly on the basis of revenue and expense records and partly on cost-allocation bases based on statistical data.

Where the allocation of assets and liabilities for accounting purposes is concerned, this is to the extent possible based on specific records. Where this is not possible, allocation is performed using cost allocation based on historical data.

In pursuance of Section 12(2) of the Danish Act on Energinet.dk, Energinet.dk must have segmental financial statements audited in the same manner as if the activities concerned were performed by separate enterprises.

The development of the business segments in 2008 is commented upon below. The complete segmental financial statements can be seen in the financial statements immediately after the notes on p 61.

Where electricity-related activities are concerned, Energinet.dk recorded total excess revenue for the year in the PSO segment of DKK 27 million and total excess revenue in the grid and system segments of DKK 296 million. The deficit related to gas transmission is DKK 163 million.

In pursuance of Section 13 of the Danish Act on Energinet.dk, DKK 199 million of the 2008 profit of DKK 112 million will be used to consolidate the contributed capital.

Key figures for grid segment (amounts in DKK million)	2008	2007	2006	2005
Income statement				
Revenue	2,537	1,611	1,294	1,810
Results before depreciation, amortisation and impairment losses	1,242	443	1	681
Operating profit/(loss)	827	155	(243)	403
Results of net financials	(118)	(43)	(42)	(47)
Results for the period	561	111	(172)	305
Balance sheet				
Non-current assets	8,917	6,083	5,701	6,019
Current assets	723	1,127	444	501
Balance sheet total	9,640	7,210	6,145	6,520
Interest-bearing debt	3,468	1,455	974	1,332
Equity	4,575	4,031	3,328	3,494

Grid losses	2008	2007	2006
Grid losses in AC grid, GWh	649	519	489
Grid losses in interconnections, GWh	314	274	301
Total consumption, GWh	963	793	790
Average price, DKK million/GWh	0.42	0.30	0.37
Total expenses, DKK million	**407**	**237**	**295**

Grid segment

The grid segment includes expenses for the operation, maintenance and administration of the electricity grid at the 132/150 and 400 kV levels. The expenses are divided between availability payments for the grid systems not owned by Energinet.dk and the operation and maintenance of Energinet.dk's own facilities.

Revenue rose from DKK 1,611 million in 2007 to DKK 5,224 million in 2008. The DKK 926 million increase is largely the result of rising grid tariffs in 2008. The grid tariff rose from 1.4 øre/kWh in 2007 to 3.3 øre/kWh in 2008 for Western Denmark and from 2.2 øre/kWh in 2007 to 4.1 øre/kWh in 2008 for Eastern Denmark. The rising tariffs increased revenue by DKK 657 million.

Revenue from interconnections also rose, affecting gross revenue positively by DKK 259 million.

Expenses related to the purchase of grid losses increased from DKK 237 million in 2007 to DKK 407 million in 2008 due to the rising electricity market price. Energinet.dk pays the expenses related to grid losses in the 132 kV, 150 kV and 400 kV grids and the interconnections. Grid losses are considered ordinary consumption and pay for the grid tariff for consumption as well as the PSO tariff. Grid losses in interconnections only pay for the grid tariff.

In 2008, expenses relating to grid losses rose largely as a result of a meter error ascertained in connection with the overhaul of Asnæs Power Station. As such, in 2008, Energinet.dk paid DKK 23 million for grid losses that should have been realised in previous years.

Expenses incurred in connection with availability payments fell by DKK 34 million in 2007 to DKK 571 million in 2008. Energinet.dk pays grid companies to place the 132/150 kV grid at its disposal. The payment is fixed by the Danish Energy Regulatory Authority based on individual revenue caps for the transmission companies. The fall is primarily the result of the acquisition of Regionale Net.dk A/S.

Finance costs rose from DKK 43 million in 2007 to DKK 118 million in 2008. The increased finance costs in this segment are largely attributable to the financing of the acquisition of Regionale Net.dk A/S.

System segment

Energinet.dk manages the operation of the main electricity transmission grid and is responsible for ensuring that there is always sufficient power in the power system to cover consumer requirements. The expense part of the system tariffs is paid by the users of the power system after deduction of balance market revenue.

Revenue fell from DKK 1,553 million in 2007 to DKK 1,514 million in 2008. The DKK 39 million increase is largely the result of falling tariff revenue of DKK 554 million. The falling tariff revenue is due to the grid tariff being reduced from 3.9 øre/kWh in 2007 to 2.2 øre/kWh in 2008 for Western Denmark and from 3.5 øre/kWh in 2007 to 2.1 øre/kWh in 2008 for Eastern Denmark.

However, balance market revenue rose from DKK 244 million in 2007 to DKK 507 million in 2008. The increase is largely the result of the high prices for upward regulation in the balance market.

For the first time ever, revenue for 2008 includes a scheme to support special forms of electricity generation. Energinet.dk took over responsibility for the scheme with effect from 1 January 2008. Revenue of DKK 246 million was realised in 2008. Other external expenses include a similar amount, making the scheme expense neutral for Energinet.dk.

The expenses mainly cover the purchase of regulating power, reserve capacity and ancillary services. The total expenses incurred in connection with these activities amounted to DKK 1,461 million in 2008 compared to DKK 1,017 million in 2007. The total expenses incurred in connection with these activities amounted to DKK 1,461 million in 2008 compared to DKK 1,017 million in 2007. This is an increase over 2007 of DKK 444 million, ie 44 per cent.

To maintain the physical balance in the electricity grid Energinet.dk equalises the difference between the balance-responsible parties' notifications and their actual consumption/generation. In practice, Energinet.dk does this by purchasing regulating power and transmitting it to balance-responsible parties with an imbalance. In 2008, Energinet.dk purchased regulating power for DKK 402 million compared to DKK 196 million in 2007. This is an increase of DKK 206 million, which is largely the result of high regulating power prices in 2008.

To maintain the technical quality and system security Energinet.dk must have access to reserve capacity. In 2008, total expenses relating to reserve capacity amounted to DKK 1,059 million compared to DKK 821 million in 2007. The DKK 238 million increase is due to the fact that the price for reserves was higher in 2008, primarily because of high fuel prices.

Operating expenses in the system segment include a distribution of the total operating expenses for the Group in connection with TSO and PSO activities. Overall operating and administrative expenses amounted to DKK 87 million.

Key figures for system segment (amounts in DKK million)	2008	2007	2006	2005
Income statement				
Revenue	1,514	1,553	1,166	1,653
Results before depreciation, amortisation and impairment losses	(385)	361	(92)	154
Operating profit/(loss)	(409)	341	(110)	125
Results of net financials	(33)	(25)	(8)	(11)
Results for the period	(333)	234	(88)	80
Balance sheet				
Non-current assets	374	586	202	205
Current assets	309	760	203	407
Balance sheet total	683	1,346	405	612
Interest-bearing debt	427	755	232	335
Equity	(209)	123	(111)	(25)

PSO segment

The PSO segment (see p 35) covers Energinet.dk's PSO costs. Energinet.dk manages this task within the framework provided by the Danish Electricity Supply Act. Activities consist chiefly of financial support to existing environmentally-friendly electricity generation and research in new technologies for environmentally-friendly electricity generation.

Revenue fell from DKK 5,224 million in 2007 to DKK 3,367 million in 2008. The DKK 1,857 million fall is largely due to falling tariffs in 2008 compared to 2007. The falling tariffs reduced gross revenue for 2008 by DKK 2,505 million over 2007.

Electricity sales, however, increased by DKK 265 million due to the high electricity market price. In addition, a deficit of DKK 410 million was realised in 2007 as opposed to DKK 27 million in 2007. This affects gross revenue by DKK 383 million. The costs of environmentally-friendly electricity generation fell from DKK 5,224 million in 2007 to DKK 3,367 million in 2008. The fall is largely the result of high market prices and the fact that many local CHP plants and wind turbines began operating on market terms in 2008.

Key figures for PSO segment (amounts in DKK million)	2008	2007	2006	2005
Income statement				
Gross revenue	3,367	5,224	4,406	5,549
Balance sheet				
Non-current assets	1,089	1,482	1,819	1,628
Current assets	1,041	1,033	1,384	660
Balance sheet total	2,130	2,515	3,203	2,288
Interest-bearing debt	1,304	1,280	2,226	1,506
Equity	0	0	0	0

Key figures for gas transmission segment (amounts in DKK million)	2008	2007	2006	2005
Income statement				
Revenue	747	826	931	923
Results before depreciation, amortisation and impairment losses	227	425	538	515
Operating profit (EBIT)	14	214	229	196
Results of net financials	(142)	(116)	(99)	(73)
Results for the period	(97)	182	90	170
Balance sheet				
Non-current assets	4,344	4,407	4,105	4.251
Current assets	383	769	228	283
Balance sheet total	4,727	5,176	4,333	4,534
Interest-bearing debt	2,829	2,823	2,644	3,015
Equity	525	628	410	317

Key figures for gas storage segment (amounts in DKK million)	2008	2007 (8 mdr.)
Income statement		
Revenue	236	204
Results before depreciation, amortisation and impairment losses	178	166
Operating profit (EBIT)	68	92
Results of net financials	(95)	(62)
Results for the period	(19)	84
Balance sheet		
Non-current assets	2,440	2,561
Current assets	16	65
Balance sheet total	2,456	2,626
Interest-bearing debt	1,826	1,912
Equity	28	48

Gas transmission segment

The gas transmission segment helps to ensure a well-functioning and competitive natural gas market. The segment also manages all operation and maintenance tasks in the main Danish natural gas grid. The gas transmission segment transports all natural gas consumed in Denmark and the gas transported between Denmark, Germany and Sweden.

Revenue dropped from DKK 826 million in 2007 to DKK 747 million in 2008, ie a drop of 10 per cent. This is due to lower tariff revenue. On 1 October 2007, tariffs were reduced as a result of excess revenue in previous years. Expenses were incurred for reserve and storage capacity totalling DKK 335 million in 2008 compared to DKK 252 million in 2007.

