



Annual Report 2009

ENERGINET.DK

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Energinet.dk establishes interconnection between Eastern and Western Denmark

In June 2010, the Danish energy system reaches a milestone. This happens when Energinet.dk starts the operational testing of the Great Belt Power Link and transmits power under the Great Belt for the first time.

The decision to connect Denmark electrically was made in 2005. The intensive construction work commenced in 2008, and in autumn 2010 the new link will be inaugurated.

The photographs on pages 12, 16, 19, 24, 28, 32, 35 and 63 show the building of the Great Belt Power Link.

Photos: Ricky Molloy

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 main 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 in the electricity and gas markets are:

- Maintaining overall security of supply in the short and long term
- Developing the main Danish electricity and gas infrastructure
- Creating objective and transparent conditions for competition on the energy markets and monitoring that competition works
- Carrying out coherent and holistic planning involving future transmission capacity requirements and long-term security of supply
- Supporting environmentally friendly power generation as well as the development and demonstration of technologies for environmentally friendly energy generation

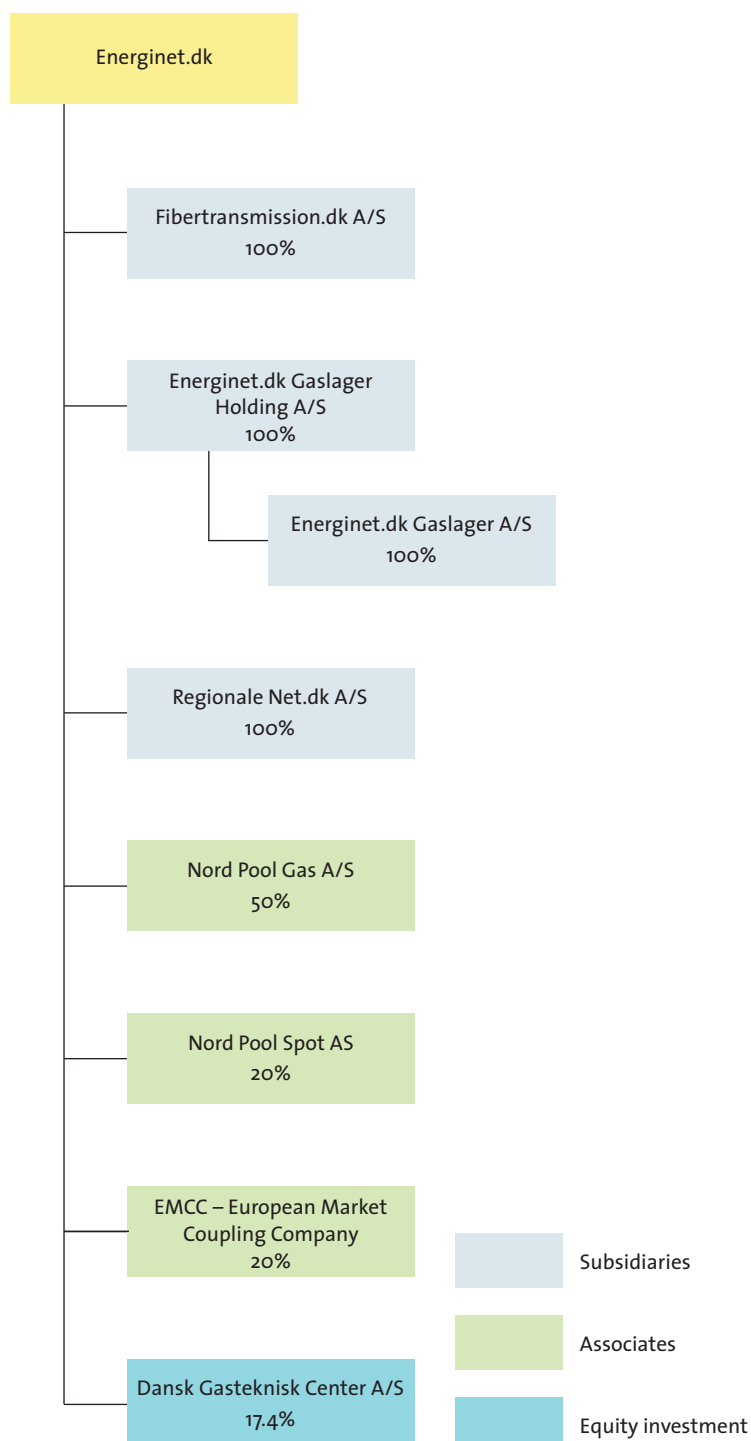
- Calculating the environmental impact of the energy system as a whole.

Energinet.dk's finances are based on a 'break-even principle'. The primary source of revenue is in the form of tariffs.

Energinet.dk owns the gas transmission grid, the 400 kV electricity transmission grid and the 132 kV grid in northern Zealand. The enterprise co-owns electricity 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 at Stenlille, Denmark.

The Energinet.dk Group



The activities of the Energinet.dk Group are undertaken by different companies. Energinet.dk owns and is responsible for operating the main gas transmission grid and the 400 kV electricity transmission grid, while the 132/150 kV regional grid is operated by Regionale Net.dk A/S.

The Group's activities also comprise the commercial operation of the natural gas storage facility in Lille Torup and the leasing of fibre transmission.

The activities undertaken by the associates in the Energinet.dk Group include operating the Nordic power exchange, Nord Pool Spot, and developing a Nordic gas exchange. The activities are performed in collaboration with the other Nordic countries.

Energinet.dk's corporate structure has been changed since the 2008 Annual Report was prepared. Energinet.dk liquidated the wholly-owned subsidiaries Eltransmission.dk A/S and Gastransmission.dk A/S at 30 June 2009. The activities of these companies were transferred to Energinet.dk.

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 Centre for Bioenergy, 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). Professor of industrial economics, Copenhagen Business School

Poul Erik Morthorst

MSc (Economics). Senior Scientist at Risø National Laboratory

Employee-elected representatives

Berit Schilling

Holder of a Diploma in Accounting and Finance, Settlement Architect in Electricity Market

Carl Erik Madsen

Electronics Engineer, Relay Technician in Electricity Transmission

Søren Dupont Kristensen

MSc (Economics). Head of Strategic Planning

Executive Board

President and CEO

Peder Østermark Andreasen

Executive Vice President, Electricity Division

Torben Glar Nielsen

Executive Vice President, CFO, Support Division

Poul Steen (until 31 March 2010)

Mogens Søgaard Hansen (from 1 April 2010)



At the back from left:

Carl Erik Madsen, Peder Østermark Andreasen, Poul Erik Morthorst, Peter Møllgaard, Birgitte Nielsen, Birgitte Kiær Ahring, Hans Schiøtt, Niels Arne Gadegaard, Berit Schilling, Erik Dahl, Niels Fog, Søren Dupont Kristensen.

Financial highlights for the Energinet.dk Group

Amounts in DKK million	2009	2008	2007	2006	2005
Results					
Gross revenue	9,173	8,333	9,382	8,389	9,935
Revenue	4,815	4,966	4,158	3,983	4,386
Operating profit	861	500	802	468	724
Net financials	(307)	(388)	(246)	(149)	(131)
Net profit for the year	456	112	611	422	555
Consolidation of contributed capital	(111)	199	144	89	86
Balance sheet					
Non-current assets	17,038	17,164	15,119	11,827	12,103
Current assets	2,591	2,472	3,754	2,259	1,851
Balance sheet total	19,629	19,636	18,873	14,086	13,954
Interest-bearing debt	9,238	9,854	8,225	6,076	6,188
Equity	5,396	4,919	4,830	4,219	3,786
Cash flows					
Operating activities	2,140	990	1,181	277	1,828
Investing activities	(1,180)	(2,591)	(2,946)	(302)	(157)
of which investment in property, plant and equipment	(1,056)	(1,030)	(836)	(332)	(166)
Financing activities	(579)	939	2,401	(183)	(1,511)
Changes in cash and cash equivalents for the year	381	(662)	636	(208)	160
Cash and cash equivalents at year end	417	36	698	62	270
Key ratios in per cent					
Solvency ratio*	27	25	26	30	27
Price-index regulation announced by the Danish Energy Regulatory Authority	(2.9)	(6.2)	(4.9)	(3.4)	(3.8)
Number of employees at year end	520	492	481	467	426
Financial ratio					
*Solvency ratio = $\frac{\text{Equity}}{\text{Balance sheet total}}$					

Statements and reports

Statement by the Supervisory and Executive Boards

Today, the Supervisory and Executive Boards discussed and approved the Annual Report of Energinet.dk for the year 2009.

The consolidated financial statements, the financial statements and Management's review are presented in accordance with the Danish Financial Statements Act, applicable Danish accounting standards and the Danish Act on Energinet.dk.

In our opinion, the accounting policies applied are appropriate, the Group's internal control relevant to the preparation and presentation of consolidated financial statements and financial statements is adequate, and the consolidated financial statements and the financial statements therefore give a fair presentation at 31 December 2009 of the assets, liabilities and financial position of the Group and the Parent, of the results of the Group's and the Parent's operations, and of the Group's cash flows for the financial year 1 January to 31 December 2009.

In our opinion, Management's review includes a fair account of the development in the operations and financial circumstances, of

the results for the year and of the financial position of the Group and the Parent as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent.

Furthermore, in our opinion, business procedures and internal control have been established ensuring to the widest possible extent that the transactions covered by the consolidated financial statements and the financial statements comply with the provisions for the state's contributed capital of the Danish Act on Energinet.dk, other regulations, agreements concluded and generally accepted accounting principles.

Finally, in our opinion, the administration performed in 2009 was financially appropriate and the disclosures in the consolidated financial statements, the financial statements and Management's review about objectives and results are documented and cover Energinet.dk's operations in 2009.

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, 17 March 2010

Executive Board


Peder Østermark Andersen
President and CEO


Poul Steen
Executive Vice President and CFO


Torben Glar Nielsen
Executive Vice President

Supervisory Board

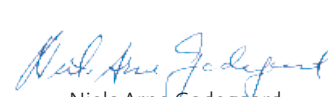

Niels Fog
Chairman


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

Internal auditors' report on consolidated financial statements, financial statements and Management's review

We have audited the consolidated financial statements, the financial statements and Management's review of the independent public enterprise Energinet.dk for the financial year 1 January 2009 to 31 December 2009. The consolidated financial statements and the financial statements comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and accounting policies. The consolidated financial statements, the financial statements and Management's review are presented in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on Energinet.dk.

Management's responsibility for consolidated financial statements, financial statements and Management's review

Management is responsible for the preparation and fair presentation of consolidated financial statements and financial statements in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on Energinet.dk. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for the preparation of a Management's review that gives a fair account in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on Energinet.dk. Furthermore, Management is responsible for ensuring that the transactions covered by the consolidated financial statements and the financial statements 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 consolidated financial statements, the financial statements and Management's review based on our audit. We conducted our audit in accordance with Danish Auditing Standards and generally accepted public auditing standards, see the Danish Act on the Auditing of Govern-

mental Accounts etc., and the Danish 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 consolidated financial statements, the financial statements and Management's review are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, the financial statements and Management's review. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, the financial statements and Management's review, 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 consolidated financial statements and financial statements and to the preparation of a Management's review that includes a fair account 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 consolidated financial statements, the financial statements and Management's review. An audit also includes assessing whether business procedures and internal control have been established which ensure that the transactions covered by the consolidated financial statements and the financial statements comply with the provisions of the Danish Act on Energinet.dk on the state's contributed capital, other regulations, and 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 consolidated financial statements and financial statements give a fair presentation at 31 December 2009 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 2009 to 31 December 2009 in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on

Energinet.dk, and Management's review includes a fair account in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on Energinet.dk. Furthermore, in our opinion, business procedures and internal control have been established which ensure that the transactions covered by the consolidated financial statements and the financial statements are in conformity with the provisions of the Danish Act on Energinet.dk on the state's contributed capital, other regulations, agreements concluded and generally accepted accounting principles.

Statement on performance audit conducted

In connection with the financial audit of Energinet.dk's consolidated financial statements, financial statements and Management's review for 2009 we have assessed whether due financial allowance was made for selected areas in the administration of the enterprise and whether the disclosures in the consolidated financial statements, the financial statements and Management's review about objectives and results are documented and cover Energinet.dk's activities in 2009.

Management's responsibility

Energinet.dk's Management is responsible for setting up 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 consolidated financial statements, the financial statements and Management's review about objectives and results are documented and cover Energinet.dk's activities in 2009.

Auditors' responsibility and the performance audit conducted

In accordance with generally accepted public auditing standards, see the Danish Act on the Auditing of Governmental Accounts etc., we have examined selected administrative areas with a view to assessing whether Energinet.dk has established business procedures ensuring proper financial administration. Furthermore, on the basis of audit sampling we have reviewed the disclosures in the consolidated financial statements, the financial statements and Management's review about Energinet.dk's objectives and results.

We conducted our audit to obtain limited assurance that the administration of the selected areas was handled in a financially appropriate manner and that the disclosures in the consolidated financial statements, the financial statements and Management's review about objectives and results are documented and cover Energinet.dk's activities in 2009.


Opinion

The performance audit conducted did not reveal any circumstances leading us to believe that the administration in 2009 of the areas examined by us was not conducted in a financially appropriate manner or that the disclosures in the consolidated financial statements, the financial statements and Management's review about objectives and results are not documented and do not cover Energinet.dk's activities in 2009.

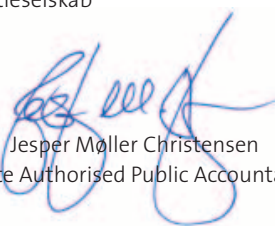
Fredericia, 17 March 2010

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

External auditors' report on consolidated financial statements, financial statements and Management's review

We have audited the consolidated financial statements, the financial statements and Management's review for the independent public enterprise Energinet.dk for the financial year 1 January to 31 December 2009. The consolidated financial statements and the financial statements comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and accounting policies. The consolidated financial statements, the financial statements and Management's review are presented in accordance with 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 consolidated financial statements, the financial statements and Management's review for 2009 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 lead to the reassessment of specific issues dealt with in this auditors' report.

Management's responsibility for consolidated financial statements, financial statements and Management's review

Management is responsible for the preparation and fair presentation of consolidated financial statements and financial statements in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on Energinet.dk. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for the preparation of a Management's review that gives a fair account in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on Energinet.dk. Furthermore, Management is responsible for en-

sureing that the transactions covered by the consolidated financial statements and the financial statements 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 consolidated financial statements, the financial statements and Management's review based on our audit. We conducted our audit in accordance with Danish Auditing Standards and generally accepted public auditing standards, see the Danish Act on the Auditing of Governmental Accounts etc., and the Danish 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 consolidated financial statements, the financial statements and Management's review are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, the financial statements and Management's review. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, the financial statements and Management's review, 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 consolidated financial statements and financial statements and to the preparation of a Management's review that includes a fair account 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 consolidated financial statements, the financial statements and Management's review. 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 consolidated financial statements and the financial statements are in conformity with the provisions of the Danish Act on Energinet.dk on the state's contributed capital, 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 consolidated financial statements and financial statements give a fair presentation at 31 December 2009 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 2009 to 31 December 2009 in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on Energinet.dk, and Management's review includes a fair account in accordance with the Danish Financial Statements Act, Danish accounting standards and the Danish Act on Energinet.dk. We also find that business procedures and internal control have been established ensuring to the widest possible extent that the transactions covered by the consolidated financial statements and the financial statements are in conformity with the provisions of the Danish Act on Energinet.dk on the state's contributed capital, other regulations, agreements concluded and generally accepted accounting principles.

Statement on performance audit conducted

In connection with the financial audit of Energinet.dk's consolidated financial statements, financial statements and Management's review for 2009 we have assessed whether due financial allowance was made for selected areas in the administration of the enterprise and whether the disclosures in the consolidated financial statements, the financial statements and Management's review about objectives and results are documented and cover Energinet.dk's activities in 2009.

Management's responsibility

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Auditors' responsibility and the performance audit conducted

In accordance with generally accepted public auditing standards, see Danish Act on the Auditing of Governmental Accounts etc., we have examined selected administrative areas to evaluate whether Energinet.dk has established business procedures ensuring proper financial administration to the widest possible extent. Furthermore, on the basis of audit sampling we have reviewed the disclosures in the consolidated financial statements, the financial statements and Management's review about Energinet.dk's objectives and results.

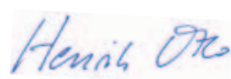
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Opinion

The performance audit conducted did not reveal any circumstances leading us to believe that the administration in 2009 of the areas examined by us was not conducted in a financially appropriate manner or that the disclosures in the consolidated financial statements, the financial statements and Management's review about objectives and results are not documented and do not cover Energinet.dk's activities in 2009.