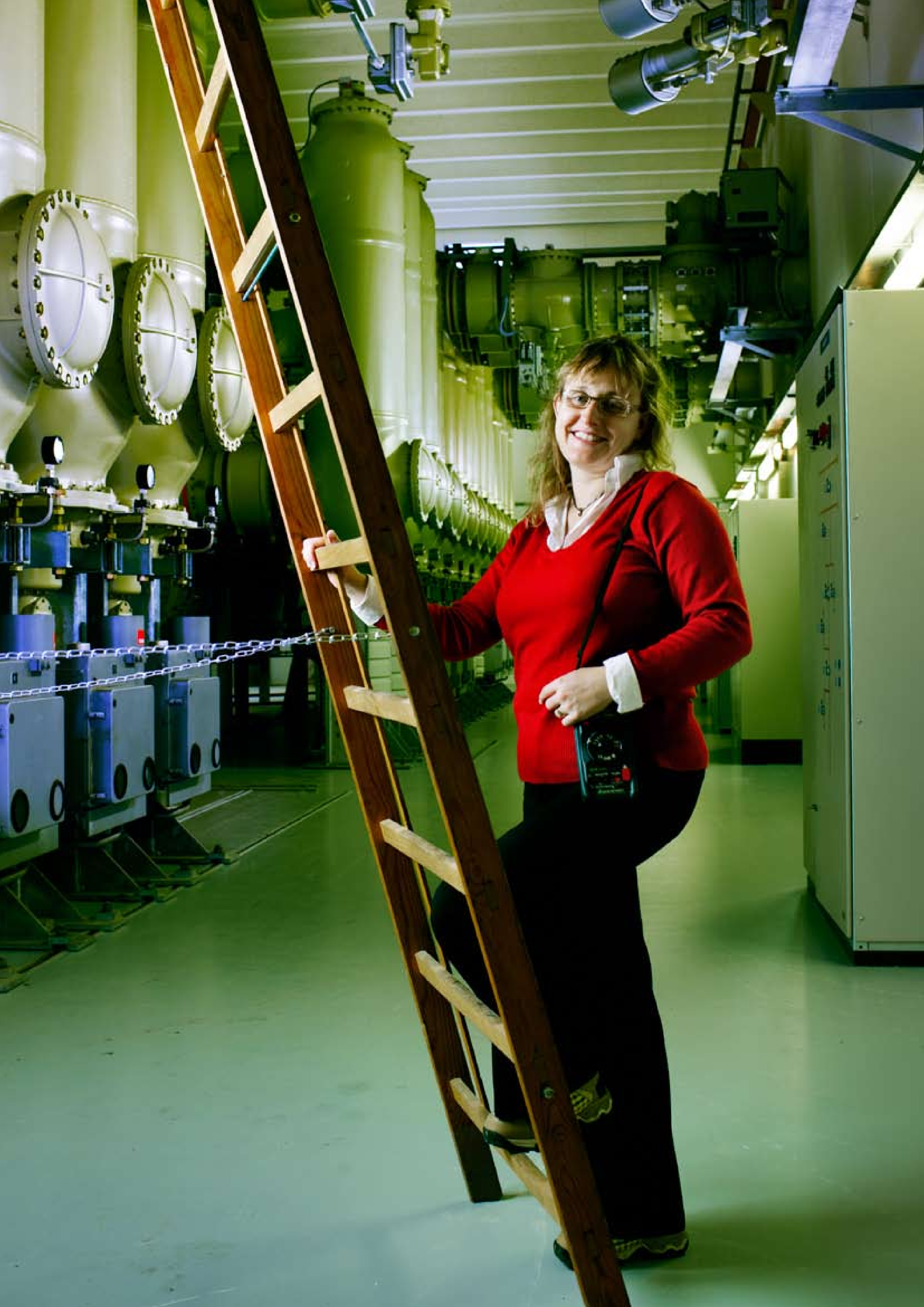
Gas storage segment

Energinet.dk's natural gas storage facility, which is situated in Lille Torup, is vital to the Danish security of natural gas supply. Energinet.dk is responsible for the operation and maintenance of the storage facility but also undertakes an important task in regulating the market conditions for natural gas. In this connection, the gas storage facility is responsible for developing new storage products on a rolling basis in cooperation with the customers and the market. Inspiration for this work is found in other countries and other sectors. New potential measures will be discussed regularly with the gas market players.

In practice this means that the gas storage segment works to ensure a well-functioning, free gas market in Denmark where competitively-priced storage products are developed in cooperation with customers.

Operations-wise, 2008 must be considered a normal year.

Revenue, which amounted to DKK 236 million, includes tariff revenue at the amount of DKK 226 million and other revenue at the amount of DKK 10 million.



Income statement

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
9,249	**8,155**	1	**Gross revenue**	**8,333**	**9,382**
(5,224)	(3,367)	2	Costs of environmentally-friendly electricity generation, etc.	(3,367)	(5,224)
4,025	**4,788**		**Revenue**	**4,966**	**4,158**
103	110		Own work capitalised	111	103
8	10		Other operating income	4	4
4,136	**4,908**		**Total revenue**	**5,081**	**4,265**
(2,653)	(3,612)	3	Other external expenses	(3,498)	(2,584)
(229)	(258)	4	Staff costs	(321)	(286)
(2,882)	**(3,870)**		**Total costs**	**(3,819)**	**(2,870)**
1,254	**1,038**		**Results before depreciation, amortisation and impairment losses**	**1,262**	**1,395**
(513)	(589)	5	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	(762)	(593)
741	**449**		**Operating profit for the year**	**500**	**802**
17	(17)		Pre-tax profit/(loss) in subsidiaries	0	0
1	(4)		Pre-tax profit/(loss) in associates	(4)	1
90	46	6	Financial income	47	92
(293)	(362)	7	Financial expenses	(431)	(339)
(185)	**(337)**		**Total net financials**	**(388)**	**(246)**
556	**112**		**Pre-tax profit for the year**	**112**	**556**
55	0	8	Tax on net profit for the year	0	55
611	**112**		**Net profit for the year**	**112**	**611**
			The following distribution of the net profit for the year is proposed:		
144	199		Transferred as consolidation of the contributed capital	199	144
54	(14)		Reserve for net revaluation according to the equity method	0	0
413	(73)		Transferred as excess revenue/deficit	(87)	467
611	**112**		**Total**	**112**	**611**

Balance sheet – Assets

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
			Intangible assets		
0	0		Goodwill	468	238
1,325	846		Rights	857	1,336
133	155		Software	159	133
61	75		Software in progress and prepayments on intangible assets	75	61
1,519	**1,076**	9	**Total intangible assets**	**1,559**	**1,768**
			Property, plant and equipment		
352	377		Land and buildings	378	354
9,792	9,106		Production plant	13,370	11,833
105	188		Cushion gas	462	379
171	86		Other plant, tools and operating equipment	94	183
554	1,254		Assets in the course of construction and prepayments on property, plant and equipment	1,267	554
10,974	**11,011**	10	**Total property, plant and equipment**	**15,571**	**13,303**
			Investments		
606	2,656		Equity investments in subsidiaries	0	0
47	33		Equity investments in associates	33	47
1	1		Other equity investments	1	1
654	**2,690**	11	**Total investments**	**34**	**48**
13,147	14,777		Total non-current assets	17,164	15,119
116	**127**		**Inventories**	**127**	**129**
			Receivables		
680	396		Trade receivables	405	706
3	0		Receivables from subsidiaries	0	0
233	183	12	Receivables from associates	183	233
0	23	20	Corporation tax	23	0
1,445	1,677	13	Other receivables	1,681	1,445
27	17	14	Prepayments	17	27
36	0	15	Assets intended for sale	0	36
2,424	**2,296**		**Total receivables**	**2,309**	**2,447**
480	**0**		**Securities**	**0**	**480**
660	**29**		**Cash and cash equivalents**	**36**	**698**
3,680	2,452		Total current assets	2,472	3,754
16,827	17,229		Total assets	19,636	18,873

Balance sheet – Equity and liabilities

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
			Equity		
3,325	3,157		Contributed capital	3,157	3,325
435	615		Consolidation of contributed capital	615	435
59	28		Reserve for net revaluation according to the equity method	0	0
1,011	1,119		Excess revenue/deficit	1,147	1,070
4,830	**4,919**		**Total equity**	**4,919**	**4,830**
			Provisions		
1,520	1,536	16	Deferred tax liabilities	2,597	2,088
845	466	17	Provisions	563	893
2,365	**2,002**		**Total provisions**	**3,160**	**2,981**
			Long-term liabilities other than provisions		
495	496	18	Mortgage debt	496	501
3,843	5,518	18	Payables to credit institutions	6,830	5,231
218	111	19	Deferred income	111	220
4,556	**6,125**		**Total long-term liabilities other than provisions**	**7,437**	**5,952**
			Short-term liabilities other than provisions		
633	735	18/19	Current maturities of long-term liabilities other than provisions	817	721
1,882	1,819		Payables to credit institutions	1,819	1,882
715	186		Trade payables	192	715
90	216		Payables to subsidiaries	0	0
0	10		Payables to associates	10	0
28	0	20	Corporation tax	0	28
1,728	1,217	21	Other payables	1,282	1,764
5,076	**4,183**		**Total short-term liabilities other than provisions**	**4,120**	**5,110**
9,632	**10,308**		**Total liabilities other than provisions**	**11,557**	**11,062**
16,827	**17,229**		**Total equity and liabilities**	**19,636**	**18,873**
		22	Provision of security and charges		
		23	Group derivative financial instruments		
		24	Acquisitions		
		25	Contingent liabilities and other financial liabilities		
		26	Related parties		

Statement of changes in equity – 1 January-31 December

Amounts in DKK million

Parent	Contributed capital	Consolidation of contributed capital	Net revaluation under the equity method	Other reserves	Excess revenue/ deficit	Total
Equity at 1 January 2007	**3,325**	**175**	**0**	**299**	**(172)**	**3,627**
Change of accounting policies at 1 January					592	592
Adjustment of the distribution of net profit in previous years		116	5	(299)	178	0
Net profit for the year		144	54		413	611
Value adjustment of hedging instruments, beginning of year					4	4
Value adjustment of hedging instruments, end of year					(4)	(4)
Equity at 31 December 2007	**3,325**	**435**	**59**	**0**	**1,011**	**4,830**
Adjustment of the distribution of net profit in previous years	(168)	(19)			187	0
Net profit/(loss) for the year		199	(14)		(73)	112
Value adjustment of hedging instruments, beginning of year			1		3	4
Value adjustment of hedging instruments, end of year			(14)		(9)	(23)
Foreign currency translation adjustment of equity investments, beginning of year			0			0
Foreign currency translation adjustment of equity investments, end of year			(4)			(4)
Equity at 31 December 2008	**3,157**	**615**	**28**	**0**	**1,119**	**4,919**

Group	Contributed capital	Consolidation of contributed capital	Net revaluation under the equity method	Other reserves	Excess revenue/ deficit	Total
Equity at 1 January 2007	**3,325**	**175**	**0**	**299**	**(172)**	**3,627**
Change of accounting policies at 1 January					592	592
Adjustment of the distribution of net profit in previous years		116		(299)	183	0
Net profit for the year		144			467	611
Value adjustment of hedging instruments, beginning of year					4	4
Value adjustment of hedging instruments, end of year					(4)	(4)
Equity at 31 December 2007	**3,325**	**435**	**0**	**0**	**1,070**	**4,830**

(ctd.)

Statement of changes in equity – 1 January-31 December (ctd.)

Amounts in DKK million

Group (ctd.)	Contributed capital	Consolidation of contributed capital	Net revaluation under the equity method	Other reserves	Excess revenue/ deficit	Total
Adjustment of the distribution of net profit in previous years	(168)	(19)			187	0
Net profit/(loss) for the year		199			(87)	112
Value adjustment of hedging instruments, beginning of year					4	4
Value adjustment of hedging instruments, end of year					(23)	(23)
Foreign currency translation adjustment of equity investments, beginning of year					0	0
Foreign currency translation adjustment of equity investments, end of year					(4)	(4)
Equity at 31 December 2008	**3,157**	**615**	**0**	**0**	**1,147**	**4,919**

Balance for excess revenue/deficit can be specified as follows:	Balance at 1 January 2008	Adjustment at 1 January	Movements of the period	Balance at 31 December 2008
Excess revenue/deficit to be included in tariffs	1,015	60	(66)	1,009
Results from commercial activities	48	0	(19)	29
Adjustment of deferred tax	11	127	(7)	131
Results of Regionale Net.dk A/S	0	0	5	5
Fair value adjustment of financial instruments	(4)	0	(19)	(23)
Foreign currency translation adjustment of equity investments	0	0	(4)	(4)
Total excess revenue/deficit	**1,070**	**187**	**(110)**	**1,147**

The contents of the item Excess revenue/deficit to be included in tariffs are regulated by Sections 2-6 of the Danish Executive Order on the Financial Regulation of Energinet.dk. The item shows the difference between revenue and expenses in connection with the operation of the electricity and gas segments in previous years, respectively, and reflects either a payable (excess revenue) to be paid back to the customers or a receivable (deficit) to be charged from the customers.

At year-end 2008, the item includes excess revenue of DKK 1,009 million. Of this, DKK 956 million represents congestion rents (incl. internal return for electricity consumers in 2007 and 2008 of DKK 25 and DKK 39 million, respectively), which in pursuance of EC Regulation no. 1228 have been transferred to reserves to finance the Great Belt Power Link. The rents will be included in the tariffs as the investment in the Great Belt Power Link is depreciated. The remaining DKK 53 million will be included in the tariffs for the period 2010-2012.

Cash flow statement

Amounts in DKK million	Note	Group 2008	Group 2007
Operating profit for the year		**500**	**802**
Reversal of items not affecting cash flows		17	(215)
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		1,166	1,009
Payments relating to provisions		(18)	(7)
Change in inventories		2	(67)
Change in receivables		253	(710)
Change in liabilities		(512)	156
Change in accumulated deficit (PSO segment)		27	410
Cash flows from operating activities before net financials		**1,435**	**1,378**
Interest receivable		76	57
Interest payable		(462)	(254)
Cash flows from ordinary activities		**1,049**	**1,181**
Paid corporation tax		(59)	0
Cash flows from operating activities		**990**	**1,181**
Investment i subsidiaries	24	(2,018)	(1,510)
Investment in associates		(1)	(5)
Investment in intangible assets		(77)	(122)
Investment in property, plant and equipment		(1,030)	(836)
Purchase and sale of securities		480	(480)
Sale of property, plant and equipment		50	2
Dividend received from associates		5	5
Cash flows from investing activities		**(2,591)**	**(2,946)**
Proceeds from long-term borrowings		2,650	2,018
Repayment of long-term loans		(1,084)	(416)
Value adjustment of financial instruments		(564)	50
Short-term borrowings/repayment, net		(63)	749
Cash flows from financing activities		**939**	**2,401**
Change in cash and cash equivalents		(662)	636
Cash and cash equivalents at 1 January		698	62
Cash and cash equivalents at 31 December		**36**	**698**

The cash flow statement cannot be derived directly from the balance sheet and the income statement.

Notes

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		1	**Gross revenue**		
5,224	3,367		PSO segment (electricity)	3,367	5,224
1,553	1,510		System segment (electricity)	1,510	1,553
1,611	2,533		Grid segment (electricity)	2,533	1,611
861	745		Gas transmission segment	745	826
0	0		Gas storage segment	178	168
9,249	**8,155**		**Total**	**8,333**	**9,382**
		2	**Costs of environmentally-friendly electricity generation, etc.**		
(2,914)	(2,061)		Subsidies to wind turbines and other RE facilities	(2,061)	(2,914)
(1,579)	(523)		Subsidies to local CHP plants	(523)	(1,579)
(55)	(77)		Grid connection of offshore wind turbines	(77)	(55)
(27)	(32)		Grid losses in offshore grid	(32)	(27)
(128)	(130)		R&D in environmentally-friendly electricity generation	(130)	(128)
(25)	(20)		R&D in efficient energy use	(20)	(25)
0	(25)		R&D in renewable energy	(25)	0
(364)	(364)		Depreciation relating to minimum generation capacity	(364)	(364)
(56)	(71)		Other PSO costs	(71)	(56)
(76)	(64)		Net financials	(64)	(76)
(5,224)	**(3,367)**		**Total**	**(3,367)**	**(5,224)**
		3	**Other external expenses**		
			An additional specification of other external expenses is found in the segmental financial statements at the back of the Annual Report.		
			Auditing fees are included in Other external expenses with the following amount:		
			PricewaterhouseCoopers		
(2)	(2)		Auditing of consolidated financial statements and Annual Report	(2)	(2)
0	(1)		Other audit opinions	(1)	0
(1)	(2)		Assistance in connection with tax-related tasks	(2)	(1)
(5)	(4)		Other services	(4)	(5)
(8)	**(9)**		**Total**	**(9)**	**(8)**

Rigsrevisionen does not charge a fee for its auditing activities.

Notes

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		4	**Staff costs**		
(202)	(224)		Wages and salaries	(281)	(253)
(20)	(24)		Pensions	(30)	(26)
(2)	(3)		Other social security costs	(3)	(2)
(2)	(2)		Supervisory Board remuneration	(2)	(2)
(3)	(5)		Executive Board remuneration	(5)	(3)
(229)	**(258)**		**Total**	**(321)**	**(286)**
			The Supervisory Board receives a fixed remuneration. The remuneration for 2008 was DKK 400,000 for the chairman and DKK 125,000 for the other members.		
			The Executive Board receives a fixed salary and performance-related pay, the size of which depends on individual targets being achieved. The remuneration for 2008 was DKK 5.5 million.		
389	390		Average number of employees	488	483
390	394		Year-end number of employees	492	481
		5	**Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets**		
0	0		Goodwill	(18)	(7)
(413)	(408)		Rights	(408)	(413)
389	385		of which recognised under Costs of environmentally-friendly electricity generation, etc.	385	389
(10)	(49)		Software	(51)	(10)
(1)	(3)		Land and buildings	(4)	(1)
(458)	(511)		Production plant	(660)	(525)
27	19		of which recognised under Costs of environmentally-friendly electricity generation, etc.	19	27
(47)	(22)		Other plant, tools and operating equipment	(25)	(53)
(513)	**(589)**		**Total**	**(762)**	**(593)**
		6	**Financial income**		
0	4		Interest on balances with subsidiaries	0	0
28	25		Interest on bank deposits, etc.	30	30
62	17		Foreign exchange gains and fair value adjustments, etc.	17	62
90	**46**		**Total**	**47**	**92**

Notes

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		7	**Financial expenses**		
(3)	(11)		Interest on balances with subsidiaries	0	0
(213)	(263)		Interest on loans, bank debt, etc.	(341)	(260)
(57)	(25)		Capitalisation of provisions for decommissioning	(28)	(59)
(20)	(63)		Foreign exchange losses and fair value adjustments etc.	(62)	(20)
(293)	**(362)**		**Total**	**(431)**	**(339)**

Financial expenses totalled DKK 431 million for the Group. In addition, DKK 41 million was capitalised as financial expenses under Non-current assets, and DKK 51 million was capitalised under Equity investments in subsidiaries. Furthermore, DKK 64 million was recognised under Costs of environmentally-friendly electricity generation, etc.

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		8	**Tax on net profit for the year**		
(123)	0		Calculated tax on net profit for the year	4	(141)
(40)	(9)		Adjustment in respect of previous years	(3)	(40)
52	10		Tax in subsidiaries	0	0
(2)	(1)		Tax in associates	(1)	(2)
168	0		Adjustment due to tax rate reduction	0	238
55	**0**		**Total**	**0**	**55**
			Tax rate adjustment		
25%	25%		Corporation tax rate	25%	25%
5%	(33%)		Tax effect of non-taxable income and non-deductible expenses	(27%)	5%
(32%)	0%		Adjustment due to tax rate reduction	0%	(32%)
(8%)	8%		Adjustment of tax in previous years	2%	(8%)
(10%)	**0%**		**Effective tax rate for the year**	**0%**	**(10%)**
0	**58**		**Tax paid during the year**	**59**	**0**

Notes

Note	Amounts in DKK million				
9	**Intangible assets**				
	Parent	Rights	Software	Software in progress	Total intangible assets
	Acquisition cost at 1 January	**4,281**	**143**	**61**	**4,485**
	Reclassification at 1 January	0	159	3	162
	Adjustment related to decommissioning, at 1 January	(71)	0	0	(71)
	Transfer	0	66	(66)	0
	Additions during the year	0	0	77	77
	Disposals during the year	0	0	0	0
	Acquisition cost at 31 December	**4,210**	**368**	**75**	**4,653**
	Amortisation and impairment losses at 1 January	**(2,956)**	**(10)**	**0**	**(2,966)**
	Reclassification at 1 January	0	(154)	0	(154)
	Amortisation and impairment losses for the year	(408)	(49)	0	(457)
	Amortisation reversed on disposals during the year	0	0	0	0
	Amortisation and impairment losses at 31 December	**(3,364)**	**(213)**	**0**	**(3,577)**
	Carrying amount at 31 December	**846**	**155**	**75**	**1,076**
	Carrying amount at 31 December 2007	1,325	133	61	1,519

Group	Goodwill	Rights	Software	Software in progress	Total intangible assets
Acquisition cost at 1 January	**245**	**4,301**	**143**	**61**	**4,750**
Reclassification at 1 January	0	0	165	4	169
Adjustment related to decommissioning, at 1 January	0	(71)	0	0	(71)
Transfer	0	0	67	(67)	0
Additions related to acquisitions	248	0	0	0	248
Additions during the year	0	0	0	77	77
Disposals during the year	0	0	0	0	0
Acquisition cost at 31 December	**493**	**4,230**	**375**	**75**	**5,173**
Amortisation and impairment losses at 1 January	**(7)**	**(2,965)**	**(10)**	**0**	**(2,982)**
Reclassification at 1 January	0	0	(155)	0	(155)
Amortisation and impairment losses for the year	(18)	(408)	(51)	0	(477)’
Amortisation reversed on disposals during the year	0	0	0	0	0
Amortisation and impairment losses at 31 December	**(25)**	**(3,373)**	**(216)**	**0**	**(3,614)**
Carrying amount at 31 December	**468**	**857**	**159**	**75**	**1,559**
Carrying amount at 31 December 2007	238	1,336	133	61	1,768

The addition of goodwill for the year relates to the acquisition of Regionale Net.dk A/S.