Fredericia, 17 March 2010

Rigsrevisionen



Henrik Otbo
Auditor General



Edvin Andrée Andersen
Director



Management's review

Preface by Management

Throughout 2009, Denmark's hosting of the UN conference on climate change - COP 15 - set the energy policy agenda in Denmark and the rest of the world. For Energinet.dk, the conference was a perfect opportunity to showcase the Danish wind case in collaboration with a number of Danish businesses and authorities. The Danish wind case is the story of how Denmark today is capable of integrating large amounts of wind power into the power system without jeopardising security of supply. It is also the embodiment of a future vision where renewable energy covers an even larger share of Danish energy supply.

The Danish Government has set itself the goal of making Denmark completely independent of fossil fuels. In the years to come, this objective will challenge all elements of Danish energy supply and require close collaboration in the energy industry.

Energinet.dk has launched initiatives within four areas, which collectively will ensure the efficient integration of renewable energy. The four areas - investments in international connections, biogas in the natural gas grid, holistic planning and initiatives aimed at developing an intelligent power system - will form the framework for a considerable part of Energinet.dk's strategic commitments. As such, Energinet.dk expects to increase its investing activities in the coming years. Expectations are that investments will increase from a historically low level of DKK 200-300 million annually to DKK 2-4 billion annually in the years to come.

Natural gas remains an important energy resource for Denmark, and Energinet.dk is responsible for maintaining security of

gas supply when Denmark ceases to be self-sufficient in natural gas in a few years' time. In January 2010, Energinet.dk therefore got the green light from the Danish Climate and Energy Minister to invest in the expansion of the natural gas system so that natural gas can be imported across the Danish-German border.

Maintaining high security of supply is a core task for Energinet.dk, and we are therefore pleased that there were no faults in the main electricity and gas transmission grids affecting consumers in 2009.

The work of planning the undergrounding of the regional transmission grid is progressing in close collaboration between the regional transmission companies and Energinet.dk. It is a comprehensive project, which over the next 20 years will help to realise the vision of an invisible grid.

The gas and electricity markets have continued the development of recent years. This is reflected in the fact that the Danish gas exchange's revenue has increased and that new products have been introduced into the market. The project aimed at setting up market coupling between Denmark and Germany was relaunched in November 2009, and work is ongoing to establish a single electricity market for North-Western Europe.

Energinet.dk is responsible for the administration of several R&D programmes, including ForskEL, which received much praise in an evaluation report published on the occasion of the programme's tenth anniversary.

The climate and energy policy challenges are best addressed through close cross-border collaboration. Energinet.dk there-

fore invests heavily in setting up strong collaboration at a professional level within the European bodies of cooperation ENTSO-G and ENTSO-E.

In the past year, Energinet.dk's dedicated and competent employees once again made it possible for Energinet.dk to fulfil its strategic goals. Again in 2009, organisational changes were implemented to create the best possible framework for realising the goals. Energinet.dk also maintained its focus on the professional and personal development and well-being of its employees and managers. This is reflected in an increase in employee satisfaction, for example.

Electricity and gas markets

Functioning of the electricity market

At the end of 2009, the Swedish TSO, Svenska Kraftnät, announced that instead of having just one common price area as is the case today, Sweden will be divided into four price areas from 2011. This division will create a more efficient electricity market, affecting electricity spot prices in Zealand, for example.

To give electricity producers an incentive to stop generation when power generation exceeds consumption, Nord Pool Spot introduced negative electricity spot prices at the end of November 2009. When prices are negative, producers have to pay to sell their electricity on the power exchange when power generation exceeds consumption. As such, negative prices help to discourage producers from bringing electricity on to the market in hours when wind power production is expected to be high and power consumption low.

After the market coupling system had been improved and thoroughly tested, the market coupling between Denmark and Germany was relaunched on 9 November 2009. The market coupling is administered by the European Market Coupling Company (EMCC), which is owned by Energinet.dk, 50Hertz Transmission, Transpower, Nord Pool Spot and the European Energy Exchange (EEX). The market coupling ensures more market-oriented utilisation of the interconnections between the Nordic countries and Germany.

The market coupling between Denmark and Germany is one step on the road towards establishing a more integrated electricity market, and the parties behind the market coupling have agreed with the TSOs in central Western Europe to work towards a fully developed market coupling model creating one single electricity market in North-Western Europe.

Electricity price in 2009

In 2009, the electricity spot price continued its downward trend started in the autumn of 2008, the predominant cause of which was a drop in raw material prices and a falling demand for electricity. As a result, the average electricity price in Western Denmark in 2009 was DKK 0,268/kWh, which is a fall of almost 40% since 2008. In Eastern Denmark, the average electricity price dropped to almost the same level, namely DKK 0,297/kWh as opposed to DKK 0,422/kWh in 2008.

The market coupling between Denmark and Germany, which was relaunched in November 2009, meant that the German electricity prices had a greater effect on the Danish electricity spot prices. Since the launching of the market coupling, Western Denmark and Germany, in particular, have experienced many hours when prices have been identical on both sides of the border.

For the first time ever, Western Denmark experienced negative electricity prices around Christmas. The reason was a combination of high wind power production and low temperatures, which increased the demand for heat from the CHP plants. As many central CHP plants (ie power stations which are also CHP plants) cannot increase

the production of heat without simultaneously increasing power generation, the supply of electricity exceeded demand.

In the final months of 2009, Eastern Denmark experienced marked increases in the electricity price due to low temperatures and increasing power consumption in the rest of the Nordic region. Operational disturbances at several Swedish nuclear power stations also helped to push prices upwards, especially at the end of the year.

Development of the retail market

In 2009, several initiatives were launched to improve competition in the retail market.

In April 2009, the then Climate and Energy Minister Connie Hedegaard asked Energinet.dk to set up a central register of the Danish electricity companies' customer and supplier data. The register is called DataHub and aims at making it easier for consumers to change electricity supplier, thus promoting and increasing competition in the electricity market. The plan is to launch the first version of the central register at the end of 2011. Energinet.dk develops the register in collaboration with a representative selection of players in the Danish electricity market.

To create a more mobile electricity retail market, especially among customers using less than 100,000 kWh a year, Energinet.dk launched an information campaign in early 2010. The campaign, in which also the Danish Energy Association, the Danish Energy Regulatory Authority, the Danish Consumer Council, the Danish Federation of Small and Medium-Sized Enterprises, and others participated, informed electricity consumers of their right to choose their own electricity supplier and how to use Elpristavlen.dk. This is a website directed at small electricity consumers which is owned and run by the Danish Energy Association. The website was improved in 2009 on the basis of broad collaboration within the energy industry.

Gas trading

The gas exchange Nord Pool Gas got off to a quiet start when it was launched in March 2008, but 2009 saw the number

of transactions rise markedly and the exchange become an established part of the gas market. A total of 1.2 billion kWh was traded on the gas exchange, corresponding to around 3% of Danish natural gas consumption.

The reason for the increase in the number of transactions was a falling European gas price. This made more shippers buy gas south of the Danish border instead of from the North Sea. As a result, the Ellund border point between Germany and Denmark became a bottleneck, which stimulated trading on Nord Pool Gas. Also, the increasing demand for gas in the relatively cold winter months at the end of the year helped to boost trading.

In the autumn of 2009, Nord Pool Gas introduced two new products, namely an intra-month-product, which allows customers to buy or sell gas for the remainder of the month concerned, and a swap product, which makes it possible for customers to 'exchange' any gas they may have in Germany for gas in Denmark or vice versa. Both products were well received by the customers.

The transactions made via Energinet.dk's virtual market place – the so-called Gas Transfer Facility (GTF) – have reached a stable level. Around 60% of Danish natural gas consumption is traded here.

Sale of gas storage capacity

As was the case in 2008, Energinet.dk Gas Storage's natural gas capacity was sold at auctions in 2009 to ensure fair and transparent distribution. In 2009, three-year storage agreements were offered in addition to the one-year storage agreements. The entire capacity available under multi-annual storage agreements was sold, whereas 92% of the capacity under one-year agreements was sold on auction. The remaining quantity was subsequently auctioned off.

Energinet.dk Gas Storage continues to develop storage products and sales mechanisms in line with market requirements, and in 2010 the company intends to make it possible to conclude storage agreements for periods of up to five years. A highly flex-

ible storage product with no minimum filling requirements will also be introduced in the coming winter.

Biogas in the natural gas grid

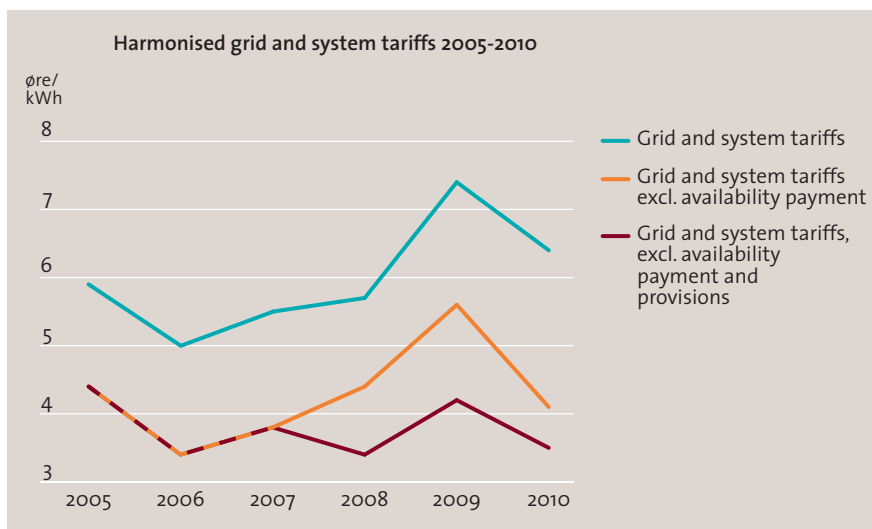
In recent years, it has been discussed how to best utilise Danish biogas. To ensure consensus about this, Energinet.dk, the Danish Energy Regulatory Authority, the Danish Gas Technology Centre and a number of other biogas players have embarked upon a joint fact-finding mission. Energinet.dk plays a central role in this work, for example in facilitating an economic analysis of the possible uses of biogas.

In collaboration with the gas distribution companies Energinet.dk has developed a market model capable of handling injection of and trade in biogas via the natural gas grid. The biogas market model was presented at a seminar held by Energinet.dk in August 2009 for 150 energy industry players. The market-related work continues for the purpose of developing a biogas specification and examining the possibilities of setting up a scheme for documenting biogas trading, for instance.

Energinet.dk's electricity tariffs are divided into a system tariff and a grid tariff. The system tariff covers the expenses of operating the power system and ensuring security of supply. The grid tariff covers the expenses of operating and maintaining the main electricity grid as well as operating and maintaining the international connections.

Since Energinet.dk's establishment in 2005, the grid and system tariffs (calculated in current prices) have risen from DKK 0,059/kWh in 2005 to DKK 0,064/kWh in 2010. This corresponds to an increase of approximately 8% in the five-year period. In comparison, the general price development in the same period corresponded to a 12% increase.

If the tariff development is calculated without taking account of the expenses incurred by Energinet.dk partly as a consequence of having the regional transmission grid at its disposal and partly as a consequence of making provisions for fu-



ture infrastructure investments, the system and grid tariffs have sustained a 21% drop from DKK 0,044/kWh to DKK 0,035/kWh.

Energinet.dk's PSO tariff covers the statutory expenses of Public Service Obligations, primarily subsidies for environmentally friendly power generation and support to R&D projects. In 2005, the PSO tariff was DKK 0,106/kWh. In 2010, the tariff was DKK 0,085/kWh. The PSO tariff depends largely on the electricity market price.

Energinet.dk's gas tariffs are divided into a capacity tariff, a volume tariff and an emergency supply tariff.

The capacity and volume tariffs cover the expenses of operating and maintaining the gas system while the emergency supply tariff covers the expenses of maintaining Energinet.dk's emergency preparedness.

The expenses of and thus the tariffs for the above-mentioned gas transmission activities have fallen by around 20% in the period 2005-2010.

Collaboration with European TSOs

On 1 July 2009, the new European body of cooperation for transmission system operators (TSOs) within the field of electricity ENTSO-E (European Network of

Transmission System Operators - Electricity) was fully operational. As a result, the other bodies of cooperation, including the UCTE, ETSO and Nordel, were discontinued. A similar organisation for gas - ENTSO-G - was established on 1 January 2010. The two organisations will, among other things, define binding technical and market rules for cross-border energy transmission, thus contributing to the development of more efficient European energy markets.

In 2009, ENTSO-E particularly focused on organising itself and performing other basic tasks such as defining a strategy for the coming five years and drafting an ambitious policy programme and procedures for the development of grid rules and the staging of public consultations.

ENTSO-E's first 'Winter Outlook Report', which presents analyses of and views on the energy and power balance for the coming winter, was published on 1 December 2009. At the end of 2009, the members signed a temporary agreement on transit compensation which is to apply until the European Commission's new guidelines come into force sometime in 2010.

In future, ENTSO-E will be the TSOs' spokesman in Europe, and much is expected of the organisation's work. Energinet.dk has therefore chosen to be a very active member of the organisation and has decided to convene various working groups. Expecta-



tions are high in particular where the binding grid rules and a plan for the development of the European transmission grid over the coming ten years are concerned. The purpose of the grid plan is to identify from a European perspective the areas of the collective grid which require new investments. This will be done on the basis of scenarios, technical and economic analyses, and the most recent information about planned investment projects of European interest. The first plan will be published in June 2010, after which it will be published every other year. The plan is not binding on ENTSO-E's members.

In December 2009, ENTSO-E approved its first R&D plan, 'EUROGRID 2020'. With this plan, ENTSO-E aims to ensure coordination between the individual members' research projects.

ENTSO-G's first tasks will be to develop a common set of rules for the allocation of capacity in the natural gas systems and to monitor regulators' introduction of new congestion management rules.

Tomorrow's energy system

The goal of having a power system that is based on 50% renewable energy in about 10-15 years' time and the more long-term ambition of building a society that is independent of fossil fuels make it necessary to fundamentally realign the energy system.

Energinet.dk expects the power system to become the focal point of the realignment of the energy system because of the significant role wind power is expected to play in our endeavours to reach the climate and energy policy objectives. An Energinet.dk core task is to ensure that renewable energy is effectively integrated into the power system, primarily on market-based principles, with a continually high degree of security of supply.

Energinet.dk will base the realignment of the power system on three main elements:

- A robust transmission grid and strong international connections which may help to even out fluctuations in wind power production. See the section 'Investments

in the electricity and gas transmission grids'.

- Flexible power generation and consumption, for example through integrated planning of the electricity, gas, heat and transport sectors. Electric vehicles and heat pumps in particular may play a decisive role seeing as they can individually contribute to ensuring that the increasing amounts of wind energy in Denmark are utilised flexibly and efficiently. Electric vehicles and heat pumps can also contribute to markedly reducing CO₂ emissions in non-ETS sectors. These means were analysed in the report 'Efficient use of wind power-based electricity in Denmark', which Energinet.dk published in the spring of 2009.
- Advanced measuring and control of the power system on both the supply and the demand sides (SmartGrids). Future power generation will be decentralised and fluctuating to a far greater extent than today. Consequently, there will be a much greater need for a flexible power system in the future. Such flexibility can only be achieved by increasingly activating both the supply and demand sides so that they contribute to the balancing of the power system. This places great demands on power grid measuring and control on both the supply and demand sides via digital communication. A Smart-Grid, or intelligent power grid, is therefore an important element of tomorrow's power system.

Investments in the electricity and gas transmission grids

Strategies for the electricity transmission grids

In April 2009, Energinet.dk published in collaboration with the regional transmission companies a plan for placing the 132 kV and 150 kV grids underground. The basis for this was an agreement made in the autumn of 2008 on new guidelines for the expansion of the transmission grid between the parties behind the energy agreement of 21 February 2009. The plan covers the dismantling of approximately

3,200 circuit kilometres of 132-150 kV overhead lines and the undergrounding of around 2,900 kilometres of new 132-150 kV cables over the next 20 years.

According to the new guidelines for the electricity transmission grid, the visual appearance of parts of the existing 400 kV grid must be improved. On that basis, Energinet.dk presented in collaboration with the environmental centres of the Agency for Spatial and Environmental Planning a plan for improving the visual appearance of six chosen sections of the 400 kV grid where overhead lines and towers impact the environment intensively. In co-operation with the local governments affected Energinet.dk is planning when and how to perform this work, more specifically whether the improvement is to be implemented by moving the transmission lines, by erecting towers in a new design or by using underground cables. The six projects are budgeted at DKK 1.2 billion.

A key element of the political agreement is the long-term undergrounding of the transmission grid, and Energinet.dk has therefore launched a development project, which is to result in the installation of the first long 400 kV AC cable in Denmark. Energinet.dk is also co-funding a PhD project on the design and operation of long 400 kV AC cables.

Reinforcement of the backbone of the Jutland power grid

The planned wind power expansion increases the need to reinforce the 400 kV power line between Kassø close to the German border and Tjele near the city of Viborg. The plan is to replace the existing single-circuit line with a new double-circuit line. The new line must comply with the principles for the visual appearance of the 400 kV grid, and it will therefore be placed on towers in a new design. Particular sections will be placed underground. As a starting point, the new line will be placed close to the existing one, which will be removed when the new line is ready. The expansion will provide 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 the long-term undergrounding/restructuring of the underlying 150 kV grid.