Note	Amounts in DKK million

10 **Property, plant and equipment**

Parent	Land and buildings	Production plant	Cushion gas	Other plant, tools and operating equipment	Assets in the course of construction and prepayments for property, plant and equipment	Total property, plant and equipment
Acquisition cost at 1 January	**392**	**16,232**	**105**	**370**	**554**	**17,653**
Reclassification at 1 January	0	42	0	(246)	42	(162)
Adjustment related to decommissioning, at 1 January	0	(321)	0	0	0	(321)
Transfer	28	109	0	21	(158)	0
Additions during the year	0	0	83	6	816	905
Disposals during the year	0	0	0	(8)	0	(8)
Acquisition cost at 31 December	**420**	**16,062**	**188**	**143**	**1,254**	**18,067**
Depreciation and impairment losses at 1 January	**(40)**	**(6,440)**	**0**	**(199)**	**0**	**(6,679)**
Reclassification at 1 January	0	(5)	0	159	0	154
Depreciation and impairment losses for the year	(3)	(511)	0	(22)	0	(536)
Depreciation reversed on disposals during the year	0	0	0	5	0	5
Depreciation and impairment losses at 31 December	**(43)**	**(6,956)**	**0**	**(57)**	**0**	**(7,056)**
Carrying amount at 31 December	**377**	**9,106**	**188**	**86**	**1,254**	**11,011**
Carrying amount at 31 December 2007	352	9,792	105	171	554	10,974

Public land assessments are only available for some of the land and buildings owned by Energinet.dk as some of them are exempt from assessment. The latest public land assessment amounted to DKK 255 million.

Total acquisition cost for intangible assets and property, plant and equipment in the Parent has been reduced by DKK 392 million at 1 January 2008. The reduction is due to a reassessment of the expenses expected in connection with the decommissioning of the transmission grid and changed scrap prices for metals in particular. In addition, the expectations for the development in inflation and the market rate have changed.

(ctd.)

Note	Amounts in DKK million

10 **Property, plant and equipment (ctd.)**

Group	Land and buildings	Production plant	Cushion gas	Other plant, tools and operating equipment	Assets in the course of construction and prepayments for property, plant and equipment	Total property, plant and equipment
Acquisition cost at 1 January	**394**	**18,340**	**379**	**426**	**554**	**20,093**
Reclassification, 1 January	0	149	0	(253)	42	(62)
Adjustment related to decommissioning, at 1 January	0	(344)	0	0	0	(344)
Transfer	28	121	0	20	(169)	0
Additions related to acquisitions	0	2,798	0	0	12	2,810
Additions during the year	0	0	83	11	828	922
Disposals during the year	0	(2)	0	(9)	0	(11)
Acquisition cost at 31 December	**422**	**21,062**	**462**	**195**	**1,267**	**23,408**
Depreciation and impairment losses at 1 January	**(40)**	**(6,507)**	**0**	**(243)**	**0**	**(6,790)**
Reclassification at 1 January	0	(112)	0	160	0	48
Depreciation and impairment losses for the year	(4)	(659)	0	(25)	0	(688)
Depreciation related to acquisitions	0	(414)	0	0	0	(414)
Depreciation reversed on disposals during the year	0	0	0	7	0	7
Depreciation and impairment losses at 31 December	**(44)**	**(7,692)**	**0**	**(101)**	**0**	**(7,837)**
Carrying amount at 31 December	378	13,370	462	94	1,267	15,571
Carrying amount at 31 December 2007	354	11,833	379	183	554	13,303

Public land assessments are only available for some of the land and buildings owned by Energinet.dk as some of them are exempt from assessment. The latest public land assessment amounted to DKK 268 million.

In addition, DKK 107 million has been reclassified between acquisition cost, technical facilities and depreciation of technical facilities.

Total acquisition cost for intangible assets and property, plant and equipment in the Group has been reduced by DKK 415 million at 1 January 2008. The reduction is due to a reassessment of the expenses expected in connection with the decommisioning of the transmission grid and changed scrap prices for metals in particular. In addition, the expectations for the development in inflation and the market rate have changed.

Note	Amounts in DKK million				
11	**Investments**				

Parent

	Equity investments in subsidiaries	Equity investments in associates	Other equity investments	Total investments
Acquisition cost at 1 January	**529**	**63**	**1**	**593**
Additions during the year	2,069	1	0	2,070
Acquisition cost at 31 December	**2,598**	**64**	**1**	**2,663**
Value adjustments at 1 January	**77**	**(16)**	**0**	**61**
Net profit for the year	(7)	1	0	(6)
Equity adjustments	(12)	0	0	(12)
Dividend received	0	(5)	0	(5)
Foreign currency translation adjustments relating to foreign entities	0	(4)	0	(4)
Amortisation of goodwill	0	(7)	0	(7)
Value adjustments at 31 December	**58**	**(31)**	**0**	**27**
Carrying amount at 31 December	**2,656**	**33**	**1**	**2,690**
Carrying amount at 31 December 2007	606	47	1	654

Group

	Equity investments in associates	Other equity investments	Total investments
Acquisition cost at 1 January	**63**	**1**	**64**
Additions during the year	1	0	1
Acquisition cost at 31 December	**64**	**1**	**65**
Value adjustments at 1 January	**(16)**	**0**	**(16)**
Net profit for the year	1	0	1
Dividend received	(5)	0	(5)
Foreign currency translation adjustments relating to foreign entities	(4)	0	(4)
Amortisation of goodwill	(7)	0	(7)
Value adjustments at 31 December	**(31)**	**0**	**(31)**
Carrying amount at 31 December	**33**	**1**	**34**
Carrying amount at 31 December 2007	47	1	48

(ctd.)

Notes

Note	Amounts in DKK million
11	**Investments** (ctd.)

Equity investments in subsidiaries — **Share of equity value**

Name	Domicile	Ownership	Share capital	Parent 2008	Group 2008
Eltransmission.dk A/S	Fredericia	100%	1	18	-
Gastransmission.dk A/S	Fredericia	100%	1	18	-
Fibertransmission.dk A/S	Fredericia	100%	0.5	17	-
Energinet.dk Gaslager Holding A/S	Fredericia	100%	50	555	-
Energinet.dk Gaslager A/S	Fredericia	100%	50	1,654	-
Regionale Net.dk A/S	Fredericia	100%	500	2,048	-

Equity investments in associates — **Share of equity value**

Name	Domicile	Ownership	Share capital	Parent 2008	Group 2008
Nord Pool Spot AS	Oslo, Norway	20%	NOK 141	22	22
Nord Pool Gas A/S	Fredericia	50%	DKK 10	4	4
European Market Coupling Company GmbH	Hamburg, Germany	20%	EUR 0.1	0	0
Goodwill at 31 December				7	7
Total				**33**	**33**

There are no significant intercompany profits or losses from trading with associates at 31 December 2008.

Associates are recognised and measured as independent entities.

Other equity investments — **Share of equity value**

Name	Domicile	Ownership	Share capital	Parent 2008	Group 2008
Dansk Gasteknisk Center A/S	Hørsholm	17.4%	7	1	1
Total				**1**	**1**

Notes

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		12	**Receivables from associates**		
233	178		Trade receivables	178	233
0	5		Loans	5	0
233	**183**		**Total**	**183**	**233**
			Expected maturity of receivables from associates:		
233	179		Less than 1 year	179	233
0	4		1-5 years	4	0
0	0		More than 5 years	0	0
233	**183**		**Total**	**183**	**233**
		13	**Other receivables**		
493	466		Accumulated deficit, PSO segment	466	493
339	465		Market value of financial instruments	465	339
512	498		Energy settlement	498	512
0	107		Power cable, Horns Rev 2	107	0
101	145		Other receivables	145	101
1,445	**1,681**		**Total**	**1,681**	**1,445**
			Expected maturity of other receivables:		
962	1,066		Less than 1 year	1,070	962
155	225		1-5 years	225	155
328	386		More than 5 years	386	328
1,445	**1,677**		**Total**	**1,681**	**1,445**
		14	**Prepayments**		
25	16		Right of use of the German part of the Kontek Link	16	25
2	1		Other prepayments	1	2
27	**17**		**Total**	**17**	**27**
			Expected maturity of prepayments:		
10	9		Less than 1 year	9	10
17	8		1-5 years	8	17
0	0		More than 5 years	0	0
27	**17**		**Total**	**17**	**27**

Notes

Parent				Group	
2007	2008	Note	Amounts in DKK million	2008	2007
		15	**Assets intended for sale**		
36	0		Property, plant and equipment	0	36
36	**0**		**Total**	**0**	**36**
		16	**Deferred tax liabilities**		
1,517	1,520		Deferred tax at 1 January	2,088	1,521
47	29		Adjustment relating to previous years	28	47
0	0		Acquisitions	537	648
123	(13)		Change in deferred tax on net profit for the year	(52)	109
1	0		Change in hedging instruments	(4)	1
(168)	0		Change resulting from reduction in corporation tax rate	0	(238)
1,520	**1,536**		**Deferred tax at 31 December**	**2,597**	**2,088**
			Deferred tax relates to		
285	201		Intangible assets	203	287
1,970	1,713		Property, plant and equipment	2,801	2,545
(199)	(196)		Current assets	(203)	(196)
(460)	(121)		Liabilities other than provisions	(139)	(472)
(76)	(61)		Tax loss to be carried forward	(61)	(76)
0	0		Other	(4)	0
1,520	**1,536**		**Deferred tax at 31 December**	**2,597**	**2,088**

Tax loss to be carried forward relates to the electricity activities and can be deducted from any future profits gained from the electricity activities. The loss is expected to be used within a short period of time.

Notes

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		17	**Provisions**		
20	845		Provisions at 1 January	893	20
0	0		Additions relating to the acquisition of subsidiaries	68	46
776	6		Other provisions for the year	5	776
57	25		Change in present value	29	59
(7)	(18)		Other provisions consumed for the year	(18)	(7)
(1)	(392)		Provisions reversed during the year	(414)	(1)
845	**466**		**Provisions at 31 December**	**563**	**893**
			Expected maturity of provisions:		
18	7		Less than 1 year	7	18
5	5		1-5 years	5	5
822	454		More than 5 years	551	870
845	**466**		**Total**	**563**	**893**

Decommissioning provisions relate to the removal of towers, overhead lines, natural gas facilities, etc., as well as the decommissioning of property owned by third parties. The uncertainties are essentially related to the time when the associated payments were effected.

In connection with the calculation of the decommissioning provisions, Energinet.dk has calculated the costs of dismantling and removing the non-current assets concerned on a disaggregated basis. The expense per disaggregated unit is stated in 2007 prices for gas assets and 2008 prices for electricity assets. The prices have been projected with an inflation rate until the year when the non-current asset in question is expected to be dismantled and removed. Assumptions and estimates made concerning the calculation of the decommissioning provisions are reassessed once a year when the annual report is prepared.

Other provisions essentially relate to services in connection with the maintenance of fibre optics and obligations to pay damages in relation to commissioned facilities.

Notes

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		18	**Long-term liabilities other than provisions**		
4,338	**6,014**		**Long-term loans**	**7,326**	**5,732**

Primary financial instruments

Lender/type	Principal	Currency	Nom. interest rate	Expiry	Carrying amount in DKK million	Carrying amount incl. swaps in DKK million
Nationalbanken	990	DKK	4	2017	985	985
Nationalbanken	870	DKK	5	2013	908	908
Nationalbanken	615	DKK	4	2015	586	586
Nationalbanken	500	DKK	6	2009	508	508
Nationalbanken	1,000	DKK	6	2011	1,090	1,010
Nationalbanken	1,000	DKK	7	2024	1,366	981
DePfa	500	DKK	Variable	2011	500	500
NIB	83	DKK	Variable	2011	83	83
Meiji	2,000	JPY	1.02	2009	117	137
RD	503	DKK	4.33	2036	496	496
Total, Parent					**6,639**	**6,194**
DePfa	1,500	DKK	Variable	2027	1,387	1,406
Nykredit	258	DKK	Index	2009	7	7
Total, Group					**8,033**	**7,607**

The portfolio of liabilities constitutes DKK 7,607 million, of which DKK 727 million falls due in 2009. The amount is stated as short-term liabilities other than provisions under Current maturities of long-term liabilities other than provisions with DKK 707 million. The remaining amount relates to the value of swaps.

Following conversion into DKK, the aggregate principal falls due as follows:

Parent 2007	Parent 2008		Group 2008	Group 2007
517	625	Less than 1 year	707	605
1,673	2,581	1-5 years	2,881	1,979
2,665	3,433	More than 5 years	4,445	3,753
4,855	**6,639**	**Total**	**8,033**	**6,337**

(ctd.)

Notes

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		18	**Long-term liabilities other than provisions** (ctd.)		

Maturities of loans and associated swaps – Parent:

	Other receivables	Other payables	Loans	Total
Less than 1 year	0	20	625	645
1-5 years	(79)	0	2,581	2,502
More than 5 years	(386)	0	3,433	3,047
Total	**(465)**	**20**	**6,639**	**6,194**

DKK 625 million has been recognised under Current maturities of long-term liabilities other than provisions and relates to loans.

Maturities of loans and associated swaps – Group:

	Other receivables	Other payables	Loans	Total
Less than 1 year	0	20	707	727
1-5 years	(79)	19	2,881	2,821
More than 5 years	(386)	0	4,445	4,059
Total	**(465)**	**39**	**8,033**	**7,607**

DKK 707 million has been recognised under Current maturities of long-term liabilities other than provisions and relates to loans.

Parent 2007	Parent 2008	Note	Amounts in DKK million	Group 2008	Group 2007
		19	**Deferred income**		
330	221		Prepayments relating to the Kontek Link	221	330
4	0		Other deferred income	0	6
334	**221**		**Total**	**221**	**336**
			Expected maturity of deferred income:		
116	110		Less than 1 year	110	116
218	111		1-5 years	111	220
0	0		More than 5 years	0	0
334	**221**		**Total**	**221**	**336**

Prepayments relating to the Kontek Link are recognised in the income statement over a period of ten years with DKK 110 million annually.

Notes

Parent				Group	
2007	2008	Note	Amounts in DKK million	2008	2007
		20	**Corporation tax**		
1	28		Corporation tax payable at 1 January	28	2
31	35		Current tax for the year	35	31
0	(59)		Paid corporation tax for the year	(59)	0
(4)	(27)		Correction relating to previous years	(27)	(5)
28	**(23)**		**Total (less receivables)**	**(23)**	**28**
		21	**Other payables**		
300	345		Commitments related to R&D	345	300
55	53		Pay-related items	54	56
659	116		Market value of financial instruments	135	659
61	51		Interest payable	66	73
282	298		Energy settlement	298	282
371	354		Other	384	394
1,728	**1,217**		**Total**	**1,282**	**1,764**

22 **Provision of security and charges**

Land, buildings and plant incident to gas-related activities, the carrying amount of which constituted DKK 4,274 million at year-end, have been provided as security for mortgage debt amounting to DKK 503 million.

The shareholding in Energinet.dk Gaslager Holding A/S has been provided as security for balances with credit institutions at the amount of DKK 1,387 million.

Note	Amounts in DKK million
23	**Group derivative financial instruments**

The Energinet.dk Group has entered into a number of financial contracts with a view to hedging interest and foreign currency risks. As such, currency swap agreements have been concluded in order to hedge foreign currency risks relating to the Group's loan portfolio in foreign currencies. Reference is made to the section on risk management under Financial review. In addition, interest rate swap agreements have been concluded with a view to managing the interest risk on the loan portfolio.

Currency risks of loans	Currency loans	SWAP deposits in currencies	Loans in DKK	SWAP deposits in DKK	SWAP loans in DKK	Market value	Expiry
JPY	(2,000)	2,000	(117)	117	(137)	(20)	2009
SEK	(2,051)	2,051	(1,395)	1,491	(1,491)	(96)	2009
EUR	0	34	0	250	(250)	0	2009
Total, Group	**(4,051)**	**4,085**	**(1,512)**	**1,858**	**(1,878)**	**(116)**	

The market value of currency swap agreements is minus DKK 116 million and has been stated under Other payables.

Results-wise, market value adjustments of currency swap agreements are equal to similar value adjustments of hedged loans.

Currency risks in connection with contracts and raw materials	Currency contract	Date of maturity	Contract in DKK	Date of maturity in DKK	Market value	Expiry
NOK	(190)	190	(155)	144	(11)	2009
USD	(4)	4	(21)	21	0	2009
GBP	0	0	(2)	2	0	2009
Total, Group			**(178)**	**167**	**(11)**	

Furthermore, forward exchange transactions to hedge currency risks in contracts have been performed. The market value is minus DKK 11 million and is included in equity.

Interest rate risks of loans	Nominal	Market value	Year of expiry
Fixed to floating	(1,000)	386	2024
Fixed to floating	(1,000)	79	2011
Floating to fixed	(1,387)	(19)	2010
Total, Group	**(3,387)**	**446**	

The market value of currency swap agreements is DKK 446 million, with minus DKK 19 million being stated under equity and DKK 465 million being stated under Other receivables.

Note Amounts in DKK million

24 **Acquisitions**

In the period, the Group has acquired the following enterprise:

Name	Activity	Date of acquisition	Share acquired in %	Voting share acquired in %	Cost
Regionale Net.dk A/S	Operation and maintenance of activities related to electricity transmission	30 June 2008	100%	100%	2,069

	Carrying amount	Fair value adjustment	Fair value
Technical plant and machinery	1,389	995	2,384
Assets in the course of construction	12	0	12
Trade receivables	91	0	91
Deferred tax liabilities	(289)	(248)	(537)
Provisions	(68)	0	(68)
Accounts payable	(22)	0	(22)
Other payables	(39)	0	(39)
	1,074	**747**	**1,821**
Goodwill determined			248
Cost paid in cash			**2,069**
Cash taken over			0
Cash flow effect, net			**2,069**

Cost include directly attributable costs of purchase totalling DKK 64 million, of which DKK 51 million relates to the accrual of interest on prepayments at the amount of approx. DKK 2 billion.

The acquisition was implemented at a cost exceeding the fair value of the identifiable assets, liabilities and contingent liabilities taken over. The positive difference in value is primarily attributable to cuts in availability payments, expected synergies between the activities in the enterprise acquired and the Group's current activities, future growth potential and expectations of positive cash flow.

Notes

Note

25 **Contingent liabilities and other financial liabilities**

Energinet.dk may be obliged to pay an additional price of up to DKK 1,200 million in 2035 (in 2030 prices) for the acquisition of the subsidiary Energinet.dk Gaslager A/S. The extra amount must be paid if the company's earning potential changes in relation to the legislation applicable at the time of acquisition.

Energinet.dk has several tax cases pending a decision by the Danish National Tax Tribunal, the most important of which concern the tax values of transit agreements and ancillary services agreements. In Energinet.dk's opinion, the Tax Tribunal will find in favour of Energinet.dk, and this is reflected in the Annual Report. In the event that Energinet.dk loses the pending tax cases, deferred tax will increase by approx. DKK 175-225 million.

Energinet.dk has taken over agreements with Statnett under which Energinet.dk is to pay NOK 11 million annually over the next 15 years for the use of the Skagerrak cables. Statnett has committed itself to maintaining the interconnections to Norway in the same period. In addition, Energinet.dk must pay half of the actual cable operating expenses. The agreements can be terminated by either party giving five years' notice.

Energinet.dk pays rent on the lease Lautruphøj 7, Ballerup. At 31 December 2008 this liability amounted to DKK 14 million.

Vattenfall Europe Transmissions Gmbh and Vattenfall Trading Services Gmbh have issued proceedings against Energi E2 A/S, which supplied electricity under the Kontek agreement until July 2006. The two parties want Energi E2 A/S to repay capacity payments and to pay damages in respect of electricity deliveries not made due to the disconnection of and congestion on the interconnection. Energinet.dk owns the Kontek Link and has therefore become involved in the case.

26 **Related parties**

	Basis
The Danish Ministry of Climate and Energy Stormgade 2-6 DK-1470 Copenhagen K	100% ownership
Supervisory Board and Executive Board	Management control

As regards the Energinet.dk Group's transactions with members of the Supervisory and Executive Boards, reference is made to Note 4 in the Annual Report.

The Energinet.dk Group did not engage in other material transactions with related parties in 2008.

Segmental financial statements 2008

Amounts in DKK million	PSO West	PSO East	System West	System East	Grid West	Grid East	Gas trans-mission	Gas storage facility	Total 2008	Total 2007
Tariff revenue	996	818	455	295	758	598	714	226	4,860	7,291
Sale of electricity from wind turbines and other RE facilities	1,008	180							1,188	922
Sale of electricity from local CHP plants	276	116							392	393
Revenue from interconnections					822	334			1,156	897
Balance market			425	82			12		519	273
Power generation subsidies			168	78					246	0
Excess revenue/deficit	68	(95)							(27)	(410)
Other revenue			8	3	10	15	21	10	67	52
Gross revenue	**2,348**	**1,019**	**1,056**	**458**	**1,590**	**947**	**747**	**236**	**8,401**	**9,418**
Subsidies to wind turbines and other RE facilities	(1,518)	(543)							(2,061)	(2,914)
Subsidies to local CHP plants	(373)	(150)							(523)	(1,579)
Grid connection of wind turbines and local CPH plants	(37)	0							(37)	(2)
Grid connection of offshore wind turbines	(19)	(21)							(40)	(53)
Grid losses in offshore grid	(27)	(5)							(32)	(27)
R&D in environmentally-friendly electricity generation	(77)	(53)							(130)	(128)
R&D in efficient energy use	(12)	(8)							(20)	(25)
R&D in renewable energy	(15)	(10)							(25)	0
Danish Safety Technology Authority	(31)	(20)							(51)	(52)
Amortisation of intangible assets (minimum generation capacity)	(192)	(172)							(364)	(364)
Other PSO costs	(15)	(5)							(20)	(4)
Net financials	(32)	(32)							(64)	(76)
Total costs of environmentally-friendly electricity generation, etc.	**(2,348)**	**(1,019)**	**0**	**0**	**0**	**0**	**0**	**0**	**(3,367)**	**(5,224)**
Revenue	**0**	**0**	**1,056**	**458**	**1,590**	**947**	**747**	**236**	**5,034**	**4,194**
Own work capitalised			17	9	43	23	19		111	103
Other operating income			2	2	6	2	2		14	11
Total revenue	**0**	**0**	**1,075**	**469**	**1,639**	**972**	**768**	**236**	**5,159**	**4,308**
Grid losses					(202)	(205)			(407)	(237)
Special regulation and constrained redispatch					16				16	(1)
Regulating power			(353)	(49)					(402)	(196)
Payment for the 132/150 kV grid					(278)	(293)			(571)	(634)
Payment for reserves/storage capacity			(533)	(526)			(335)		(1,394)	(1,073)
Expenses related to foreign grids					(14)	(39)			(53)	(47)

(ctd.)