The authorities initiated their consideration of the expansion project in June 2009, and they are expected to reach a decision in summer 2010. The expansion of the Kassø-Tjele power line is expected to be completed in 2014 and is budgeted at DKK 2.5 billion.

The Great Belt Power Link

The construction of the Great Belt Power Link, which will link Eastern and Western Denmark electrically for the first time, is nearing its completion, and the Link is expected to be commissioned in August 2010. The 600 MW link will spur competition in the electricity market, which in turn will reduce the expenses relating to reserve capacity. The price will be approximately DKK 1.3 billion.

Connection of new offshore wind turbines

At the end of April 2009, Energinet.dk commissioned the landing facilities connecting the Horns Rev 2 offshore wind farm in the North Sea to the grid onshore. The total price for the transformer platform, submarine and land cables, and cable substation is DKK 867 million. After commissioning, the landing facilities, which cost DKK 234 million, were transferred to the regional electricity transmission company, Vestjyske Net.

The work of connecting the Rødsand 2 offshore wind farm south of the island of Lolland to the grid is also nearing its completion. Energinet.dk is constructing a transformer platform and laying the submarine cable, and the installations, which will be commissioned at the end of May 2010, are budgeted at DKK 300 million.

The next large offshore wind farm which Energinet.dk is to connect to the onshore grid will be placed in the waters between Djursland and the island of Anholt. Energinet.dk has also been entrusted with the task of ensuring that an environmental impact assessment (EIA) is conducted for the offshore wind farm before the Danish Energy Agency puts it out to tender. The off-

shore farm will have a capacity of 400 MW. Energinet.dk is presently planning and designing the installations which are to transmit power generated by the offshore wind turbines to the existing substation in Trige near Aarhus. The installations consist of an offshore transformer platform, an 80 km land cable, a cable substation and a 56 km submarine cable. The work to construct the wind farm will be commenced in spring 2011 and completed in summer 2012.

The landing facilities for the Anholt offshore wind farm are budgeted at around DKK 1.3 billion.

Offshore grid

Together with the German TSO, 50Hertz Transmission, Energinet.dk has completed a feasibility study of an offshore power grid near Kriegers Flak in the Baltic which will link the two countries' power grids and connect offshore wind turbines to the power grids onshore. The studies were implemented despite of Svenske Kraftnät pulling out of the project in early 2010. Energinet.dk and 50Hertz Transmission have applied for funding of EUR 125 million from the EU's Economic Recovery Plan.

Expansion of interconnections to Norway and Germany

In November 2009, the supervisory boards of Energinet.dk and the Norwegian TSO, Statnett, decided to construct a new power cable between Norway and Jutland. Skagerrak 4, as the cable is called, will have a capacity of 700 MW and is expected to be commissioned in 2014.

Skagerrak 4 will ensure better utilisation of wind power as it expands in Denmark, improve security of supply and promote competition in the electricity markets. The new cable will create substantial economic value for both Denmark and Norway.

In Denmark, the existing converter substation in Tjele near Viborg will be expanded, and a 90 km land cable will be installed. The submarine cable will be approximately 140 km long.

The project is budgeted at DKK 2.8 billion, with Denmark's part of the investment presumably being around DKK 1.5 billion.

In addition to expanding the Skagerrak interconnection with an additional cable, Energinet.dk and the German enterprise E.ON Netz have decided to expand the interconnections between Jutland and Germany. The expansion is necessary in order to integrate increasing amounts of wind power into the power grid. Initially, Denmark will invest DKK 46 million in increasing the transmission capacity of the existing connections. Subsequently, the transmission grids on both sides of the Danish-German border will be reinforced. The reinforcements are expected to be completed in Denmark and Germany in 2012.

New international connection between the Netherlands and Denmark

In the spring of 2009, the Dutch TSO, TenneT, and Energinet.dk entered into a cooperation agreement to continue their preparations for constructing an interconnection between Denmark and the Netherlands. However, the final decision to establish such a connection will not be made until the end of 2012.

The purpose of the interconnection, whose working title is COBRA, is to integrate increasing amounts of renewable energy into the Dutch and the Danish power systems and to improve security of supply. The interconnection will also help to increase competition in the North-Western European electricity markets.

The interconnection is budgeted at DKK 3.4 billion, of which Denmark will pay half. The parties behind the COBRA project have applied for funding of EUR 86.5 million from the EU's Economic Recovery Plan. This corresponds to DKK 320 million for the Danish part of the project. The interconnection is expected to generate substantial economic benefits for Danish society.

Other investments in the power system

To reduce the risk of the interconnections between Norway and Denmark being out of operation for prolonged periods of time, Energinet.dk and the Norwegian TSO, Statnett, have purchased two spare transformers to fall back on if one of the permanent transformers breaks down. One of the transformers was delivered and installed in 2009, while the other one will be delivered



in summer 2010. Energinet.dk's part of the investment is budgeted at around DKK 40 million.

Out of consideration for security of supply on the island of Læsø, Energinet.dk has decided to replace the existing 20 kV cable to the island with a new 60 kV cable. The new cable is expected to be commissioned in 2011 and is budgeted at DKK 36 million.

The Kontek Link between Zealand and Germany has on several occasions been out of operation due to leaky cable joints. The owners of the Link have therefore decided to replace the submarine cables. This work will be completed in autumn 2010. Energinet.dk's share of the expenses will be DKK 215 million.

Expansion of gas storage facility

Energinet.dk has taken the first step towards a possible staged expansion of its gas storage facility in Lille Torup. In April 2008, the authorities started the environmental impact assessment (EIA) of the expansion, and an approval is expected to be granted in the first half of 2010.

The first stage of the expansion project consists of re-establishing existing leaching plant and to re-leach, initially, one of the seven existing caverns. This work is budgeted at DKK 124 million. If the authorities approve the plan, leaching can be commenced in autumn 2010. This will take three years and increase cavern capacity by 15% annually.

Expansion of the natural gas grid

In a few years' time, Denmark will no longer be self-sufficient in gas from the North Sea and will therefore have to import gas.

Today, gas can be traded with Germany in the border point between Denmark and Germany, but Denmark has been a net exporter of gas to Germany since 1984. As the market requirements for physical deliveries of gas from Germany became particularly pronounced in 2009, Energinet.dk joined forces with the owners of the North German gas transmission grid in planning an expansion of the German transmission system. The expansion will

Future investments in the transmission grids

Construction projects 2009-2020	Ongoing projects DKK million	Planned projects DKK million
Electricity transmission lines	3,459	14,767
Other projects, electricity	195	75
Renovation, electricity	20	36
Gas transmission	1,609	17
Total	5,283	14,895

enable physical deliveries of gas from the end of 2010.

In 2009, the parties behind the Nordic natural gas project Skanled cancelled all plans to construct a natural gas pipeline from Norway to Sweden and Denmark due to the financial crisis and the resulting uncertainty about the future demand for gas. This also led to the scrapping of a planned gas pipeline between Poland and Denmark as this project hinged on the implementation of the Skanled project.

To learn more about market players' requirement for new transport capacity Energinet.dk once again carried out an Open Season process in 2009. An Open Season process is a bidding process where market players can submit bids for long-term transport contracts concerning newly established transport capacity. Energinet.dk undertakes to establish the capacity if demand proves sufficient. The Open Season process is recommended by European energy regulators and energy traders.

As a result of the 2009 Open Season process, Energinet.dk has started to prepare a major expansion of the natural gas grid in Southern Jutland so that gas can be imported via Germany. The expansion project consists of two elements: A new compressor station which is to increase pressure and thus ensure that the gas in the pipeline can be piped through the system, and a new natural gas pipeline looped next to the existing pipeline between Ellund at the border between Denmark and Germany and the town of Egtved. At the beginning of 2010, the Danish Climate and Energy Minister approved the construction of the compressor station. The looping of the gas pipeline awaits further analyses before a

final decision to invest in the project will be made.

The project, which is budgeted at DKK 1.5 billion, is expected to be financed partly through Energinet.dk's application to the EU's Economic Recovery Plan for funding in the amount of EUR 100 million to reinforce the gas transmission grid in the Baltic region.

Investments in 2009

In 2009, Energinet.dk invested DKK 1,223 million in electricity and gas transmission facilities as opposed to DKK 936 in 2008.

Operation of the electricity and gas transmission grids

In 2009, the Danish electricity and natural gas systems were characterised by a very high degree of operational reliability. There were no gas supply failures, and no electricity consumers experienced power cuts due to faults in the main electricity transmission grid.

Operating incidents

Twice in two days in July 2009, the inhabitants of the island of Læsø experienced power cuts. The first cut was caused by a fault in the 20 kV cable to the island. The second cut was caused by a relay fault on Læsø. The fault disconnected the spare cable which supplied the island with electricity while the 20 kV cable was repaired. The 20 kV cable is owned by Energinet.dk, which has a statutory duty to ensure that small islands are supplied with power. To improve security of supply on Læsø, Energinet.dk decided to replace the cable with a new and larger cable.

In January 2010, Energinet.dk's 60 kV cable to the island of Bornholm was dam-

aged by a ship's anchor. This meant that around 3,000 consumers in Bornholm experienced a brief power cut. While the cable was repaired, Østkraft supplied the island with electricity from its own power plants. The cable was operational again on 8 February 2010.

In October 2009, Konti-Skan 1, one of two interconnections between Jutland and Sweden, was disconnected when one of the transformers in the Vester Hassing converter substation broke down. The transformer is being repaired in England, and the interconnection is expected to be operational again in November 2010. At the end of November 2009, a fault occurred in the Konti-Skan 2 interconnection between Jutland and Sweden. In this instance, a fault in the return cable put the interconnection out of operation for a week.

At the end of June, two months after Energinet.dk had commissioned the landing facilities for the Horns Rev 2 offshore wind farm, the land cable was disconnected due to a fault in a cable joint. A closer inspection revealed that the fault was caused by an assembly error - an error which had been made in all cable joints on the land cable. The cable supplier therefore re-assembled all cable joints. The re-assembly took 39 days, in which time the landing facilities were out of operation, making it impossible to transmit power from the offshore wind farm.

One Saturday night in October, Energinet.dk had to request downward regulation of

Electricity and gas transmission	2009	2008
Gas GWh		
Transport in gas transmission grid	82,888	91,570
Imports (from Sweden and Germany)	13,312	8,686
Exports (to Sweden and Germany)	40,422	47,450
Consumption	42,465	44,120
Electricity GWh		
Transmission in electricity transmission grid	45,554	47,371
Imports (from the Nordic countries and Germany)	11,264	12,718
Exports (to the Nordic countries and Germany)	10,930	11,264
Consumption (incl. transmission losses)	34,623	36,103

the onshore wind turbines in Jutland to the tune of 200 MW to prevent oversupply as power generation exceeded consumption. High wind power production in Northern Germany and reduced transfer capacity between Jutland and Sweden made it very difficult to get rid of the oversupply. The introduction of negative prices is to provide producers with an incentive to limit generation in similar situations, just as the Great Belt Power Link, the expansion of the international connections and - in the long term - intelligent consumption are to improve the exchange of wind power production.

New IT tool

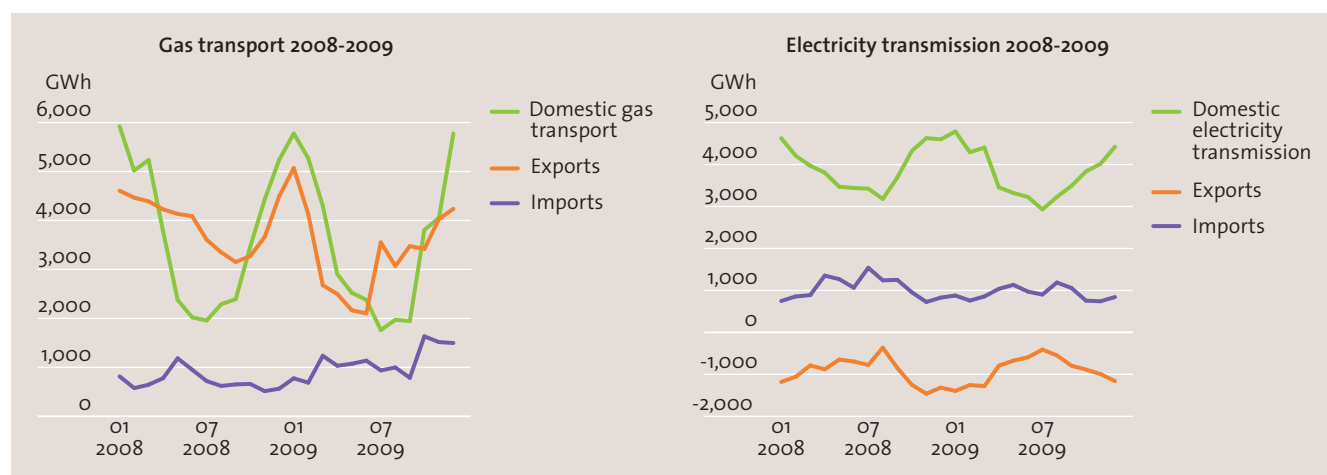
In the autumn of 2009, the new Nordic IT tool, NOIS, was commissioned. NOIS, which is operated by Energinet.dk and used by all the Nordic electricity TSOs, provides an improved overview of the regulating power reserves in the Nordic countries. NOIS is also the platform where the trading capac-

ities between the TSOs are determined and regulating power prices calculated.

Security of gas supply

To ensure security of gas supply in emergency situations, Energinet.dk buys 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.

The expenses of ensuring security of emergency gas supply were DKK 278 million in 2008 as opposed to DKK 336 million in 2009. This increase is primarily due to the price paid to the large consumption sites for the right to interrupt them in emergency supply situations - so-called interruptible emergency supply - being higher than the year before. For the first time ever, the price was determined at an auction in



October 2008 when fuel prices were high and high electricity prices were expected for the winter of 2008/2009.

The terms and conditions governing interruptible emergency supply were changed in 2009 to better suit Energinet.dk's requirements, and at the same time a call was implemented among the customers of the Danish natural gas storage facilities to ensure that extra gas was in storage to be used in emergency supply situations. Energinet.dk also entered into a new agreement on different terms for the delivery of gas in emergency supply situations via the Syd Arne pipeline. Energinet.dk expects that these changes will reduce the total expenses of ensuring security of supply as from 2010.

Security of electricity supply

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

The expenses relating to electricity reserve capacity was DKK 639 million in 2009 as opposed to DKK 1,059 million in 2008. In addition, the expenses of buying regulating power were DKK 224 million in 2009 compared to DKK 401 million in 2008. The lower expenses are a result of electricity spot prices being some 40% lower on average in 2009 than in 2008.

Preparedness

Energinet.dk is responsible for coordinating the emergency preparedness plans of the electricity and gas sectors and for monitoring and advising the sectors on their work with emergency preparedness.

According to the Danish executive orders on preparedness, all enterprises in the electricity and natural gas sectors must prepare risk and vulnerability analyses every three years and revise and submit their preparedness plans to Energinet.dk for approval. Energinet.dk has received preparedness plans from around 70 enterprises, and reviewing and approving these is part of the supervision performed by Energinet.dk of the enterprises in the electricity and gas sectors in 2009.

In connection with the influenza H1N1 outbreak, key personnel in the energy sector who handle important societal tasks were identified as being a priority for vaccination. The Danish Energy Agency asked Energinet.dk to obtain information from the electricity and natural gas sectors and to be responsible for the subsequent administration of the approval of vaccination for the enterprises in these sectors.

In October 2009, Energinet.dk and several other energy sector enterprises participated in a national crisis exercise. The focal point of the exercise was several major incidents that could potentially occur during the UN conference on climate change in Copenhagen in December 2009. The exercise translated into the drafting of a standardised situation report for the electricity and gas sectors which was subsequently used during COP 15 to brief, for example, the Danish Energy Agency and the Danish national operations staff (NOST).

Rigsrevisionen's report on electricity sector preparedness was published in January 2009, concluding that, in general, overall preparedness was satisfactory, but that Nordic collaboration on electricity preparedness could be strengthened. Energinet.dk has therefore had a hand in drafting a new declaration of intent for more binding co-operation in NordBER, which is a forum for authorities and TSOs in the five Nordic countries.

Promotion of environmentally friendly power generation

Energinet.dk has a statutory obligation to promote environmentally friendly energy. Among the means used are subsidies for environmentally friendly electricity and CHP generation, payment of the expenses of connecting environmentally friendly power generation installations to the grid and financial support to research and development in environmentally friendly power generation and efficient energy use.

Energinet.dk is obliged to buy electricity produced by certain local CHP plants and certain wind turbines. The electricity generated is bought at the statutory purchase price and sold on the power ex-

change, 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.

Also, since 1 January 2009, Energinet.dk has under the Danish Act on the promotion of renewable energy administered four new schemes which are all part of a DKK 10 million guarantee scheme. Under the new schemes wind-turbine owners can apply for funding of preliminary investigations etc.; neighbours of 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% 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 (green scheme). Common to the schemes is that they cover wind turbines higher than 25 metres and offshore wind turbines that have not been put up for tender.

Until February 2010, Energinet.dk has considered 13 wind turbine projects with a total installed capacity of 187 MW under the new schemes.

Taksationsmyndigheden (The Valuation Authority), which determines the size of the value loss, has made a decision in three wind turbine projects. In connection with these projects, eight out of 33 applicants were granted compensation for loss of value in the amount of DKK 850,000.

So far, four guarantees of DKK 500,000 each have been issued to local wind turbine cooperatives.

Under the green scheme Energinet.dk has promised three local governments grants in the total amount of DKK 1,150,000.

Research and development

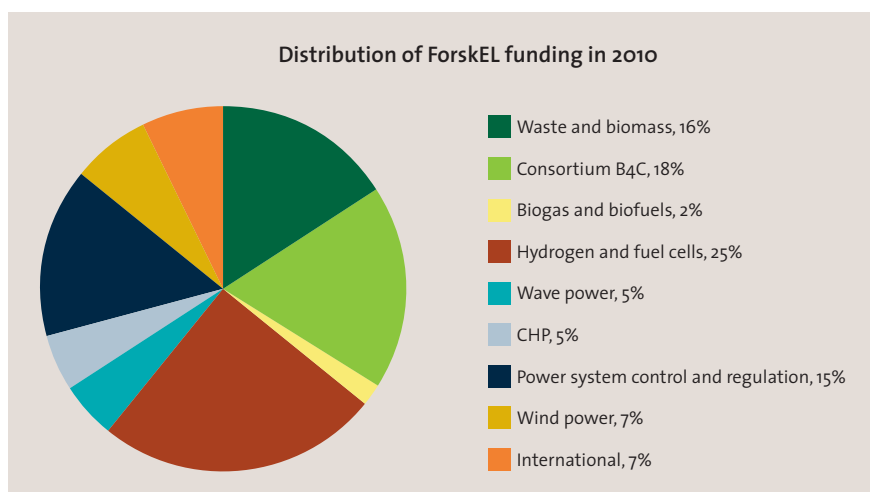
Financial support to environmentally friendly power generation

Energinet.dk has a politically determined annual budget of DKK 130 million for sup-

porting research, development and demonstration of environmentally friendly power generation technologies. This programme is called ForskEL, and the pool is financed by electricity consumers as a Public Service Obligation (PSO). In 2009, the programme celebrated its tenth anniversary, and in this connection Energinet.dk commissioned the Alexandra Institute at Aarhus University to prepare an external evaluation of the first ten years of the research programme. One of the conclusions of the evaluation was that ForskEL contributes to a very high extent to the development of environmentally friendly power generation technologies and supports innovation within a long line of diverse energy technologies and resources. As such, the Alexandra Institute emphasises that the ForskEL programme has kept research and development environments within photovoltaic cells in Denmark on the boil; that the programme has had a decisive hand in the successful implementation of the Danish biomass action plan from 1993; and that the ForskEL programme has ensured the development of a best practice in terms of collaboration and focus on Danish positions of strength, using the valuable Danish hydrogen and fuel cell strategy as basis.

Energinet.dk also administers the ForskVE and ForskNG programmes. ForskVE is a programme that provides funding in the amount of DKK 25 million to the dissemination of photovoltaic cell, wave power and biogasification technologies, initially in the period 2008-2011. ForskNG is a special research programme within the field of natural gas, the purpose of which is to ensure research and development of tomorrow's gas systems. The support to ForskNG is financed through Energinet.dk's gas transmission tariffs.

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 Danish Council for Strategic Research



and with the energy research programmes funded by the Danish Energy Agency and Danish Energy Association - Net.

Under the 2010 call, Energinet.dk received 87 applications under the three programmes for a total requested funding amount of DKK 431 million.

31 projects within Danish energy research will be prioritised for funding in the amount of DKK 155 million.

As was the case in connection with the 2009 call, the 2010 ForskEL programme also includes a consortium application, i.e. the consortium B4C (Biomass for Conversion). Projects within the categories of waste and biomass, hydrogen and biofuels, and power system control and regulation represent a large share of the ForskEL funding available. Funding has also been earmarked for Danish participation in international projects under three European calls in which Energinet.dk participates.

Within the ForskVE programme, projects dealing with photovoltaic cells and biogasification in particular were prioritised for funding.

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 systems to the benefit of the environment, society and customers. These activities are financed

through Energinet.dk's electricity and gas tariffs.

In the field of electricity, two major development projects are currently being conducted under the auspices of Energinet.dk, in the Cell Project and the future EcoGrid EU project. One of the purposes of the Cell Project is to develop a robust, decentralised and intelligent power system capable of handling the integration of markedly larger amounts of renewable energy and local power generation. In the EcoGrid EU project, Energinet.dk will, in collaboration with European universities and industrial partners, implement a full-scale prototype project in the island of Bornholm with complete roll-out of SmartGrids for a power system with a renewable energy share in excess of 50%. Energinet.dk will apply to the EU for funding of the EcoGrid EU project under the FP7 programme. Energinet.dk will also participate in the large EU-funded project, TWENTIES, which deals with the balancing and integration of very large amounts of wind power into the power system.

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 comprises the emission of eight substances to the air and seven residual products. Furthermore, a 10-year forecast is prepared on the development in emissions in different scenarios.



The environmental report also contains a statement of the environmental impacts of the operation of the electricity and natural gas transmission systems as well as environmental issues relating to Lille Torup natural gas storage facility.

Moreover, Energinet.dk prepares an environmental impact statement and an electricity label, which are statements of emissions per kWh of electricity consumed in Denmark.

The environmental report is published around 1 May each year, whereas the environmental impact statements are published on 1 March.

Knowledge resources and organisation

Employee attraction and retention

At year-end 2009, Energinet.dk had 520 employees (514 full-time positions). Of the 520 employees, 365 are men and 155 are women. Employee turnover was approximately 8.4%. In 2009, 58 new employees were employed in permanent positions, whereas 30 employees resigned, 10 of them taking retirement.

In the course of 2009, negotiations between Energinet.dk and the AC Club (Association of college and university graduates) translated into an agreement on the implementation of function-based pay (job salary) for all college and university graduates with effect from 1 January 2010. As a result, Energinet.dk's working time rules are now in conformity with those in force in most other comparable enterprises in the energy industry. This is considered to be an advantage, also where the attraction and retention of college and university educated employees are concerned.

Energinet.dk has also continued its employer branding programme in order to continue to be able to attract and retain qualified employees. The activities include targeted efforts towards electrical engineers, economists and other specialists - both newly-qualified and more experienced graduates.

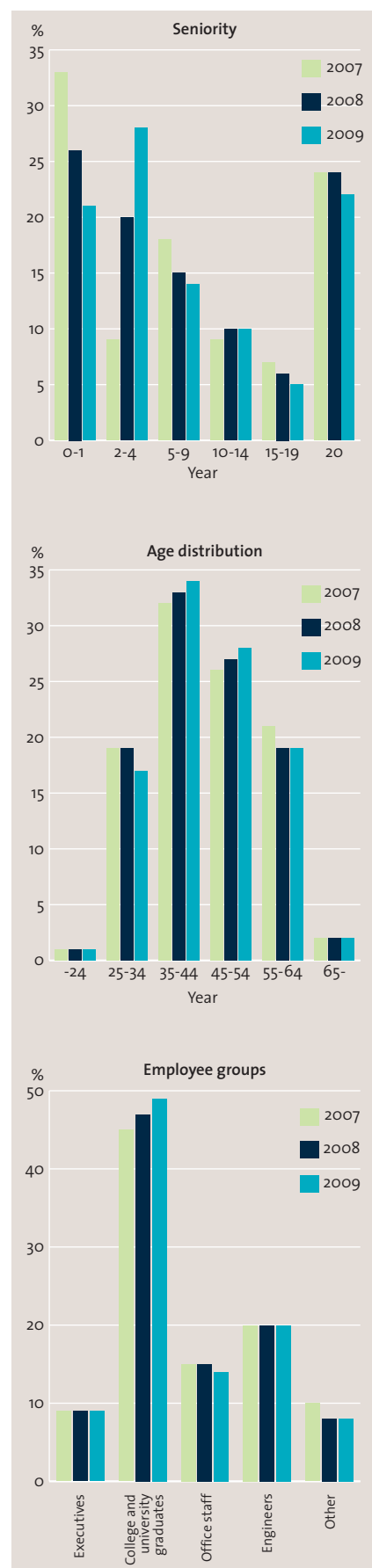
In 2009, Energinet.dk continued its Graduate Programme, which was introduced to strengthen recruitment of qualified employees and to ease an expected succession. In the beginning of 2010, there were 12 graduates in Energinet.dk. The second team of graduates completed their training on 31 August 2009, and seven out of nine graduates were subsequently employed with Energinet.dk in permanent or temporary jobs.

Employee satisfaction and development

Energinet.dk works determinedly to increase employee satisfaction. At year-end, the annual survey showed an increase in employee satisfaction from index 74 to index 76, which means that Energinet.dk's employee satisfaction rate is now significantly higher than the average for Danish enterprises (index 72). The employees' assessment of their immediate managers is still markedly higher than the general level for Danish enterprises, and satisfaction with the possibilities of personal and professional development is very high. This is all completely in line with Energinet.dk's objectives.

The objective for 2010 is to further improve employee satisfaction, for example, by constantly focusing on leadership, professional and personal development, and the daily work.

To ensure that employee competencies are developed to suit the requirements involved in developing tomorrow's energy system, Energinet.dk makes sure that the individual employees have excellent opportunities for developing personally and professionally, and sets aside a great deal of resources to this end. As such, Energinet.dk implemented several internal courses in 2009, one of them being a successful new development activity in the form of four competency development courses for its own employees. The courses have strengthened internal knowledge sharing. An ongoing communications course for top executives was continued as were communications courses for line managers. Talent training programmes for specialists and further training of project managers were also implemented.



The purpose of Energinet.dk's health policy is to ensure that the employees all enjoy good health primarily by supporting initiatives and activities proactively and preventively aimed at maintaining health. In 2009, the health scheme was changed to focus even more on disease prevention and encourage employees to pursue an active lifestyle. All employees are offered health checks for example, and the range of exercise activities on offer has been expanded. One of the goals is to ensure that the employees become more physically active and to reduce the employees' risk of lifestyle-related diseases.

In 2009, sickness absence was 2.31% as opposed to 2.01% in 2008. In comparison, sickness absence among salaried employees in the private sector in Danish enterprises was close to 4%.

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 and a senior course in preparation of life outside of the labour market.

Safety and working environment

In 2009, Energinet.dk focused particularly on updating its working environment management system. Over the year, all working environment processes were reviewed with a view to their improvement, efficiency optimisation and implementation. In this connection, a group of working environment auditors have been trained to conduct systematic audits in the enterprise to determine whether the working environment management system has been implemented efficiently and functions as intended.

The Danish Working Environment Authority's stricter requirements to contractors spurred Energinet.dk to train a large group of safety coordinators in 2009. These coordinators focus on coordinating and documenting safety and the working environment in connection with the planning and implementation of construction projects.

In 2009, Energinet.dk experienced three reportable industrial accidents compared to five in 2008. All three accidents occurred

in administrative buildings. It can thus be concluded that there is much focus on safety when work is being performed at electricity and gas installations. Collectively, the three accidents caused 37 hours of absence.

When comparing with other industries and Denmark as a whole, Energinet.dk has a low accident frequency of 3.5 and an accident absence frequency of 0.04. In the 2008 statistics prepared by the Danish Employers' Association, the accident frequency was 25.1 while the accident absence frequency was 3.0.

Energinet.dk's corporate social responsibility (CSR)

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

Energinet.dk's CSR policy has three focus areas: The employees: Here efforts aim to ensure that the employees have job satisfaction and develop personally and professionally. Climate and the environment: Here, Energinet.dk endeavours to minimise its climate and environmental impact. Activities in the supplier chain: Here, suppliers are required to observe and comply with guidelines for responsible production and delivery.

To follow up on its CSR policy, Energinet.dk joined the UN Global Compact in 2009. This involves an obligation to implement ten principles relating to human rights, rights at work, the environment and anti-corruption. The focus areas of our CSR policy also relate to the Global Compact principles.

CSR work must be anchored in the enterprise, and the employees must be informed of this work. For that purpose, an in-house working group has been appointed whose main task is to plan and coordinate CSR activities and submit progress reports to the UN. In 2009, Energinet.dk identified relevant focus areas for its CSR work and specified the work tasks. One of Energinet.dk's

initiatives in 2009 included the drafting of a Code of Conduct for its suppliers which must comply with special accountability requirements in conformity with the Global Compact's ten principles. Initiatives for each focus areas have been planned for 2010.

According to the Danish Financial Statements Act, large enterprises must each year give an account of their CSR practices. Having also joined the UN Global Compact, Energinet.dk has elected to only prepare a progress report for the UN, thus using the exemption under the Financial Statements Act. Energinet.dk published the progress report in May 2010.

Good corporate governance

Energinet.dk's view on 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 the basis of the discussion. Good corporate governance is a dynamic process in the course of which Management continuously assesses the need for changes.

Energinet.dk follows 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 therefore focuses on the recommendations that are considered to be value creating in the context of the enterprise.

Owner's role and cooperation with Energinet.dk's Management

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

Energinet.dk also has an advisory Stakeholder Forum. The Stakeholder Forum is appointed by the Minister for Climate and Energy and submits opinions to Energinet.dk's Management on the enterprise's overall strategies and plans with a view to supporting its operations.

Openness and transparency

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

Energinet.dk's communications policy is based on openness and dialogue with 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.

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 to reduce the potential impact of the risk factors and counteracting their possible consequences.

The risk policy serves as the basis of Energinet.dk's insurance, credit and financing policies as well as of 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.

As a part of its risk management, Energinet.dk focused in 2009 on the optimisation and efficiency enhancement of the

Gross revenue (amounts in DKK million)	2009	2008	2007	2006
Tariff revenue	7,175	4,860	7,291	4,146
Sale of electricity	781	1,580	1,315	2,043
Revenue from international connections	736	1,156	897	296
Balance market	278	519	273	272
Excess revenue/deficit from PSOs	28	(27)	(410)	963
Other income (incl. elimination)	175	245	16	77
Total gross revenue	9,173	8,333	9,382	7,797

control environment in connection with accounting processes. The business processes have been mapped out, and the control environment has been designed to support the business risks.

Auditing

Energinet.dk's annual report is audited by Rigsrevisionen in pursuance of the Danish Financial Statements Act and the Danish 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 on his own initiative. 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 operations of 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.

Financial review

Net profit for the year

The net profit for the year was DKK 456 million after tax compared to a profit of DKK 112 million after tax in 2008. It is proposed that the profit for the year be distributed with DKK 567 million to excess revenue/deficit, and DKK 111 million to the negative consolidation of the contributed capital.

The development in the profit for the year is primarily the result of falling expenses in relation to ancillary services and regulating power. On the other hand, congestion rents earned fell compared to 2008.

The realised profit for the year before tax was DKK 97 million lower than announced in the 2009 interim report. The deviation is primarily attributable to increased depreciation, amortisation and impairment losses and unexpected expenses in relation to an assembly fault in the cable transmitting power from the Horns Rev 2 offshore wind farm to the shore. Depreciation, amortisation and impairment losses rose due to the breakdown of a transformer as well as an impairment loss relating to the Kassø-Vejen line route, which will be dismantled when a new line route is erected.

Gross revenue

Energinet.dk's gross revenue was DKK 9,173 million in 2009, which is an increase of DKK 840 million, or 10%, over 2008.



The increase is primarily attributable to increased tariff revenue of DKK 2,315 million. However, revenue from international connections, the balance market and the sale of electricity fell by DKK 1,460 million. The increase in tariff revenue is predominantly due to tariffs in the PSO segments having risen by DKK 991 million over 2008, but collectively revenue from system and grid tariffs also rose by DKK 488 million.

The fall in revenue from international connections was caused by a fall in congestion rents and auction revenue.

As regards congestion rents the distribution of the profit for 2009 included the transfer of DKK 412 million including capitalisation to 'Excess revenue/deficit' under equity to be used in connection with the future expansion of the electricity infrastructure with a view to reducing grid congestion.

Revenue from the balance market has stabilised again after 2008 when the prices were considerably higher than in previous years due to the electricity price.

Costs of environmentally friendly power generation etc.

The costs of environmentally friendly power generation rose from DKK 3,367 million in 2008 to DKK 4,358 million in 2009.

The DKK 991 million increase is largely the result of increased subsidies to local CHP plants, wind turbines and other RE installations in the amount of DKK 1,020 million over 2008. On the other hand, financial expenses and grid connection expenses showed a downward trend.

The increase in subsidies paid out was caused by the electricity spot price falling compared to 2008. 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. Falling spot prices therefore result in higher subsidies.