Segmental financial statements 2008 (ctd.)

Amounts in DKK million	PSO West	PSO East	System West	System East	Grid West	Grid East	Gas trans-mission	Gas storage facility	Total 2008	Total 2007
Inspections by the Danish Energy Regulatory Authority and the Danish Energy Agency			(16)	(9)			(2)		(27)	(36)
Electricity generation subsidies			(168)	(78)					(246)	0
Other external operating expenses			(52)	(35)	(114)	(121)	(121)	(49)	(492)	(403)
Total other external expenses	**0**	**0**	**(1,122)**	**(697)**	**(592)**	**(658)**	**(458)**	**(49)**	**(3,576)**	**(2,627)**
Staff costs			(67)	(43)	(76)	(43)	(83)	(9)	(321)	(286)
Total expenses	**0**	**0**	**(1,189)**	**(740)**	**(668)**	**(701)**	**(541)**	**(58)**	**(3,897)**	**(2,913)**
Results before depreciation, amortisation and impairment losses	**0**	**0**	**(114)**	**(271)**	**971**	**271**	**227**	**178**	**1,262**	**1,395**
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets			(18)	(6)	(182)	(233)	(213)	(110)	(762)	(593)
Operating profit/(loss)	**0**	**0**	**(132)**	**(277)**	**789**	**38**	**14**	**68**	**500**	**802**
Net financials			(18)	(15)	(34)	(84)	(142)	(95)	(388)	(246)
Pre-tax profit/(loss)	**0**	**0**	**(150)**	**(292)**	**755**	**(46)**	**(128)**	**(27)**	**112**	**556**
Tax on net profit/(loss) for the year			37	72	(170)	22	31	8	0	55
Net profit/(loss) for the year	**0**	**0**	**(113)**	**(220)**	**585**	**(24)**	**(97)**	**(19)**	**112**	**611**
Excess revenue/deficit to be included in tariffs										
Accumulated excess revenue/deficit, beginning of year	(237)	(256)	142	87	433	54	346	0	569	(1,075)
Change of accounting policies at 1 January	0	0	0	0	0	0	0	0	0	592
Adjustment of opening balance – consolidation	0	0	0	0	16	2	1	0	19	58
Adjustment of opening balance – other	0	0	(48)	(12)	(95)	0	149	0	(6)	0
Consolidation of contributed capital	0	0	0	0	(119)	(68)	(12)	0	(199)	0
Movements of the year	(68)	95	(151)	(293)	776	(36)	(163)	0	160	994
Year-end accumulated excess revenue/deficit	**(305)**	**(161)**	**(57)**	**(218)**	**1,011**	**(48)**	**321**	**0**	**543**	**569**

Accumulated excess revenue/deficit of DKK 543 million comprises, among other things, congestion rents transferred to reserves in accordance with EC regulation no. 1228 including capitalisation at the amount of DKK 956 million.
Excess revenue/deficit relating to PSO segments is recognised in the balance sheet under Other payables/Other receivables.

Segmental financial statements 2008 (ctd.)

Amounts in DKK million	PSO West	PSO East	System West	System East	Grid West	Grid East	Gas trans-mission	Gas storage facility	Total 2008	Total 2007
Assets										
Property, plant and equipment										
Intangible assets	195	638	36	26	88	281	65	230	1,559	1,768
Property, plant and equipment	256	0	177	106	3,718	4,830	4,274	2,210	15,571	13,303
Investments	0	0	14	15	0	0	5	0	34	48
Total non-current assets	**451**	**638**	**227**	**147**	**3,806**	**5,111**	**4,344**	**2,440**	**17,164**	**15,119**
Current assets										
Inventories	0	0	0	0	7	6	114	0	127	129
Receivables	708	330	187	114	468	229	259	14	2,309	2,447
Securities	0	0	0	0	0	0	0	0	0	480
Cash and cash equivalents	2	1	5	3	8	5	10	2	36	698
Total current assets	**710**	**331**	**192**	**117**	**483**	**240**	**383**	**16**	**2,472**	**3,754**
Total assets	**1,161**	**969**	**419**	**264**	**4,289**	**5,351**	**4,727**	**2,456**	**19,636**	**18,873**
Equity and liabilities										
Equity	**0**	**0**	**(36)**	**(173)**	**3,280**	**1,295**	**525**	**28**	**4,919**	**4,830**
Provisions	**141**	**128**	**94**	**94**	**208**	**730**	**1,203**	**562**	**3,160**	**2,981**
Liabilities other than provisions										
Interest-bearing debt	711	593	207	220	567	2,901	2,829	1,826	9,854	8,225
Non-interest-bearing debt	309	248	154	123	234	425	170	40	1,703	2,837
Total liabilities other than provisions	**1,020**	**841**	**361**	**343**	**801**	**3,326**	**2,999**	**1,866**	**11,557**	**11,062**
Total equity and liabilities	**1,161**	**969**	**419**	**264**	**4,289**	**5,351**	**4,727**	**2,456**	**19,636**	**18,873**

Segmental financial statements 2007 (ctd.)

Amounts in DKK million	PSO West	PSO East	System West	System East	Grid West	Grid East	Gas trans-mission	Gas storage facility	Total 2007
								(8 months)	
Tariff revenue	2,746	1,573	807	497	362	337	765	204	7,291
Sale of electricity from wind turbines and other RE facilities	769	153							922
Sale of electricity from local CHP plants	295	98							393
Revenue from interconnections					609	288			897
Balance market, net			204	40			29		273
Excess revenue/deficit	(300)	(110)							(410)
Other revenue			3	2	9	6	32		52
Gross revenue	**3,510**	**1,714**	**1,014**	**539**	**980**	**631**	**826**	**204**	**9,418**
Subsidies to wind turbines and other RE facilities	(1,933)	(981)							(2,914)
Subsidies to local CHP plants	(1,171)	(408)							(1,579)
Grid connection of wind turbines and local CPH plants	(2)	0							(2)
Grid connection of offshore wind turbines	(27)	(26)							(53)
Grid losses in offshore grid	(23)	(4)							(27)
R&D in environmentally-friendly electricity generation	(77)	(51)							(128)
R&D in efficient energy use	(15)	(10)							(25)
Danish Safety Technology Authority	(31)	(21)							(52)
Amortisation of intangible assets (minimum generation capacity)	(192)	(172)							(364)
Other PSO costs	(3)	(1)							(4)
Net financials	(36)	(40)							(76)
Total costs of environmentally-friendly electricity generation, etc.	**(3,510)**	**(1,714)**	**0**	**0**	**0**	**0**	**0**	**0**	**(5,224)**
Revenue	**0**	**0**	**1,014**	**539**	**980**	**631**	**826**	**204**	**4,194**
Own work capitalised			20	14	28	14	27	0	103
Other operating income			1	1	6	2	1		11
Total revenue	**0**	**0**	**1,035**	**554**	**1,014**	**647**	**854**	**204**	**4,308**
Grid losses					(141)	(96)			(237)
Special regulation and constrained redispatch					(1)				(1)
Regulating power			(190)	(6)					(196)
Payment for the 132/150 kV grid					(237)	(397)			(634)
Payment for reserves/storage capacity			(503)	(318)			(252)		(1,073)
Expenses related to foreign grids					(24)	(23)			(47)
Inspections by the Danish Energy Regulatory Authority and the Danish Energy Agency			(16)	(11)			(9)		(36)
Other external operating expenses			(52)	(35)	(120)	(67)	(96)	(33)	(403)
Total other external expenses	**0**	**0**	**(761)**	**(370)**	**(523)**	**(583)**	**(357)**	**(33)**	**(2,627)**

(ctd.)

Segmental financial statements 2007 (ctd.)

Amounts in DKK million	PSO West	PSO East	System West	System East	Grid West	Grid East	Gas transmission (8 months)	Gas storage facility	Total 2007
Staff costs			(55)	(42)	(72)	(40)	(72)	(5)	(286)
Total expenses	**0**	**0**	**(816)**	**(412)**	**(595)**	**(623)**	**(429)**	**(38)**	**(2,913)**
Results before depreciation, amortisation and impairment losses	**0**	**0**	**219**	**142**	**419**	**24**	**425**	**166**	**1,395**
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets			(17)	(3)	(174)	(114)	(211)	(74)	(593)
Operating profit/(loss)	**0**	**0**	**202**	**139**	**245**	**(90)**	**214**	**92**	**802**
Net financials			(13)	(12)	(36)	(7)	(116)	(62)	(246)
Pre-tax profit/(loss)	**0**	**0**	**189**	**127**	**209**	**(97)**	**98**	**30**	**556**
Tax on net profit/(loss) for the year			(49)	(33)	0	(1)	84	54	55
Net profit/(loss) for the year	**0**	**0**	**140**	**94**	**209**	**(98)**	**182**	**84**	**611**
Excess revenue/deficit to be included in tariffs									
Accumulated excess revenue/deficit, beginning of year	(537)	(366)	(46)	(60)	(121)	(26)	81	0	(1,075)
Change of accounting policies at 1 January	0	0	0	0	425	167	0	0	592
Adjustment of opening balance	0	0	(1)	20	(19)	32	26	0	58
Movements for the year	300	110	189	127	148	(119)	239	0	994
Accumulated excess revenue/deficit, end of year	**(237)**	**(256)**	**142**	**87**	**433**	**54**	**346**	**0**	**569**

Accumulated excess revenue/deficit of DKK 569 million comprises, among other things, congestion rents transferred to reserves in accordance with EC regulation no. 1228 including capitalisation at the amount of DKK 617 million.

Excess revenue/deficit relating to PSO segments is recognised in the balance sheet under Other payables/Other receivables.

(ctd.)

Segmental financial statements 2007 (ctd.)

Amounts in DKK million	PSO West	PSO East	System West	System East	Grid West	Grid East	Gas trans-mission	Gas storage facility	Total 2007
Assets								(8 months)	
Property, plant and equipment									
Intangible assets	527	821	6	2	58	43	73	238	1,768
Property, plant and equipment	129	5	384	146	3,391	2,591	4,334	2,323	13,303
Investments	0	0	24	24	0	0	0	0	48
Total non-current assets	**656**	**826**	**414**	**172**	**3,449**	**2,634**	**4,407**	**2,561**	**15,119**
Current assets									
Inventories	0	0	0	0	4	4	109	12	129
Receivables	509	404	265	189	406	269	382	23	2,447
Securities	30	20	76	52	115	71	116	0	480
Cash and cash equivalents	42	28	105	73	160	98	162	30	698
Total current assets	**581**	**452**	**446**	**314**	**685**	**442**	**769**	**65**	**3,754**
Total assets	**1,237**	**1,278**	**860**	**486**	**4,134**	**3,076**	**5,176**	**2,626**	**18,873**
Equity and liabilities									
Equity	**0**	**0**	**76**	**47**	**2,703**	**1,328**	**628**	**48**	**4,830**
Provisions	**105**	**95**	**27**	**27**	**449**	**282**	**1,383**	**613**	**2,981**
Liabilities other than provisions									
Interest-bearing debt	556	724	518	237	736	719	2,823	1,912	8,225
Non-interest-bearing debt	576	459	239	175	246	747	342	53	2,837
Total liabilities other than provisions	**1,132**	**1,183**	**757**	**412**	**982**	**1,466**	**3,165**	**1,965**	**11,062**
Total equity and liabilities	**1,237**	**1,278**	**860**	**486**	**4,134**	**3,076**	**5,176**	**2,626**	**18,873**

Accounting policies

The Annual Report of the independent public enterprise Energinet.dk for the period 1 January-31 December 2008 has been prepared in accordance with the provisions of the Danish Financial Statements Act, current Danish accounting standards and the Danish Act on Energinet.dk.