Revenue

Revenue constitutes the total revenue gen-

Other external expenses (amounts in DKK million)	2009	2008	2007	2006
Purchase of electricity	479	793	434	527
Purchase of storage capacity and emergency supply	421	335	216	248
Purchase of reserve capacity and ancillary services	638	1,059	821	856
Availability payment for the 132/150 kV grid	548	571	634	574
Expenses incurred in relation to foreign grids	54	53	47	178
Subsidies for power generation	222	246	0	0
Other external expenses	513	441	432	363
Total other external expenses	2,875	3,498	2,584	2,746

erated by Energinet.dk exclusive of PSO activities. In 2009, revenue amounted to DKK 4,815 million compared to DKK 4,966 million in 2008. The fall is chiefly attributable to falling revenue in the grid segment.

Other external expenses

Other external expenses totalled DKK 2,875 million in 2009, which is a drop of DKK 623 million, or 18%, over 2008.

The fall is primarily attributable to reduced expenses for the purchase of reserve capacity and ancillary services. The fall is linked to the fall in electricity prices in 2009 over 2008. At the same time, the market price for manual upward regulation reserves was lower in 2009 than normally due to increased power generation at several local CHP plants. The supply of electricity in the reserve capacity market increased as the CHP plants were unable to sell their power generation due to fierce competition on the spot market. Instead, the power generated was put up for sale in the reserve capacity market.

Other external expenses rose by DKK 72 million, which corresponds to a 16% increase. The increase is chiefly the result of rising expenses of acquiring the equipment necessary to maintain electricity infrastructure installations, including expenses of remedying an oil leak in the Kontek Link and the cable damage experienced at the Horns Rev 2 offshore wind farm.

Staff costs

Energinet.dk's staff costs climbed by DKK 32 million in 2009. The increase primarily reflects an increase in the number of employees and the general salary develop-

ment. At 31 December 2009, the number of employees was 520 as opposed to 492 at the same time last year. The new employees are a result of a continually increasing level of activity within the areas of system development and project work. In both instances, it is the ongoing and future expansion of the electricity and natural gas grids that is the primary reason for the increased level of activity.

Depreciation, amortisation and impairment losses for the year

Annual depreciation, amortisation and impairment losses rose from DKK 762 million in 2008 to DKK 893 million in 2009. The DKK 131 million increase comprises the full-year effect of depreciation, amortisation and impairment losses relating to Regionale Net.dk A/S of around DKK 60 million. In 2008, depreciation, amortisation and impairment losses were not recognised until after 1 July. Moreover, an impairment loss on the coming dismantling of the Kassø-Vejen line route was recognised. In addition, an impairment loss on Energinet.dk's transformer in an interconnection to Sweden was recognised due to the breakdown of the transformer. Energinet.dk has also started depreciating the grid connection of the Horns Rev 2 offshore wind farm.

Net financials

Net financials including fair value adjustments totalled DKK 307 million in 2009 compared to DKK 388 million in 2008. The DKK 81 million fall is linked to the net interest-bearing debt having fallen from DKK 9,854 million in 2008 to DKK 9,238 million in 2009. The falling market interest rate in 2009 was another contributory factor.

Tax on net profit or loss for the year

Tax on net profit for the year was DKK 98 million, which corresponds to an effective tax rate of 18%. The difference between the effective tax rate and the corporation tax rate of 25% is attributable to various factors. The 7% deviation is chiefly attributable to Energinet.dk receiving various types of income that are not taxable in the year. In addition, Energinet.dk received tax income in 2009 relating to previous accounting periods, which further reduced the effective tax rate for the year.

The tax payable for 2009 constituted DKK 64 million and solely concerned Energinet.dk's gas activities.

Balance sheet

Energinet.dk's balance sheet total amounted to DKK 19,629 million in 2009, which is on a par with 2008. However, this situation reflects conflicting factors relating to various items under equity and liabilities.

Assets

Non-current assets fell from DKK 17,164 million in 2008 to DKK 17,038 million in 2009. The DKK 126 million drop reflects the fact that depreciation, amortisation and impairment losses on non-current assets in the amount of DKK 1,297 million exceeded the investments for the year. The investments for the year in non-current assets and depreciation, amortisation and impairment losses primarily relate to electricity infrastructure installations and rights. The increase in depreciation, amortisation and impairment losses in 2009 over 2008 is described in more detail in the section Depreciation, amortisation and impairment losses for the year.

Current assets, on the other hand, rose by DKK 119 million over 2008. The increase covers an increase in cash and cash equivalents of DKK 381 million, a drop in inventories of DKK 61 million, and a fall in receivables of DKK 201 million. The increase in cash is chiefly the result of temporarily placing excess liquidity in fixed-term loans. The fall in inventories is attributable to the adjustment of the value of the stored natural gas, which is stated at a lower mar-

Key figures for grid segment (amounts in DKK million)	2009	2008	2007	2006
Income statement				
Revenue	2,362	2,537	1,611	1,294
Profit before depreciation, amortisation and impairment losses	1,157	1,242	443	1
Operating profit/(loss)	612	827	155	(243)
Profit from net financials	(108)	(118)	(43)	(42)
Profit for the period	426	561	111	(172)
Balance sheet				
Non-current assets	9,628	8,917	6,083	5,701
Current assets	594	723	1,127	444
Balance sheet total	10,222	9,640	7,210	6,145
Interest-bearing debt	3,130	3,468	1,455	974
Equity	5,015	4,575	4,031	3,328

ket value than last year due to lower natural gas prices. Receivables fell because of changed conditions for imposing VAT on the trading transactions on Nord Pool Spot AS and changed terms of payment for gas transmission customers.

Equity

Equity rose by DKK 477 million from DKK 4,919 million in 2008 to DKK 5,396 million DKK in 2009.

In 2009, negative return on the contributed capital of DKK 111 million was recognised in equity. The return is recognised as a part of Energinet.dk's equity with a view to maintaining the real value of the contributed capital. A falling consumer price and pay index in 2009 resulted in negative return, which in itself reduces the basis for charging tariffs.

The remaining adjustment of the net profit for the year of DKK 567 million was transferred to 'Excess revenue/deficit'.

Debt and financial issues

The net interest-bearing debt fell from DKK 9,854 million in 2008 to DKK 9,238 million in 2009. The fall is due to positive cash flows from operating activities of DKK 2,140 million more than making up for the realised cash flows from investing activities of DKK 1,180 million.

In 2009, the general interest level fell, and in particular the short, floating interest rates dropped markedly. Energinet.dk has

elected to use the falling interest rates to increase its share of fixed-rate debt. At the beginning of 2009, 47.5% of the interest-bearing debt carried floating interest, and this share had been reduced to 25.6% by the end of the year. This increased the duration of the interest-bearing debt from 2.39 years in 2008 to 4.28 years in 2009.

At year-end 2009, the floating-interest debt was divided equally between existing floating-rate loans and use of Energinet.dk's Commercial Paper programme.

The average effective borrowing rate for interest-bearing debt was 3.12% in 2009. This figure comprises positive exchange rate adjustments in the amount of DKK 75.2 million (realised positive exchange rate adjustments of DKK 49.2 million and unrealised exchange rate adjustments of DKK 26 million). By way of comparison, the average effective borrowing rate for interest-bearing debt was 5.05% in 2008.

Over the year, the acknowledged credit rating agency Standard & Poor's downgraded Energinet.dk's rating from AA+ to AA. According to Standard & Poor's, this was due to Energinet.dk's comprehensive investment programme and the expected resulting increase of its debt. The downgrading affects neither Energinet.dk's possibilities of using the re-lending scheme via Danmarks Nationalbank nor its use of Commercial Papers.

Because of the global economic crisis, the rating of some of Energinet.dk's current and potential business partners has been downgraded by international credit rating agencies. This will affect the choice of counterparties, and the established procedures for providing security will be monitored closely. The counterparty strategy has been observed, with the counterparty providing the necessary security where this has been necessary.

Cash flow statement

Changes in cash and cash equivalents for the year constituted an increase of DKK 381 million, with cash flows from operating activities constituting DKK 2,140 million in 2009 as opposed to DKK 990 million in 2008.

Cash flows from investing activities relating to non-current assets constituted minus DKK 1,180 million. The investments for the year chiefly related to the construction of the Great Belt Power Link and the connection of the new Horns Rev 2 and Rødsand offshore wind farms to the grid. In addition, investments have been made in new systems for controlling and monitoring the electricity and gas grids.

Cash flows from financing activities constituted minus DKK 579 million. Loans were predominantly reduced by reducing short-term loans.

Outlook 2010

The outlook for 2010 builds on a financial assessment of each individual business segment. It naturally follows that information about the future is highly uncertain.

Energinet.dk expects an after-tax profit of around DKK 180 million for 2010. In the 2010 budget, congestion rents in the amount of approximately DKK 400 million have been transferred to 'Excess revenue/deficit' under equity.

The consolidation of the contributed capital is budgeted at DKK 111 million. It is expected that DKK 322 million, which has been accumulated in previous years as excess revenue, will be paid back in 2010.

Other adjustments of excess revenue/deficit include minus DKK 19 million, relating to the expected adjustment of deferred tax liabilities.

A profit of DKK 1 million is expected in the natural gas storage segment.

The following central budget assumptions have been made:

- An average electricity market price in Western Denmark of DKK 0,311 øre/kWh and DKK 0,314 øre/kWh in Eastern Denmark is forecast on the basis of forward prices applying at the time of budgeting.
- A deficit of DKK 32 million relating to the 132 kV grid in northern Zealand is budgeted for 2010, which is an improvement on what was expected at the time of assignment of the shares in Regionale Net.dk A/S in 2008.
- The grid and system tariffs have been forecast at DKK 0,064/kWh for 2010 as opposed to DKK 0,074/kWh in 2009.
- The 2010 PSO tariff for Western and Eastern Denmark has been budgeted at DKK 0,113/kWh and DKK 0,099/kWh, respectively.

Events after the balance sheet date

No significant events have occurred after the balance sheet date that affect the fair presentation at 31 December 2009 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 and natural gas activities. In addition, financial statements must be prepared for separate tariff areas in pursuance of the Danish Electricity Supply Act. Where the electricity 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.

Segment 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 indirectly associated revenues and expenses.

Where its electricity activities are concerned, Energinet.dk achieved a total deficit for the year in the PSO segment of DKK 28 million and total excess revenue for the grid and system segments of DKK 752 million. The deficit relating to gas transmission constituted DKK 113 million.

Key figures for system segment (amounts in DKK million)	2009	2008	2007	2006
Income statement				
Revenue	1,481	1,514	1,553	1,166
Profit before depreciation, amortisation and impairment losses	179	(385)	361	(92)
Operating profit/(loss)	146	(409)	341	(110)
Profit from net financials	(22)	(33)	(25)	(8)
Profit for the period	92	(333)	234	(88)
Balance sheet				
Non-current assets	329	374	586	202
Current assets	402	309	760	203
Balance sheet total	731	683	1,346	405
Interest-bearing debt	614	427	755	232
Equity	(117)	(209)	123	(111)



In pursuance of Section 13 of the Danish Act on Energinet.dk, minus DKK 111 million of the profit of DKK 456 million will be used for consolidating the contributed capital.

Grid segment

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

Revenue fell from DKK 2,537 million in 2008 to DKK 2,362 million in 2009. The fall is due to conflicting factors. On the one hand, grid tariffs in Western and Eastern Denmark rose from DKK 0,033/kWh and 0,041/kWh in 2008, respectively, to DKK 0,039/kWh and DKK 0,054/kWh in 2009, respectively. On the other hand, revenue from international connections fell in 2009 by DKK 420 million over 2008.

Expenses relating to transmission losses increased from DKK 407 million in 2008 to DKK 297 million in 2009 due to falling electricity prices. Energinet.dk pays the expenses relating to transmission losses in the 132 kV, 150 kV and 400 kV grids and the international connections.

Expenses relating to transmission losses increased by DKK 23 million in 2008 due

Key figures for PSO segment (amounts in DKK million)	2009	2008	2007	2006
Income statement				
Gross revenue	4,358	3,367	5,224	4,406
Balance sheet				
Non-current assets	673	1,089	1,482	1,819
Current assets	1,137	1,041	1,033	1,384
Balance sheet total	1,810	2,130	2,515	3,203
Interest-bearing debt	941	1,304	1,280	2,226
Equity	0	0	0	0

to a meter error at Asnæs Power Station.

Expenses incurred in connection with availability payments fell by DKK 23 million from DKK 571 million in 2008 to DKK 548 million in 2009. Energinet.dk pays grid companies to place the 132/150kV grid at its disposal. The payment is determined by the Danish Energy Regulatory Authority through individual revenue caps for the transmission companies. The fall is partly due to the fact that, since taking over the regional grid in northern Zealand on 30 June 2008, Energinet.dk no longer pays availability payments for the grid, and partly to the fact that availability payments rose in 2009 due to subsequent adjustments in relation to previous periods.

Financial expenses constituted DKK 108 million in 2009, which is on a par with 2008.

System segment

Energinet.dk manages the operation of the

main 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 in 2009 constituted DKK 1,481 million, which is on a par with 2008. Falling consumption and rising tariffs make up the fall in revenue of DKK 33 million. In 2009, the tariff was increased from DKK 0,022/kWh in 2008 to DKK 0,029/kWh in 2009 for Western Denmark and from DKK 0,021/kWh in 2008 to 0,030/kWh in 2009 for Eastern Denmark.

At the same time, balance market revenue fell from DKK 507 million in 2008 to DKK 264 million in 2009. The fall is due to the electricity market price having fallen from the higher 2008 level.

Energinet.dk experienced falling expenses both where regulating power and the purchase of reserve capacity and ancillary services are concerned. Total expenses incurred in connection with these activities amounted to DKK 806 million in 2009 compared to DKK 1,461 million in 2008. This is a drop of DKK 655 million, or 45%.

To maintain the physical balance of the power system Energinet.dk equalises the differences between the balance-responsible parties' notifications and their actual consumption/generation. In practice, Energinet.dk performs this task by purchasing regulating power and transmitting it to balance-responsible parties with an imbalance. Again the falling electricity prices in 2009 over 2008 caused the level of expenses to fluctuate considerably. To main-

Key figures for gas transmission segment (amounts in DKK million)	2009	2008	2007	2006
Income statement				
Revenue	805	747	826	931
Profit before depreciation, amortisation and impairment losses	211	227	425	538
Operating profit (EBIT)	4	14	214	229
Profit from net financials	(91)	(142)	(116)	(99)
Profit for the period	(61)	(97)	182	90
Balance sheet				
Non-current assets	4,035	4,344	4,407	4,105
Current assets	435	383	769	228
Balance sheet total	4,470	4,727	5,176	4,333
Interest-bearing debt	2,762	2,829	2,823	2,644
Equity	471	525	628	410

tain the technical quality and system security, Energinet.dk must have access to reserve capacity. In 2009, total expenses relating to reserve capacity amounted to DKK 638 million compared to DKK 1,059 million in 2008. The reason for the DKK 421 million drop is that the price of reserves was lower in 2009, chiefly due to increased supply of electricity provided by several local CHP plants and lower electricity prices.

Operating expenses in the system segment include a distribution of the Group's total operating expenses in connection with TSO and PSO activities. Overall operating and administrative expenses amounted to DKK 145 million.

PSO segment

The PSO segment covers Energinet.dk's PSO costs. Energinet.dk manages this task within the framework of the Danish Electricity Supply Act. Activities consist chiefly of financial support to environmentally friendly power generation and research in new technologies for environmentally friendly power generation.

Revenue rose from DKK 3,367 million in 2008 to DKK 4,358 million in 2009. The DKK 991 million increase is largely due to increasing tariffs in 2009 compared to 2008. It was necessary to increase tariff revenue to cover the rising subsidies to local CHP plants. The increased subsidies are a result of the falling electricity prices in 2009. Because of the electricity prices, the subsidies paid by Energinet.dk were higher in 2009 than in 2008. As such, subsidies paid in 2009 were DKK 1,020 million higher than in 2008.

On the other hand, the lower electricity price in 2009 over 2008 resulted in a fall in revenue from the sale of electricity of DKK 798 million.

Overall, the costs of environmentally friendly power generation rose correspondingly from DKK 3,367 million in 2008 to DKK 4,358 million in 2009. The increased costs are chiefly the result of rising subsidies for wind turbines and CHP plants.

Gas transmission segment

The gas transmission segment contrib-

Key figures for gas storage segment (amounts in DKK million)

Income statement

	2009	2008	2007 (8 mths)
Revenue	247	236	168
Profit before depreciation, amortisation and impairment losses	207	178	130
Operating profit (EBIT)	99	68	56
Profit from net financials	(86)	(95)	(62)
Profit for the period	(1)	(19)	48

Balance sheet

Non-current assets	2,373	2,440	2,561
Current assets	23	16	65
Balance sheet total	2,396	2,456	2,626
Interest-bearing debt	1,791	1,826	1,912
Equity	27	28	48

utes to ensuring a well-functioning and competitive natural gas market. In the segment, all operation and maintenance tasks in the Danish natural gas grid are also managed. The gas transmission segment transports all natural gas consumed in Denmark and the gas transported between Denmark, Germany and Sweden.