Energinet.dk is required by Danish legislation to prepare its annual report in pursuance of the provisions of the Danish Financial Statements Act that apply to state-owned public limited companies. As such, the Annual Report has been prepared in accordance with the requirements for class D enterprises.

The same accounting policies are applied in the 2008 Annual Report as in the 2007 Annual Report with the exceptions outlined below.

Change in accounting policies

Compared to the 2007 Annual Report, Energinet.dk has changed its accounting policies in terms of the accounting treatment of congestion rents transferred to reserves, which have until now been classified under Deferred income. At 1 January 2008, the amount constituted DKK 617 million. The amount was set aside in 2006.

In accordance with the new accounting policies, congestion rents and the year's capitalisation of these will be transferred to reserves under equity (Excess revenue/deficit) in connection with the distribution of profit for the year. As such, congestion rents transferred to reserves in connection with the distribution of the profit for the year will in future be reflected in gross revenue, which was not the case in previous years. At the same time, the year's capitalisation of congestion rents will not be included in the financial expenses.

The consequences of the change in accounting policies for 2008 is a DKK 300 million increase in gross revenue, a DKK 39 million reduction in financial expenses and a DKK 956 million increase in equity.

The change in accounting policies has been implemented as Energinet.dk is of the opinion that the new method gives a fairer representation of its financial position and results. This is due to the fact that gross revenue ought to comprise the share of the year's congestion rents transferred to reserves. In addition, Excess revenue/deficit under equity should reflect the overall amount to be included in the future tariffs.

The change in accounting policies will not affect tariffs.

On 1 January 2008, DKK 8 million was transferred between the items Other reserves and Excess revenue/deficit under equity. The classification took place in accordance with the guidelines set by the Danish Energy Regulatory Authority.

Comparative figures for 2007 and the financial highlights have been adjusted accordingly.

General comments on recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and their value can be measured reliably. Upon initial recognition assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item mentioned below.

Certain financial assets and liabilities are measured at amortised cost, with a constant effective interest rate being recognised until maturity. Amortised cost is stated as original cost less any repayments plus/minus accumulated amortisation of the difference between cost and nominal amount.

Upon recognition and measurement, account is taken of any gains, losses and risks which occur before the presentation of the Annual Report and which confirm or invalidate circumstances existing at the balance sheet date.

Revenue is recognised in the income statement as earned, and value adjustments of financial assets and liabilities measured at fair value or amortised cost are also recognised. Furthermore, expenses incurred to achieve the earnings for the year, including depreciation, amortisation, impairment losses, provisions and reversals due to changed accounting estimates are recognised.

Consolidated financial statements

The consolidated financial statements comprise the Parent, Energinet.dk, and subsidiaries in which Energinet.dk holds more than 50 per cent of the voting rights. Enterprises that are not subsidiaries but in which Energinet.dk holds 20 per cent or more of the voting rights and exercises significant influence on these enterprises' operational and financial management are considered associates.

The consolidated financial statements are prepared on the basis of the financial statements of Energinet.dk and its subsidiaries by adding together items of a uniform nature and eliminating intercompany income and expenses, intercompany balances, dividend and profit and loss from intercompany transactions.

The acquisition of new enterprises is based on the purchase method according to which the newly acquired enterprises' identified assets and liabilities are measured at fair value at the date of acquisition. Provisions are made for expenses relating to restructurings in the acquired enterprise which have been decided and announced in connection with the acquisition. The tax effect of revaluations made is taken into account

Positive balances (goodwill) between the acquisition cost and the fair value of acquired, identified assets and liabilities, including provisions for restructurings, are recognised under Intangible assets and amortised systematically in the income statement following an individual assessment of their economic lives, usually not more than 20 years, however. Negative balances (negative goodwill), which reflect an expected unfavourable development in the enterprises concerned, are recognised in the balance sheet under Provisions and are recognised in the income statement as such losses or costs are realised or transferred to Other provisions as the liabilities become current and can be determined reliably.

However, goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the acquisition.

Energinet.dk's equity investments in subsidiaries are eliminated against the equity value of subsidiaries at the date of acquisition (past equity method). The subsidiaries' financial statements, which are used for the consolidation, are prepared in accordance with the accounting policies applied by the Group.

Equity investments in associates are measured under the equity method as the proportionate share of the associates' equity. Intercompany profits and losses are eliminated proportionately. The proportionately owned share of the associates' pre-tax results is recognised in the income statement.

Enterprises recently acquired or established are recognised in the consolidated financial statements from the date of acquisition and when Energinet.dk obtains control of the enterprise. Enterprises divested are recognised until the date of disposal.

Comparative figures for newly acquired, sold and divested enterprises or activities are not adjusted.

Profit or loss from the divestment and winding-up of subsidiaries and associates is determined as the difference between the selling price or the divestment price and the equity value of net assets at the date of disposal, including non-amortised goodwill and anticipated sale and divestment costs.

Foreign currency translation
Foreign currency transactions are translated on initial recognition at the rate of exchange at the transaction date. Exchange differences arising between the rate of exchange at the date of transaction and the rate of exchange at the date of payment are recognised in the income statement under Financial income and Financial expenses.

Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the rate of exchange at the balance sheet date. The difference between the rate of exchange at the balance sheet date and the rate of exchange at the time when the receivable or payable came into existence or was recognised in the latest annual report is recognised in the income statement under Financial income and Financial expenses.

Upon recognition of foreign subsidiaries and associates, such subsidiaries and associates are considered separate entities whose income statements are translated at an average rate of exchange, and the balance sheet items are translated at the rate of exchange at the balance sheet date. Foreign exchange differences resulting from the translation of foreign subsidiaries' equity at the beginning of the year at the rates of exchange at the balance sheet date and the translation of income statements from average rates of exchange to the rates of exchange at the balance sheet date are recognised directly in equity.

Derivative financial instruments
Derivative financial instruments are recognised initially at cost and subsequently measured at their fair values. Positive and negative fair values of derivative financial instruments are included under Other receivables and Other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and complying with the criteria for fair value hedging of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair values of derivative financial instruments classified as and complying with the criteria for the hedging of future assets or liabilities are recognised directly in equity. Income and expenses in connection with such hedging transactions are transferred from equity upon realisation of the hedged asset or liability and are recognised under the same item as the hedged asset or liability.

Changes in the fair values of derivative financial instruments not complying with the criteria for being treated as hedging instruments are recognised in the income statement on a current basis

Income statement

Revenue
Gross revenue includes the transmission of electricity and natural gas as well as related services. Revenue is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the year and the revenue can be calculated reliably and is expected to be received.

Gross revenue includes payments from Energinet.dk's customers which it has a statutory obligation to collect and which must be passed on to the producers of environmentally-friendly electricity. Gross revenue thus indicates the total scope of the activities administered by Energinet.dk.

Revenue is shown in the income statement as gross revenue less taxes and payments to producers of environmentally-friendly electricity, etc.

Own work capitalised
Own work capitalised includes staff costs and indirect expenses incurred in connection with own production of non-current assets.

Other operating income
Other operating income includes items of a secondary nature in relation to transmission and system activities within the fields of electricity and gas.

Other external expenses
Other external expenses include expenses of a primary nature in relation to transmission and system activities within the fields of electricity and gas.

Staff costs
Staff costs include salaries and wages, remuneration, pension contributions and other staff costs pertaining to Energinet.dk's employees, including the Supervisory and Executive Boards.

Depreciation, amortisation and impairment losses
This item includes the year's depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets.

Results of subsidiaries and associates
The proportionate share of the individual subsidiaries' pre-tax profit or loss after elimination of intercompany profit or loss and less amortisation of goodwill is recognised in the income statement of the Parent. The share of the subsidiaries' tax and extraordinary items is recognised under tax on income or

loss from ordinary activities or extraordinary income or loss after tax, respectively.

The proportionate share of the individual associates' pre-tax profit or loss after elimination of intercompany profit or loss and less amortisation of goodwill is recognised in the income statements of the Parent and the Group. The share of the associates' tax and extraordinary items is recognised under tax on income or loss from ordinary activities or extraordinary income or loss after tax, respectively.

Financial income and expenses

Financial income and expenses include interest income and expenses, foreign exchange gains and losses in respect of securities, debt and transactions in foreign currency and amortisation of financial assets and liabilities. Financial income and expenses are recognised with the amounts pertaining to the financial year.

Tax on net profit or loss for the year

As of 1 January 2008, Energinet.dk will be taxed jointly with its Danish consolidated companies. Energinet.dk functions as an administration company, which means that the total Danish tax for all consolidated companies is paid to Energinet.dk.

Current Danish corporation tax is allocated to the jointly taxed Enterprise and companies in proportion to their taxable income (full allocation).

The tax for the year, which comprises the current tax for the year and any changes in deferred tax, is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to items recognised directly in equity. The share of the tax recognised in the income statement related to the extraordinary income or loss for the year is attributable to the tax for the year, while the remaining share is attributable to the income or loss from ordinary activities for the year.

The jointly taxed Enterprise and companies subscribe to the tax prepayment scheme. Additions, deductions and reimbursements relating to the tax payment are recognised under Net financials.

Balance sheet

Intangible assets

Intangible assets comprise goodwill, rights, development projects and software. Software in progress is measured at cost.

Rights involve the right to make charges for ancillary services, transit agreements and the connection of offshore wind turbines, etc.

Capitalised intangible assets are measured at the lower of cost less accumulated amortisation and recoverable amount. In addition, decommissioning costs are recognised as a part of the cost.

Property, plant and equipment are depreciated using the straight-line method over the expected useful lives of the assets based on the following assessment:

Goodwill	20 years
Rights	10-20 years
Software	3-5 years

Acquisitions in the financial year are depreciated proportionately as per the date of entry into service.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Profit or loss from the sale of intangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Any profit or loss is recognised in the income statement under Other operating income or Other external expenses.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Property, plant and equipment in progress are measured at cost. Extensive value-adding changes and improvements of property, plant and equipment are recognised as assets.

Cost comprises the cost of acquisition and any expenses directly related to the acquisition up until the time when the asset is ready for entry into service. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour. Furthermore, any financing costs attributable to the cost are recognised. In addition, decommissioning costs are recognised as a part of the cost.

Property, plant and equipment are depreciated using the straight-line method over the expected useful lives of the assets based on the following assessment:

Land	No depreciation
Buildings	20-100 years
Technical facilities	10-50 years
Cushion gas	No depreciation
Other plant, tools and operating equipment	3-10 years

New acquisitions with an acquisition cost below DKK 100,000 are charged to the income statement in the acquisition year.

Acquisitions in the financial year are depreciated proportionately as per the date of entry into service. Expenses related to extensive maintenance checks are recognised at the acquisition cost of production plant as a separate non-current asset which is depreciated over its useful life, ie the period until the next maintenance check. Upon the original acquisition of property, plant and equipment, account is also taken of the shorter useful life of a particular part of the asset, and for accounting purposes the part concerned is therefore treated at the date of acquisition as a separate asset with a shorter useful life and, thus, depreciation period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Prepayments on property, plant and equipment not delivered are capitalised.

Interest and borrowing costs in relation to loans obtained to finance prepayments on property, plant and equipment not delivered are recognised as a part of the acquisition cost of such property, plant and equipment.

Profit or loss from the sale or scrapping of property, plant and equipment is determined as the difference between the selling price less dismounting, selling and decommissioning costs and the carrying amount at the time of sale or scrapping.

Any profit or loss is recognised in the income statement under Other operating income or Other external expenses.

Investments
Equity investments in subsidiaries and associates are measured under the equity method.

Other equity investments and other investments are measured at their fair values provided the asset is expected to be disposed of before maturity. Assets held to maturity are measured at amortised cost. All fair value adjustments (with the exception of repayments) are recognised in the income statement.

Equity investments in subsidiaries and associates are measured in the balance sheet as the proportionate share of the equity value of the company concerned determined on the basis of the accounting policies applied by the Parent plus or minus unrealised intercompany profit or loss.

Net revaluation of equity investments in subsidiaries and associates is transferred under equity to reserve for net revaluation in the Parent according to the equity method in so far as the carrying amount exceeds the cost. In the consolidated financial statements the amount is transferred to Excess revenue/deficit.

Inventories
Inventories comprise natural gas in the natural gas transmission system, gas storage facilities, components and other technical spare parts in stock.

Inventories are measured at the lower of cost and net realisable amount.

The net realisable value of inventories is determined as the selling price less costs of completion and costs pertaining to the completion of the sale and is determined with due consideration being given to marketability, obsolescence and the development in the expected selling price.

Receivables
Receivables are measured at amortised cost. Write-downs are performed for anticipated uncollectibles.

Prepayments
Prepayments include prepaid expenses incurred including payments relating to the right of use of the German part of the Kontek Link.

Assets intended for sale
Assets intended for sale include non-current assets. Liabilities relating to assets intended for sale are liabilities directly linked to these assets, which will be transferred through transactions. Assets are classified as 'intended for sale' when their carrying amount is recovered mainly through a sale within 12 months in accordance with a formalised plan rather than through continued use.

Assets intended for sale are measured at the carrying amount at the time when they are classified as intended for sale or at their fair values less sales costs, whichever is the lowest. Assets are not depreciated or amortised from the date when they are classified as 'intended for sale'.

Impairment losses occurring the first time an asset is classified as 'intended for sale' and gains or losses resulting from the subsequent measurement at the lower of carrying amount or fair value less sales costs are recognised in the income statement.

Securities
Securities recognised under Current assets are measured at their fair values at the balance sheet date. All fair value adjustments (with the exception of repayments) are recognised in the income statement.

Equity

Dividend
In pursuance of Section 13 of the Danish Act on Energinet.dk, Energinet.dk is not allowed to distribute any profit or equity to the Danish state through the distribution of dividend or in any other way.

Contributed capital
The contributed capital indicates the net value of assets and liabilities contributed upon the establishment of Energinet.dk. The actual value of the contributed capital is hedged through annual capitalisation.

Excess revenue/deficit
Positive and negative differences between realised revenue and the sum of necessary costs reduced by the return on the contributed capital relating to grid and system activities for electricity and gas as well as congestion rents transferred to reserves are recognised in equity under a separate item, Excess revenue/deficit.

In addition, the item includes results from subsidiaries, adjustments of deferred tax liabilities and fair value adjustments of the hedging instruments which for accounting purposes are recognised directly in equity.

Provisions
Provisions are recognised when Energinet.dk has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and such obligation can be determined reliably. The item primarily comprises decommissioning provisions relating to the removal of property, plant and equipment.

Corporation tax and deferred tax
According to the rules on joint taxation, Energinet.dk is – in its capacity as an administration company – liable for the payment of the corporation tax of its subsidiaries to the Danish tax authorities concurrently with the subsidiaries' payment of joint taxation contributions.

Current tax liabilities and current tax receivables are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on the taxable income of previous years and for taxes paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet of the Parent under Payables to subsidiaries.

Deferred tax is measured under the balance-sheet liability method based on all the temporary differences between the carrying amount and the tax base of assets and liabilities on the basis of the tax rate adopted at the balance sheet date.

However, deferred tax on temporary differences relating to the amortisation of goodwill disallowed for tax purposes and other items in connection with which temporary differences with the exception of acquisitions have arisen at the date of acquisition without affecting the results or the taxable income is not recognised.

Liabilities other than provisions

Payables to mortgage credit institutions and credit institutions are recognised initially at the proceeds received, net of transaction costs incurred. Subsequently, financial liabilities are recognised at amortised cost equivalent to the capitalised value when using the effective rate of interest so that the difference between the proceeds and the nominal value is recognised in the income statement over the entire loan period under Financial expenses.

Other liabilities other than provisions, which comprise trade payables, payables to subsidiaries and associates, and other payables, are measured at amortised cost.

Deferred income

Deferred income consists of prepayments on the sale of rights relating to the Kontek Link.

Contingent liabilities and other financial liabilities

Contingent liabilities and other financial liabilities comprise circumstances or situations existing at the balance sheet date, the accounting effect of which cannot be finally determined until the outcome of one or more uncertain future events is known.

Cash flow statement

The cash flow statement is based on the indirect method, using the operating profit or loss for the year as point of departure. The cash flow statement shows the cash flows for the year as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are determined as the operating profit or loss for the year adjusted for non-cash operating items, financial income and expenses, paid corporation tax and changes in the working capital.

Cash flows from investing activities

Cash flows from investing activities comprise the purchase and sale of non-current assets and dividend received.

Cash flows from financing activities

Cash flows from financing activities comprise the raising and repayment of short- and long-term debt to mortgage credit institution and credit institutions.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Segmental information

Segmental information is provided for tariff pools for electricity and gas. Segmental information is in line with the Group's accounting policies, risks and internal financial management.

Managerial posts held by Supervisory Board members

Niels Fog
Managing director and member of the supervisory board of Fog Holding A/S.
Chairman of the supervisory boards of Johannes Fog A/S, Johannes Fog Holding A/S and Datacon A/S.
Member of the supervisory board of ID-Sparinvest A/S and BRF Fonden.

Birgitte Kiær Ahring
Chairman of the supervisory board and manager of BioContractors A/S.
Member of the supervisory board and manager of BioGasol Aps and BioGasol IPR Aps.

Birgitte Nielsen
Member of the supervisory boards of Afviklingsselskabet til sikring af Finansiel Stabilitet A/S, Arkil A/S, Buy-Aid A/S, Faber A/S, Ideas A/S, Novenco A/S, Storebrand ASA.

Managing director of Birgitte Nielsen Holding ApS.

Poul Erik Morthorst
Member of the supervisory board of the high-tech network VE-net.

Erik Dahl, Hans Schiøtt, Niels Arne Gadegaard, Peter Møllgaard
None

Berit Schilling, Carl Erik Madsen, Søren Dupont Kristensen
None

Stakeholder Forum

Chairman
Birgit W. Nørgaard, managing director, Grontmij l Carl Bro A/S

Members
Allan Kjersgaard, Senior Consultant, Renosam

Anita Rønne, LLM, Associate Professor in Energy Law, Faculty of Law, University of Copenhagen

Asbjørn Bjerre, Director, Danish Wind Turbine Owners' Association

Ebbe Seligmann, Manager, Sydenergi

Erik Nørregaard Hansen, Manager, Foreningen af Danske Kraftvarmeværker

Frede Hvelplund, Professor, Department of Development and Planning, University of Aalborg

Henrik Lilja, energy-political employee, Danish Federation of Small and Medium-Sized Enterprises

Jacob Østergaard, Professor, Head of the Centre of Electric Technology, Technical University of Denmark

Janne Wichard Petersen, energy employee, Danish Society for Nature Conservation

Jens Astrup Madsen, Energy Director, Landbrugsraadet

Jens Helmer Rasmussen, Deputy Director, DONG Energy A/S

Jørgen G. Jørgensen, Manager, Dansk Fjernvarme

Knud Sloth, Director, Aalborg Municipality, Utilities

Leif Winum, Manager, DONG Energy A/S

Heidi Rønne Møller, LO • The Danish Federation of Trade Unions

Michael Mikkelsen, Manager, Scanenergi

Niels Erik Andersen, Managing Director, HNG I/S

Peter Hjuler Jensen, Programme Manager, Department of Wind Energy, Risø National Laboratory

Simon Lodberg, Deputy Chairman of FSE, Finance Director of Dansk Supermarked

Svend Erik Jensen, negotiating secretary, 3F (industry group)

Uffe Rasmussen, member of the board of the Organisation for Sustainable Energy

Basic principles for Energinet.dk's finances

Energinet.dk's finances are based on a break-even principle as the Danish Executive Order on the Financial Regulation of Energinet.dk only allows the Enterprise to recognise the necessary expenses of efficient operations plus the necessary return on the contributed capital. This means that the necessary expenses incidental to the activities concerned are included in the tariffs paid by the customers.

The results consist of the consolidation of the contributed capital for the year as well as realised excess revenue/deficit. The excess revenue/deficit for the year consists of excess revenue/deficit to be included in the tariffs for the following year as well as adjustment of deferred tax liabilities.

Necessary expenses are expenses incurred by Energinet.dk for reasons of operating economy in order to maintain efficient operations. Critical management tools are used actively to continuously ensure good administration.

The consequence of using the break-even principle is that over time the financial results for the year will be zero when disregarding the return on the contributed capital.

The Danish Energy Regulatory Authority announces the rate of return on Energinet.dk's contributed capital each quarter. The rate of return can be adjusted to reflect the rate of return required to ensure efficient operations in light of the capital requirement, for instance as a result of investments.

In pursuance of Section 11(4) of the Danish Executive Order on the Financial Regulation of Energinet.dk, the Danish Energy Regulatory Authority must inform Energinet.dk of any corrections of the difference ascertained by Energinet.dk between realised revenue, necessary costs and rate of return.

Tonne Kjærsvej 65
DK-7000 Fredericia
Tel. +45 70 10 22 44
Fax +45 76 24 51 80
info@energinet.dk
www.energinet.dk

Photos:
Ole Christiansen
Mikkel Østergaard
Palle Peter Skov

Layout:
Corporate Communications, Energinet.dk
Montagebureauet

ISSN 1901-5747 – online-version

May 2009