Revenue rose from DKK 747 million in 2008 to DKK 805 million in 2009, which is an increase of 8%.

Overall, storage and emergency supply services rose from DKK 335 million in 2008 to DKK 421 million in 2009. The increase is primarily the result of increased expenses relating to storage services and system balancing, which rose by DKK 86 million in the period. The increase includes fair value adjustment in relation to balancing gas.

Gas storage segment

Energinet.dk's natural gas storage facility is situated at Lille Torup and is vital to the Danish security of natural gas supply. Energinet.dk is responsible for the operation and maintenance of the storage facility and has an important task in regulating the market conditions for natural gas.

Revenue rose by DKK 11 million in 2009. The increase relates to the sale of capacity agreements. The improvement in the profit for the year of DKK 18 million over 2008 is the result of lower operating expenses and lower finance expenses. Operating ex-

penses fell by DKK 18 million, while finance expenses fell by DKK 9 million.

Risk policy

Energinet.dk has adopted a risk policy outlining the overall guidelines for financing, credit granting and credit insurance. These topics are dealt with separately and specifically in the various policies: Finance policy, Credit policy and Insurance policy. The policies are revised continuously to ensure the timely re-assessment of Energinet.dk's risks. The risk policy is approved by the Supervisory Board once a year.

Interest rate risks

Energinet.dk plans its continuous financing in such a manner that the total realised interest expenses with a 95% probability will not exceed the budgeted interest expenses by 1 percentage point. This must be controlled within a framework in which at least 50% of the interest-bearing debt (including inflation-linked debt) carries fixed interest.

Currency risks and raw material risks

Energinet.dk is only allowed to have currency risks in euro. The enterprise has therefore elected to adopt a cautious strategy to hedge its currency risk on its loan portfolio. As such, 70% of the loan portfolio must as a minimum be in Danish kroner, while the share of euro must not exceed 30%.

In some instances, Energinet.dk undertakes a currency or raw material risk in connection with construction projects and certain operational agreements. These risks are hedged collectively either with the supplier or in the financial market. This means that the currency and raw material expenses will be known at the time of contract.

Credit risks

As regards financial instruments with a term of less than 12 months, interest rate swaps in Danish kroner and euro with a term of less than ten years, and currency swaps in Danish kroner/euro, Energinet.dk only enters into agreements relating to financial instruments with business partners which have been awarded a credit rating of at least A- by two acknowledged

credit rating agencies. Where all other financial instruments are concerned, the requirement is that the business partner be awarded a credit rating of minimum AA- by two acknowledged credit rating agencies. When concluding financial agreement, Energinet.dk also requires that a Credit Support Annex (CSA) be used. When a CSA is used, security is exchanged continuously depending on the counterparties' credit rating.

Business partner risks – Customers

Out of consideration for Energinet.dk's credit exposure, all customers must be credit assessed. 'Market regulations for electricity' apply to balance-responsible parties, 'Rules for Gas Transport' apply to gas shippers, and 'Rules for Energinet.dk

Gas Storage' apply to storage customers. The various rules and regulations outline the requirements for credit assessment and the provision of security. Where other customers are concerned, Energinet.dk sets up individual requirements.

Business partner risks – Suppliers

As a main rule, Energinet.dk does not effect payment until delivery has been effected. In connection with construction projects, an amount is normally held back until the delivery has been finally approved. In case of prepayment being required, for example in connection with the purchase of products manufactured to order, Energinet.dk will credit assess the individual suppliers.



Income statement

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
8,155	8,998	1	Gross revenue	9,173	8,333
(3,367)	(4,358)	2	Costs of environmentally friendly power generation etc.	(4,358)	(3,367)
4,788	4,640		Revenue	4,815	4,966
110	157		Own work capitalised	158	111
10	5		Other operating income	9	4
4,908	4,802		Total revenue	4,982	5,081
(3,612)	(3,020)	3	Other external expenses	(2,875)	(3,498)
(258)	(314)	4	Staff costs	(353)	(321)
(3,870)	(3,334)		Total costs	(3,228)	(3,819)
1,038	1,468		Profit before depreciation, amortisation and impairment losses	1,754	1,262
(589)	(664)	5	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	(893)	(762)
449	804		Operating profit	861	500
(17)	(14)		Profit/(loss) in subsidiaries before tax	0	0
(4)	(8)		Loss in associates before tax	(8)	(4)
46	111	6	Financial income	109	47
(362)	(339)	7	Financial expenses	(408)	(431)
(337)	(250)		Total net financials	(307)	(388)
112	554		Profit before tax	554	112
0	(98)	8	Tax on net profit for the year	(98)	0
112	456		Net profit for the year	456	112
			The following distribution of the net profit for the year is proposed:		
199	(111)		Consolidation of contributed capital	(111)	199
(14)	(21)		Net revaluation according to the equity method	0	0
(73)	588		Excess revenue/deficit	567	(87)
112	456		Total	456	112

Balance sheet - Assets

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
		9	Intangible assets		
0	0		Goodwill	443	468
846	442		Rights	449	857
155	255		Software	268	159
75	37		Software in progress and prepayments on intangible assets	37	75
1,076	734		Total intangible assets	1,197	1,559
		10	Property, plant and equipment		
377	374		Land and buildings	391	378
9,106	9,339		Technical plant	13,382	13,370
188	189		Cushion gas	462	462
86	92		Other plant, tools and operating equipment	92	94
1,254	1,432		Assets in the course of construction and prepayments on property, plant and equipment	1,482	1,267
11,011	11,426		Total property, plant and equipment	15,809	15,571
		11	Investments		
2,656	2,604		Equity investments in subsidiaries	0	0
33	31		Equity investments in associates	31	33
1	1		Other equity investments	1	1
2,690	2,636		Total investments	32	34
14,777	14,796		Total non-current assets	17,038	17,164
127	66		Inventories	66	127
			Receivables		
396	113		Trade receivables	116	405
183	80	12	Receivables from associates	80	183
23	0	19	Corporation tax	0	23
1,677	1,880	13	Other receivables	1,880	1,681
17	31	14	Prepayments	32	17
2,296	2,104		Total receivables	2,108	2,309
29	415		Cash	417	36
2,452	2,585		Total current assets	2,591	2,472
17,229	17,381		Total assets	19,629	19,636

Balance sheet - Equity and liabilities

Parent				Group	
2008	2009	Note	Amounts in DKK million	2009	2008
Equity					
3,157	3,157		Contributed capital	3,157	3,157
615	504		Consolidation of contributed capital	504	615
28	0		Net revaluation according to the equity method	0	0
1,119	1,735		Excess revenue/deficit	1,735	1,147
4,919	5,396		Total equity	5,396	4,919
Provisions					
1,536	1,591	15	Deferred tax liabilities	2,610	2,597
466	598	16	Provisions	700	563
2,002	2,189		Total provisions	3,310	3,160
Long-term liabilities other than provisions					
496	496	17	Mortgage debt	496	496
5,518	5,918		Payables to credit institutions	7,155	6,830
111	0	18	Deferred income	0	111
6,125	6,414		Total long-term liabilities other than provisions	7,651	7,437
Short-term liabilities other than provisions					
735	156	17/18	Current maturities of long-term liabilities other than provisions	231	817
1,819	1,467		Payables to credit institutions	1,467	1,819
186	278		Accounts payable	282	192
216	221		Amounts owed to subsidiaries	0	0
10	0		Amounts owed to associates	0	10
0	6	19	Corporation tax	6	0
1,217	1,254	20	Other payables	1,286	1,282
4,183	3,382		Total short-term liabilities other than provisions	3,272	4,120
10,308	9,796		Total liabilities other than provisions	10,923	11,557
17,229	17,381		Total equity and liabilities	19,629	19,636
		21	Provision of security and charges		
		22	Group derivative financial instruments		
		23	Contingent liabilities and other financial liabilities		
		24	Related parties		

Statement of changes in equity

Amounts in DKK million

Parent	Contributed capital	Consolidation of contributed capital	Reserve for net revaluation according to the equity method	Excess revenue/ deficit	Total
Equity at 1 January 2008	3,325	435	59	1,011	4,830
Adjustment of the distribution of net profit in previous years	(168)	(19)	0	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	0
Foreign currency translation adjustment of equity investments, end of year			(4)	0	(4)
Equity at 31 December 2008	3,157	615	28	1,119	4,919
Net profit/(loss) for the year		(111)	(21)	588	456
Transfer			(18)	18	0
Value adjustment of hedging instruments, beginning of year			14	9	23
Value adjustment of hedging instruments, end of year			(7)	1	(6)
Foreign currency translation adjustment of equity investments, beginning of year			4	0	4
Foreign currency translation adjustment of equity investments, end of year			0	0	0
Equity at 31 December 2009	3,157	504	0	1,735	5,396

(ctd.)

Statement of changes in equity (ctd.)

Amounts in DKK million

Parent	Contributed capital	Consolidation of contributed capital	Reserve for net revaluation according to the equity method	Excess revenue/deficit	Total
Equity at 1 January 2008	3,325	435	0	1,070	4,830
Adjustment of the distribution of net profit in previous years	(168)	(19)	0	187	0
Net profit/(loss) for the year		199	0	(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	1,147	4,919
Net profit/(loss) for the year		(111)	0	567	456
Value adjustment of hedging instruments, beginning of year				23	23
Value adjustment of hedging instruments, end of year				(6)	(6)
Foreign currency translation adjustment of equity investments, beginning of year				4	4
Foreign currency translation adjustment of equity investments, end of year				0	0
Equity at 31 December 2009	3,157	504	0	1,735	5,396
			Balance at 1 January 2009	Movements of the period	Balance at 31 December 2009
Balance for excess revenue/deficit can be specified as follows:					
Excess revenue/deficit to be included in tariffs			1,009	639	1,648
Profit/(loss) from commercial activities			29	(1)	28
Adjustment of deferred tax			131	(51)	80
Profit/(loss) from Regionale Net.dk A/S			5	(20)	(15)
Fair value adjustment of financial instruments			(23)	17	(6)
Foreign exchange translation adjustment of equity investments			(4)	4	0
Total excess revenue/deficit			1,147	588	1,735

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 excess revenue to be paid back to the customers or a deficit to be charged to the customers.

At year-end 2009, the item includes excess revenue of DKK 1,648 million. Of this, DKK 1,368 million represents congestion rents (incl. internal return for the electricity consumers in the amount of DKK 96 million), which, in pursuance of EC Regulation 1228/2003, have been transferred to reserves to finance infrastructure installations the purpose of which is to reduce congestion in the electricity grid. The rents will be included in the tariffs as these installations are depreciated. In addition, DKK -66 million represents depreciation of decommissioning costs in relation to installations acquired prior to 1 January 2005. The remaining excess revenue/deficit of DKK 346 million will be included in the tariffs for the period 2010-2012.

Cash flow statement

Amounts in DKK million	Group	
	2009	2008
Operating profit for the period	861	500
Reversal of items not affecting cash flows	(77)	17
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets	1,297	1,166
Payments in respect of provisions	(3)	(18)
Change in inventories	61	2
Change in receivables	161	253
Change in liabilities	218	(512)
Change in accumulated deficit (PSO segment)	(28)	27
Cash flows from operating activities before net financials	2,490	1,435
Interest receivable	102	76
Interest payable	(388)	(462)
Cash flows from ordinary activities	2,204	1,049
Paid corporation tax	(64)	(59)
Cash flows from operating activities	2,140	990
Investment in subsidiaries	0	(2,018)
Investment in associates	(2)	(1)
Investment in intangible assets	(124)	(77)
Investment in property, plant and equipment	(1,056)	(1,030)
Purchase and sale of securities	0	480
Sale of property, plant and equipment	2	50
Dividend received from associates	0	5
Cash flows from investing activities	(1,180)	(2,591)
Proceeds from long-term borrowings	525	2,650
Repayment of long-term loans	(693)	(1,084)
Value adjustment of financial instruments	(59)	(564)
Short-term borrowings/repayment, net	(352)	(63)
Cash flows from financing activities	(579)	939
Change in cash and cash equivalents	381	(662)
Cash and cash equivalents at 1 January	36	698
Cash and cash equivalents at 31 December	417	36

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

Notes

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
		1	Gross revenue		
3,367	4,358		PSO segment (electricity)	4,358	3,367
1,510	1,479		System segment (electricity)	1,479	1,510
2,533	2,358		Grid segment (electricity)	2,358	2,533
745	803		Gas transmission segment	803	745
0	0		Gas storage facility	175	178
8,155	8,998		Total	9,173	8,333
		2	Costs of environmentally friendly power generation etc.		
(2,061)	(2,194)		Subsidies to wind turbines and other RE facilities	(2,194)	(2,061)
(523)	(1,410)		Subsidies to local CHP plants	(1,410)	(523)
(77)	(43)		Grid connection of wind turbines and local CPH plants	(43)	(77)
(32)	(65)		Grid losses in offshore grid	(65)	(32)
(130)	(130)		Research and development of environmentally friendly power generation	(130)	(130)
(20)	(25)		Research and development of efficient energy use	(25)	(20)
(25)	(25)		Research and development of renewable energy	(25)	(25)
(364)	(364)		Depreciation relating to minimum generation capacity	(364)	(364)
(71)	(67)		Other PSO costs	(67)	(71)
(64)	(35)		Net financials	(35)	(64)
(3,367)	(4,358)		Total	(4,358)	(3,367)
		3	Other external expenses		
			An additional specification of other external expenses is found in the segment financial statements at the back of the Annual Report.		
			Auditing fees are included in the item 'Other external expenses' with the following amount:		
			PricewaterhouseCoopers		
(2)	(2)		Auditing of consolidated financial statements and annual reports:	(2)	(2)
(1)	(1)		Other audit opinions	(1)	(1)
(2)	(2)		Tax-related services	(2)	(2)
(4)	(5)		Other services	(5)	(4)
(9)	(10)		Total	(10)	(9)

Rigsrevisionen does not charge a fee for its auditing activities.

Notes

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
		4	Staff costs		
(224)	(273)		Wages and salaries	(308)	(281)
(24)	(29)		Pensions	(33)	(30)
(3)	(3)		Other social security costs	(3)	(3)
(2)	(2)		Supervisory Board remuneration	(2)	(2)
(5)	(7)		Executive Board remuneration	(7)	(5)
(258)	(314)		Total	(353)	(321)
			The Supervisory Board receives a fixed remuneration. For 2009, the remuneration amounted to 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. Throughout 2009, Management consisted of three persons.		
390	490		Average number of employees	505	488
394	504		Number of employees at year-end	520	492
		5	Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets		
0	0		Goodwill	(25)	(18)
(408)	(406)		Rights	(408)	(408)
385	385		of which recognised under 'Costs of environmentally friendly power generation etc.'	385	385
(49)	(56)		Software	(61)	(51)
(3)	(3)		Land and buildings	(4)	(4)
(511)	(575)		Technical plant	(771)	(660)
19	19		of which recognised under 'Costs of environmentally friendly power generation etc.'	19	19
(22)	(28)		Other plant, tools and operating equipment	(28)	(25)
(589)	(664)		Total	(893)	(762)
		6	Financial income		
4	2		Interest on balances with subsidiaries	0	0
25	22		Interest on bank deposits etc.	21	30
17	87		Foreign exchange gains and fair value adjustments etc.	88	17
46	111		Total	109	47

Notes

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
		7	Financial expenses		
(11)	(6)		Interest on balances with subsidiaries	0	0
(263)	(281)		Interest on loans, bank debt, etc.	(350)	(341)
(25)	(30)		Capitalisation of provisions for decommissioning	(36)	(28)
(63)	(22)		Foreign exchange losses and fair value adjustments etc.	(22)	(62)
(362)	(339)		Total	(408)	(431)
Group financial expenses totalled DKK 408 million. Of this, DKK 27 million was capitalised as financial expenses under non-current assets, while DKK 35 million was recognised under 'Costs of environmentally friendly power generation etc.'.					
		8	Tax on net profit/(loss) for the year		
0	(118)		Calculated tax on profit/(loss) for the year	(121)	4
(9)	28		Adjustment in respect of previous years	24	(3)
10	(7)		Tax in subsidiaries	0	0
(1)	(1)		Tax in associates	(1)	(1)
0	(98)		Total	(98)	0
Tax rate adjustment					
25%	25%		Corporation tax rate	25%	25%
(33%)	(2%)		Tax effect on non-taxable income and non-deductible expenses	(8%)	(27%)
8%	(5%)		Adjustment of tax in previous years	1%	2%
0%18%			Effective tax rate for the year	18%	0%
5864			Tax paid during the year	64	59

Notes

Note Amounts in DKK million

9 Intangible assets

Parent	Rights	Software	Assets in the course of construction and prepayments on intangible assets	Total intangible assets
Acquisition cost at 1 January	4,210	368	75	4,653
Reclassification at 1 January	0	0	2	2
Adjustment relating to decommissioning at 1 January	2	0	0	2
Transfer	0	159	(159)	0
Additions during the year	0	2	119	121
Disposals during the year	0	(5)	0	(5)
Acquisition cost at 31 December	4,212	524	37	4,773
Amortisation and impairment losses at 1 January	(3,364)	(213)	0	(3,577)
Amortisation and impairment losses for the year	(406)	(56)	0	(462)
Reversed amortisation in respect of disposals during the year	0	0	0	0
Amortisation and impairment losses at 31 December	(3,770)	(269)	0	(4,039)
Carrying amount at 31 December	442	255	37	734
Carrying amount at 31 December 2008	846	155	75	1,076

Group	Goodwill	Rights	Software	Assets in the course of construction and prepayments on intangible assets	Total intangible assets
Acquisition cost at 1 January	493	4,230	375	75	5,173
Reclassification at 1 January	0	0	11	2	13
Transfer	0	0	162	(162)	0
Additions during the year	0	0	2	122	124
Disposals during the year	0	0	(5)	0	(5)
Acquisition cost at 31 December	493	4,230	545	37	5,305
Amortisation and impairment losses at 1 January	(25)	(3,373)	(216)	0	(3,614)
Amortisation and impairment losses for the year	(25)	(408)	(61)	0	(494)
Reversed amortisation in respect of disposals during the year	0	0	0	0	0
Depreciation and impairment losses at 31 December	(50)	(3,781)	(277)	0	(4,108)
Carrying amount at 31 December	443	449	268	37	1,197
Carrying amount at 31 December 2008	468	857	159	75	1,559

Notes

Note Amounts in DKK million

10 Property, plant and equipment

	Land and buildings	Technical Plant	Cushion gas	Other plant, tools and operating equipment	Assets in the course of construction and prepayments on property, plant and equipment	Total property, plant and equipment
Parent						
Acquisition cost at 1 January	420	16,062	188	143	1,254	18,067
Reclassification at 1 January	0	0	0	0	(2)	(2)
Adjustment relating to decommissioning at 1 January	0	7	0	0	0	7
Transfer	0	745	0	25	(770)	0
Additions during the year	0	64	1	9	950	1,024
Disposals during the year	0	(8)	0	(11)	0	(19)
Acquisition cost at 31 December	420	16,870	189	166	1,432	19,077
Depreciation and impairment losses at 1 January (43)		(6,956)	0	(57)	0	(7,056)
Depreciation and impairment losses for the year	(3)	(575)	0	(28)	0	(606)
Reversed depreciation in respect of disposals during the year	0	0	0	11	0	11
Depreciation and impairment losses at 31 December	(46)	(7,531)	0	(74)	0	(7,651)
Carrying amount at 31 December	374	9,339	189	92	1,432	11,426
Carrying amount at 31 December 2008	377	9,106	188	86	1,254	11,011
Group						
Acquisition cost at 1 January	422	21,062	462	195	1,267	23,408
Reclassification at 1 January	19	(31)	0	0	(1)	(13)
Adjustment relating to decommissioning, 1 January	0	7	0	0	0	7
Transfer	0	745	0	25	(770)	0
Additions during the year	0	67	1	2	986	1,056
Disposals during the year	0	(7)	(1)	(11)	0	(19)
Acquisition cost at 31 December	441	21,843	462	211	1,482	24,439
Depreciation and impairment losses at 1 January	(44)	(7,692)	0	(101)	0	(7,837)
Reclassification at 1 January	(2)	2	0	0	0	0
Depreciation and impairment losses for the year	(4)	(771)	0	(28)	0	(803)
Reversed depreciation in respect of disposals during the year	0	0	0	10	0	10
Depreciation and impairment losses at 31 December	(50)	(8,461)	0	(119)	0	(8,630)
Carrying amount at 31 December	391	13,382	462	92	1,482	15,809
Carrying amount at 31 December 2008	378	13,370	462	94	1,267	15,571

Notes

Note Amounts in DKK million

11 Investments

Parent	Equity investment in subsidiaries	Equity investments in associates	Other equity investments	Total investments
Acquisition cost at 1 January	2,598	64	1	2,663
Additions during the year	0	2	0	2
Disposals during the year	(20)	0	0	(20)
Acquisition cost at 31 December	2,578	66	1	2,645
Value adjustments at 1 January	58	(31)	0	27
Net profit/(loss) for the year	(21)	(1)	0	(22)
Equity adjustments	7	0	0	7
Dividend received	0	0	0	0
Foreign currency translation adjustments in respect of foreign entities	0	4	0	4
Amortisation of goodwill	0	(7)	0	(7)
Disposals during the year	(18)	0	0	(18)
Value adjustments at 31 December	26	(35)	0	(9)
Carrying amount at 31 December	2,604	31	1	2,636
Carrying amount at 31 December 2008	2,656	33	1	2,690

Group	Equity investments in associates	Other equity investments	Total investments
Acquisition cost at 1 January	64	1	65
Additions during the year	2	0	2
Acquisition cost at 31 December	66	1	67
Value adjustments at 1 January	(31)	0	(31)
Net profit/(loss) for the year	(1)	0	(1)
Dividend received	0	0	0
Foreign currency translation adjustments in respect of foreign entities	4	0	4
Amortisation of goodwill	(7)	0	(7)
Value adjustments at 31 December	(35)	0	(35)
Carrying amount at 31 December	31	1	32
Carrying amount at 31 December 2008	33	1	34

(ctd.)

Notes

Note Amounts in DKK million

11 Investments (ctd.)

Equity investments in subsidiaries (share of equity value)

Name	Domicile	Ownership	Share capital	Parent 2009	Group 2009
Fibertransmission.dk A/S	Fredericia	100%	0.5	19	-
Energinet.dk Gaslager Holding A/S	Fredericia	100%	50	577	-
Regionale Net.dk A/S	Fredericia	100%	500	2,008	-
Energinet.dk Gas Storage A/S	Fredericia	100%	50	1,719	-

Equity investments in subsidiaries (share of equity value)

Name	Domicile	Ownership	Share capital	Parent 2009	Group 2009
Nord Pool Spot AS	Oslo, Norway	20%	NOK 50	27	27
Nord Pool Gas A/S	Fredericia	50%	DKK 10	3	3
European Market Coupling Company GmbH	Hamburg, Germany	20%	EUR 1.6	1	1

Total	31	31
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There are no significant intercompany profits or losses from trading with associates at 31 December 2009.

Associates are recognised and measured as independent entities.

Other equity investments (share of equity value)

Name	Domicile	Ownership	Share capital	Parent 2009	Group 2009
Danish Gas Technology Centre A/S	Hørsholm	17.4%	9	1	1
Total				1	1

Notes

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
	12		Receivables from associates		
178	74		Trade receivables	74	178
5	6		Loans	6	5
183	80		Total	80	183
			Expected maturity of receivables from associates:		
179	76		Less than 1 year	76	179
4	4		Between 1-5 years	4	4
0	0		More than 5 years	0	0
183	80		Total	80	183
13	13		Other receivables		
466	494		Accumulated deficit, PSO segment*	494	466
465	420		Market value of financial instruments	424	465
498	793		Energy settlement	793	498
107	0		Power cable, Horns Rev 2	0	107
145	173		Other receivables	169	145
1,681	1,880		Total	1,880	1,681
			* Accumulated deficit of DKK 494 million comprises depreciation on future decommissioning costs of DKK 25 million in respect of installations acquired before 1 January 2005. The depreciation amount will be included in the tariffs when the decommissioning costs are defrayed.		
			Expected maturity of other receivables:		
1,070	1,482		Less than 1 year	1,482	1,070
225	0		Between 1-5 years	0	225
386	398		More than 5 years	398	386
1,681	1,880		Total	1,880	1,681

Notes

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
		14	Prepayments		
16	8		Right of use of the German part of the Kontek Link	8	16
1	23		Other deferred income	24	1
17	31		Total	32	17
			Expected maturity of deferred income:		
9	31		Less than 1 year	32	9
8	0		Between 1-5 years	0	8
0	0		More than 5 years	0	0
17	31		Total	32	17
		15	Deferred tax liabilities		
1,520	1,536		Deferred tax at 1 January	2,597	2,088
29	(36)		Adjustment in respect of previous years	(31)	28
0	0		Acquisitions	0	537
(13)	91		Change in deferred tax concerning net profit/(loss) for the year	44	(52)
0	0		Change in hedging instruments	0	(4)
1,536	1,591		Total	2,610	2,597
			Deferred tax concerns		
201	120		Intangible assets	121	203
1,713	1,686		Property, plant and equipment	2,730	2,801
(196)	(193)		Current assets	(193)	(203)
(121)	20		Liabilities other than provisions	(6)	(139)
(61)	(42)		Tax loss to be carried forward	(42)	(61)
0	0		Other	0	(4)
1,536	1,591		Total	2,610	2,597

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

Notes

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
		16	Provisions		
845	466		Provisions at 1 January	563	893
0	0		Additions relating to acquisition of subsidiaries	0	68
6	104		Other provisions for the year	104	5
25	31		Change in present value	36	29
(18)	(3)		Other provisions consumed for the year	(3)	(18)
(392)	0		Provisions reversed during the year	0	(414)
466	598		Total	700	563
			Expected maturity of provisions:		
7	68		Less than 1 year	75	7
5	110		Between 1-5 years	142	5
454	420		More than 5 years	483	551
466	598		Total	700	563

Provisions for decommissioning relate to the removal of towers, overhead lines, natural gas facilities, etc., as well as the decommissioning of property owned by third parties. The elements of uncertainty are essentially related to the time at which the payments related were effected.

In connection with the calculation of the provisions for decommissioning, Energinet.dk has calculated the costs of dismantling and removing the non-current assets 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 provisions for decommissioning is reassessed once a year when the annual report is prepared.

Notes

Parent					Group				
2008	2009	Note	Amounts in DKK million		2009	2008			
		17	Long-term liabilities other than provisions						
6,014	6,414		Long-term loans		7,651	7,326			
Primary financial instruments									
					2009				
			Lender/type	Principal	Currency	Nominal interest rate	Expiry	Carrying amount	Carrying amount incl. swaps
			Nationalbanken	1,000	DKK	6	2011	1,032	1,032
			Nationalbanken	500	DKK	4	2012	527	528
			Nationalbanken	870	DKK	5	2013	901	901
			Nationalbanken	615	DKK	4	2015	589	589
			Nationalbanken	990	DKK	4	2017	985	985
			Nationalbanken	1,000	DKK	7	2024	1,346	947
			DePfa	500	DKK	Variable	2011	500	500
			NIB	83	DKK	Variable	2011	83	83
			RD	503	DKK	4.33	2036	496	496
Total, Parent								6,459	6,061
			DePfa	1,500	DKK	Variable	2027	1,313	1,322
Total, Group								7,772	7,383
The portfolio of liabilities amounts to DKK 7,383 million. Of this amount, DKK 121 million falls due in 2010. The amount is stated as short-term liabilities other than provisions under 'Current maturities of long-term liabilities other than provisions'.									
Following conversion into DKK, the aggregate principal falls due as follows:									
625	45		Less than 1 year					121	707
2,581	3,067		Between 1-5 years					3,366	2,881
3,433	3,347		More than 5 years					4,285	4,445
6,639	6,459		Total					7,772	8,033
(ctd.)									

Notes

Parent			Group				
2008	2009	Note	Amounts in DKK million	2009	2008		
		17	Long-term liabilities other than provisions				
			Maturities of loans and associated swaps - Parent:				
				Other receivables	Other payables	Loans	Total
			Less than 1 year	(14)	0	45	31
			Between 1-5 years	(61)	0	3,067	3,006
			More than 5 years	(345)	0	3,347	3,002
			Total	(420)	0	6,459	6,039
			DKK 45 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	(14)	13	120	119
			Between 1-5 years-	62	0	3,367	3,305
			More than 5 years	(348)	0	4,285	3,937
			Total	(424)	13	7,772	7,361
			DKK 120 million has been recognised under 'Current maturities of long-term liabilities other than provisions' and relates to loans.				
		18	Deferred income				
221	111		Prepayments relating to the Kontek Link			111	221
221	111		Total			111	221
			Expected maturity of deferred income:				
110	111		Less than 1 year			111	110
111	0		Between 1-5 years			0	111
0	0		More than 5 years			0	0
221	111		Total			111	221
			Prepayments in respect of the Kontek Link are recognised in the income statement over a ten-year period with DKK 111 million annually.				

Notes

Parent		Note	Amounts in DKK million	Group	
2008	2009			2009	2008
		19	Corporation tax		
28	(23)		Corporation tax payable at 1 January	(23)	28
35	83		Current tax for the year	83	35
(59)	(64)		Paid corporation tax for the year	(64)	(59)
(27)	10		Correction in respect of previous years	10	(27)
(23)	6		Total (less receivables)	6	(23)
		20	Other payables		
345	374		Commitments relating to research and development	374	345
53	65		Pay-related items	67	54
116	0		Market value of financial instruments	13	135
51	48		Interest payable	59	66
298	455		Energy settlement	455	298
354	312		Other	318	384
1,217	1,254		Total	1,286	1,282
		21	Provision of security and charges		
			Land, buildings and technical plant incident to gas-related activities, the carrying amount of which constituted DKK 3,943 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 1,312 million.		
		22	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 enterprise'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.		
			(ctd.)		

Notes

Note Amounts in DKK million

22 Group derivative financial instruments (ctd.)

Currency risks of loans	Currency loans	SWAP deposits in currencies	Loans in DKK	SWAP deposits in DKK	SWAP loans in DKK	Market value	Expiry
SEK	(1,540)	1,540	(1,110)	1,110	(1,093)	17	2010
EUR	0	34	0	250	(250)	0	2010
Total, Group	(1,540)	1,574	(1,110)	1,360	(1,343)	17	

In terms of results, 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	(83)	83	(68)	74	6	2010
USD	(2)	2	9	(9)	0	2010
USD	(1)	1	(8)	7	(1)	2011
Total, Group			(67)	72	5	

Interest rate risks of loans	Nominal	Market value	Year of expiry
Fixed to floating	(1,000)	363	2024
Floating to fixed	1,000	35	2024
Fixed to floating	(500)	0	2012
Floating to fixed	(1,313)	(13)	2010
Floating to fixed	(1,275)	4	2015
Total, Group	(3,088)	389	

Notes

Note

23 **Contingent liabilities and other financial liabilities**

Energinet.dk Gaslager Holding A/S 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 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. If Energinet.dk loses the pending tax cases, deferred tax will increase by approximately DKK 150-200 million.

Energinet.dk has taken over agreements with Statnett under which Energinet.dk is to pay NOK 11 million annually over the next 14 years for having access to the capacity on the Skagerrak interconnection. Statnett has committed itself to maintaining the international connections to Norway in the same period. In addition, Energinet.dk must pay half of the actual expenses of operating the cable. The agreements can be terminated by either party giving five years' notice.

Energinet.dk pays rent on the lease Lautruphøj 7, Ballerup. This liability amounted to DKK 11 million at 31 December 2009.

In connection with the establishment and commissioning of the landing facilities for the Horns Rev 2 offshore wind farm, Energinet.dk has been forced to suspend transmission for a shorter period of time due to repair of the cable joints. Because of the outage time, electricity generated by the newly erected offshore wind farm could not be transmitted into the distribution network. The financial consequences of the outage time are as yet unknown.

Energinet.dk has lease commitments of DKK 7 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 non-deliveries of power due to disconnections of and congestion in the cable. Energinet.dk owns the Kontek Link and has therefore become involved in the case.

24 **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 transactions with related parties in 2009.

Segmental financial statements 2009

Amounts in DKK million	PSO Western DK	PSO Eastern DK	System Western DK	System Eastern DK	Grid Western DK	Grid Eastern DK	Gas trans- mission	Gas storage facility	Total 2009	Total 2008
Tariff revenue	2,235	1,314	572	411	848	763	785	247	7,175	4,860
Sale of electricity from wind turbines and other RE facilities	562	89							651	1,188
Sale of electricity from local CHP plants	90	40							130	392
Revenue from international connections					468	268			736	1,156
Balance market			193	71			14		278	519
Subsidies for power generation			148	74					222	246
Excess revenue/deficit	114	(86)							28	(27)
Other revenue			9	3	10	5	6		33	67
Gross revenue	3,001	1,357	922	559	1,326	1,036	805	247	9,253	8,401
Subsidies to wind turbines and other RE facilities	(1,481)	(713)							(2,194)	(2,061)
Subsidies to local CHP plants	(1,092)	(318)							(1,410)	(523)
Grid connection of wind turbines and local CPH plants	(3)	0							(3)	(37)
Grid connection of offshore wind turbines	(19)	(21)							(40)	(40)
Transmission losses in offshore grid	(49)	(16)							(65)	(32)
Research and development of environmentally friendly power generation	(77)	(53)							(130)	(130)
Research and development of efficient energy use	(15)	(10)							(25)	(20)
Research and development of renewable energy	(15)	(10)							(25)	(25)
Danish Safety Technology Authority	(32)	(22)							(54)	(51)
Amortisation of intangible assets (minimum generation capacity)	(192)	(172)							(364)	(364)
Other PSO costs	(9)	(4)							(13)	(20)
Net financials	(17)	(18)							(35)	(64)
Total costs of environmentally friendly power generation etc.	(3,001)	(1,357)	0	0	0	0	0	0	(4,358)	(3,367)
Revenue	0	0	922	559	1,326	1,036	805	247	4,895	5,034
Own work capitalised			33	22	52	24	26	1	158	111
Other operating income									0	14
Total revenue	0	0	955	581	1,378	1,060	831	248	5,053	5,159

(ctd.)

Segmental financial statements 2009 (ctd.)

Amounts in DKK million	PSO Western DK	PSO Eastern DK	System Western DK	System Eastern DK	Grid Western DK	Grid Eastern DK	Gas trans- mission	Gas storage facility	Total 2009	Total 2008
Transmission losses					(199)	(98)			(297)	(407)
Special regulation and countertrade					(13)	(1)			(14)	16
Regulating power			(95)	(73)					(168)	(402)
Payment for the 132/150 kV grid					(311)	(237)			(548)	(571)
Payment for reserves/storage capacity			(273)	(365)			(422)		(1,060)	(1,394)
Expenses of using foreign grids					(21)	(33)			(54)	(53)
Inspections by the Danish Energy Regulatory Authority and the Danish Energy Agency			(25)	(17)			(7)		(49)	(27)
Subsidies for power generation			(148)	(74)					(222)	(246)
Other external operating expenses			(87)	(58)	(120)	(130)	(108)	(31)	(534)	(492)
Total other external expenses	o	o	(628)	(587)	(664)	(499)	(537)	(31)	(2,946)	(3,576)
Staff costs			(85)	(57)	(75)	(43)	(83)	(10)	(353)	(321)
Total costs	o	o	(713)	(644)	(739)	(542)	(620)	(41)	(3,299)	(3,897)
Profit before depreciation, amortisation and impairment losses	o	o	242	(63)	639	518	211	207	1,754	1,262
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets			(22)	(11)	(244)	(301)	(207)	(108)	(893)	(762)
Operating profit/(loss)	o	o	220	(74)	395	217	4	99	861	500
Net financials			(8)	(14)	(19)	(89)	(91)	(86)	(307)	(388)
Profit/(loss) before tax	o	o	212	(88)	376	128	(87)	13	554	112
Tax on net profit/(loss) for the year			(53)	21	(97)	19	26	(14)	(98)	o
Net profit/(loss) for the year	o	o	159	(67)	279	147	(61)	(1)	456	112
Excess revenue/deficit to be included in tariffs										
Accumulated excess revenue/deficit, beginning of year	(305)	(161)	(57)	(218)	1,011	(48)	321	o	543	569
Adjustment of opening balance - consolidation									o	19
Adjustment of opening balance - other									o	(6)
Consolidation of contributed capital					67	38	6		111	(199)
Changes for the year	(114)	86	212	(88)	370	153	(119)	o	500	160
Accumulated excess revenue/deficit, end of year	(419)	(75)	155	(306)	1,448	143	208	o	1,154	543

Accumulated excess revenue/deficit of DKK 1,154 million comprise, among other things, congestion rents transferred to reserves in accordance with EU regulation no. 1228/2003 including capitalisation in the amount of DKK 1,368 million.

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

(ctd.)

Segmental financial statements 2009 (ctd.)

Amounts in DKK million	PSO Western DK	PSO Eastern DK	System Western DK	System Eastern DK	Grid Western DK	Grid Eastern DK	Gas trans- mission	Gas storage facility	Total 2009	Total 2008
Assets										
Property, plant and equipment										
Intangible assets		442	59	39	71	273	87	226	1,197	1,559
Property, plant and equipment	231		106	98	4,182	5,102	3,943	2,147	15,809	15,571
Investments			13	14			5		32	34
Total non-current assets	231	442	178	151	4,253	5,375	4,035	2,373	17,038	17,164
Current assets										
Inventories					7	6	53		66	127
Receivables	665	416	171	114	268	185	268	21	2,108	2,309
Cash	34	22	70	47	78	50	114	2	417	36
Total current assets	699	438	241	161	353	241	435	23	2,591	2,472
Total assets	930	880	419	312	4,606	5,616	4,470	2,396	19,629	19,636
Equity and liabilities										
Equity	0	0	122	(239)	3,565	1,450	471	27	5,396	4,919
Provisions	50	28	(26)	(42)	634	1,036	1,086	544	3,310	3,160
Liabilities other than provisions										
Interest-bearing debt	405	536	152	462	244	2,886	2,762	1,791	9,238	9,854
Other liabilities other than provisions	475	316	171	131	163	244	151	34	1,685	1,703
Total liabilities other than provisions	880	852	323	593	407	3,130	2,913	1,825	10,923	11,557
Total equity and liabilities	930	880	419	312	4,606	5,616	4,470	2,396	19,629	19,636

Segmental financial statements 2008

Amounts in DKK million	PSO Western DK	PSO Eastern DK	System Western DK	System Eastern DK	Grid Western DK	Grid Eastern DK	Gas trans- mission	Gas storage facility	Total 2008
Tariff revenue	996	818	455	295	758	598	714	226	4,860
Sale of electricity from wind turbines and other RE facilities	1,008	180							1,188
Sale of electricity from local CHP plants	276	116							392
Revenue from international connections					822	334			1,156
Balance market			425	82			12		519
Subsidies for power generation			168	78					246
Excess revenue/deficit	68	(95)							(27)
Other revenue			8	3	10	15	21	10	67
Gross revenue	2,348	1,019	1,056	458	1,590	947	747	236	8,401
Subsidies to wind turbines and other RE facilities	(1,518)	(543)							(2,061)
Subsidies to local CHP plants	(373)	(150)							(523)
Grid connection of wind turbines and local CPH plants	(37)								(37)
Grid connection of offshore wind turbines	(19)	(21)							(40)
Transmission losses in offshore grid	(27)	(5)							(32)
Research and development of environmentally friendly power generation	(77)	(53)							(130)
Research and development of efficient energy use	(12)	(8)							(20)
Research and development of renewable energy	(15)	(10)							(25)
Danish Safety Technology Authority	(31)	(20)							(51)
Amortisation of intangible assets (minimum generation capacity)	(192)	(172)							(364)
Other PSO costs	(15)	(5)							(20)
Net financials	(32)	(32)							(64)
Total costs of environmentally friendly power generation etc.	(2,348)	(1,019)	0	0	0	0	0	0	(3,367)
Revenue	0	0	1,056	458	1,590	947	747	236	5,034
Own work capitalised			17	9	43	23	19		111
Other operating income			2	2	6	2	2		14
Total revenue	0	0	1,075	469	1,639	972	768	236	5,159
(ctd.)									

Segmental financial statements 2008 (ctd.)

Amounts in DKK million	PSO Western DK	PSO Eastern DK	System Western DK	System Eastern DK	Grid Western DK	Grid Eastern DK	Gas trans- mission	Gas storage facility	Total 2008
Transmission losses					(202)	(205)			(407)
Special regulation and countertrade					16				16
Regulating power			(353)	(49)					(402)
Payment for the 132/150 kV grid					(278)	(293)			(571)
Payment for reserves/storage capacity			(533)	(526)			(335)		(1,394)
Expenses of using foreign grids					(14)	(39)			(53)
Inspections by the Danish Energy Regulatory Authority and the Danish Energy Agency			(16)	(9)			(2)		(27)
Subsidies for power generation			(168)	(78)					(246)
Other external operating expenses			(52)	(35)	(114)	(121)	(121)	(49)	(492)
Total other external expenses	o	o	(1,122)	(697)	(592)	(658)	(458)	(49)	(3,576)
Staff costs			(67)	(43)	(76)	(43)	(83)	(9)	(321)
Total costs	o	o	(1,189)	(740)	(668)	(701)	(541)	(58)	(3,897)
Profit before depreciation, amortisation and impairment losses	o	o	(114)	(271)	971	271	227	178	1,262
Depreciation, amortisation and impairment losses for property, plant and equipment as well as intangible assets			(18)	(6)	(182)	(233)	(213)	(110)	(762)
Operating profit/(loss)	o	o	(132)	(277)	789	38	14	68	500
Net financials			(18)	(15)	(34)	(84)	(142)	(95)	(388)
Profit/(loss) before tax	o	o	(150)	(292)	755	(46)	(128)	(27)	112
Tax on net profit/(loss) or loss for the year			37	72	(170)	22	31	8	o
Net profit/(loss) for the year	o	o	(113)	(220)	585	(24)	(97)	(19)	112
Excess revenue/deficit to be included in tariffs									
Accumulated excess revenue/deficit, beginning of year	(237)	(256)	142	87	433	54	346	o	569
Adjustment of opening balance – consolidation	o	o	o	o	16	2	1	o	19
Adjustment of opening balance – other	o	o	(48)	(12)	(95)	o	149	o	(6)
Consolidation of contributed capital	o	o	o	o	(119)	(68)	(12)	o	(199)
Changes for the year	(68)	95	(151)	(293)	776	(36)	(163)	o	160
Accumulated excess revenue/deficit, end of year	(305)	(161)	(57)	(218)	1,011	(48)	321	o	543

Accumulated excess revenue/deficit of DKK 543 million comprises, among other things, congestion rents transferred to reserves in accordance with EU regulation no. 1228/2003 including capitalisation in the amount of DKK 956 million.

* Excess revenue/deficit in respect of PSO segments is recognised in the balance sheet under 'Other payables'/'Other receivables'.

(ctd.)

Segmental financial statements 2008 (ctd.)

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



Accounting policies

The Annual Report of the independent public enterprise Energinet.dk for the period 1 January to 31 December 2009 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 2009 Annual Report as in the 2008 Annual Report.

In 2009, research and development projects were initiated. In accordance with the Danish Financial Statements Act, the accounting policies include a description of the rules currently governing this area. Reference is made to the relevant sections.

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. On 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.

On recognition and measurement, account is taken of any gains, losses and risks which

occur before the Annual Report is presented and which confirm or invalidate circumstances existing at the balance sheet date.

Income 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% of the voting rights. Enterprises that are not subsidiaries, but in which Energinet.dk holds 20% or more of the voting rights and exercises significant influence on the operational and financial management, are treated as associates.

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

The acquisition of new enterprises is based on the purchase method according to which the identified assets and liabilities of newly acquired enterprises are measured at fair value at the date of 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 are recognised under 'Intangible assets' and amortised systematically in the income statement on the basis of an individual assessment of the economic life, which cannot exceed 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 rec-

ognised in the income statement as such losses or expenses are realised or transferred to 'Other provisions' as the liabilities become current and can be determined reliably.

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 subsidiaries' equity value 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.

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

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

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 as well as 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'.

On recognition of foreign subsidiaries and associates, such subsidiaries and associates are treated as 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. 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 initially recognised in the balance sheet 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 values of derivative financial instruments classified as and complying with the criteria for the 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 relating to 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 income 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 power. Gross revenue thus indicates the total scope of the activities managed by Energinet.dk. Revenue is shown in the income statement as gross revenue less taxes and payments to producers of environmentally friendly power etc.

Own work capitalised

Own work capitalised includes staff costs and indirect expenses incurred in connection with internally developed 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.

Research and development costs not complying with the criteria for capitalisation are recognised under 'Other external expenses' and 'Staff costs'.

Depreciation, amortisation and impairment losses

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

Results of subsidiaries and associates

The proportionate share of the individual subsidiaries' and associates' pre-tax profit or loss after elimination of inter-company profit or loss and less amortisation of goodwill is recognised in the income statement. The share of the individual subsidiaries' and 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 interest expenses, foreign exchange gains and losses relating to 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

Energinet.dk is jointly taxed 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 still allocated to the jointly taxed enterprises 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 relating 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. Assets in the course of construction are measured at cost.

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 internally developed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour. Furthermore, any finance costs attributable to the cost are recognised.

Rights include the right to charge for ancillary services, transit agreements and the connection of offshore wind turbines etc. to the grid.

Clearly defined and identifiable development projects which are intended to be used and where the technical rate of utilisation, the existence of sufficient resources and a future development potential in the enterprise can be demonstrated are recognised as intangible assets if there is adequate security that the value in use of the future earnings covers the development costs.

Development projects not complying with the criteria for recognition in the balance sheet are recognised as costs in the income statement when incurred.

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

Intangible assets are amortised using the straight-line method over the expected useful lives of the assets based on the following assessment of the expected useful lives of the assets:

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

Acquisitions in the financial year are amortised proportionately from 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 internally developed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour. Furthermore, any finance 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 of the expected useful lives of the assets:

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

New acquisitions with acquisition costs of less than DKK 100,000 are charged to the income statement in the acquisition year.

Acquisitions in the financial year are depreciated proportionately from the date of entry into service. Expenses relating to extensive maintenance overhauls are recognised at the acquisition cost of plant as a separate non-current asset which is depreciated over its useful life, ie the period until the next maintenance overhaul. On 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 dismantling, 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 according to 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 enterprise 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 associates is transferred to 'Excess revenue/deficit' under equity according to the equity method in so far as the carrying amount exceeds the cost.

Inventories

Inventories comprise natural gas in the storage facilities as well as components and other technical spare parts in stock.

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

The net realisable value of inventories is determined as the selling price less costs of completion and costs relating to the completion of the sale and is determined giving due consideration 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 (asset)

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

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 in connection with the formation of Energinet.dk. The actual value of the contributed capital is hedged through annual capitalisation as determined by the Danish Energy Regulatory Authority.

Excess revenue/deficit

Positive and negative differences between realised income and the sum of necessary expenses and interest relating to grid and system activities within the fields of electricity and gas as well as congestion rents transferred to reserves are recognised separately in 'Excess revenue/deficit' under equity.

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 provided that such obligation can be determined reliably. The item primarily comprises provisions for decommissioning as a result of 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.

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 will 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 expenses 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 income' and 'Financial expenses'.

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

Deferred income (liability)

Deferred income comprises prepayments received in relation to income to be deferred to subsequent years, including prepayments relating to the sale of rights 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 in-

come or loss 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 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 repayment and incurrence of short- and long-term payables to mortgage credit institution and credit institutions.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Segment information

Segment information is provided for tariff pools for electricity and gas. Segment 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.

Birgitte Nielsen

- Member of the supervisory boards of Finansiell Stabilitet A/S, Arkil A/S, Buy Aid A/S, Faber A/S, Novenco A/S and Store-brand ASA.

Poul Erik Morthorst

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

Erik Dahl, Hans Schiøtt, Niels Arne Gade-gaard, Peter Møllgaard

- None

Berit Schilling, Carl Erik Madsen, Søren Dupont Kristensen

- None

Stakeholder Forum

Members until 31 December 2009

Chairman

Birgit W. Nørgaard, managing director, Grontmij I 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, manager, Danish Wind Turbine Owners' Association

Ebbe Seligmann, manager, Syden Energi

Erik Nørregaard Hansen, manager, Foreningen Danske Kraftvarmeværker (Danish Association of CHP Plants)

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

Heidi Rønne Møller, consultant, Danish Federation of Trade Unions

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 manager, Danish Agriculture & Food Council

Jens Helmer Rasmussen, deputy director

Jørgen G. Jørgensen, manager, Danish District Heating Association

Knud Sloth, director, Aalborg Municipality, Utilities

Leif Winum, manager, DONG Energy A/S

Martin Gram, consultant, Danish Energy Association

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 supervisory board of the Organisation for Sustainable Energy

Members as of 1 January 2010

Chairman

Birgit W. Nørgaard, member of the supervisory boards of the EUDP and the Technical University of Denmark

Members

Allan Kjersgaard, senior consultant, Renosam

Asbjørn Bjerre, manager, Danish Wind Turbine Owners' Association

Birgitte Sloth, associate dean, professor, University of Copenhagen

Birthe Holst Jørgensen, senior researcher, Risø DTU

Camilla Damsø Petersen, consultant, Confederation of Danish Industry

Charlotte Søndergren, chief consultant, Danish Energy Association

Ellen Margrethe Basse, professor, Doctor of Laws (LLD), Aarhus University

Erik Nørregaard Hansen, manager, Foreningen Danske Kraftvarmeværker (Danish Association of CHP Plants)

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

Heidi Rønne Møller, consultant, The Danish Federation of Trade Unions

Jacob Østergaard, professor, head of the Centre of Electric Technology, Technical University of Denmark

Jan Ingwersen, manager, DONG Energy Markets

Janne Wichard Petersen, climate-political employee, Danish Society for Nature Conservation

Jens Astrup Madsen, energy manager, Danish Agriculture & Food Council

Jørgen G. Jørgensen, manager, Danish District Heating Association

Knud Sloth, director, Utility Administration, Aalborg Municipality

Leif Winum, manager, Planning and optimisation, DONG Energy

Lotte Holmberg Rasmussen, MSc in Engineering, Nordjysk Elhandel A/S

Marianne Eriksen, senior consultant, Norenergi

Michael Mikkelsen, managing director, Scanenergi

Niels Erik Andersen, managing director, HMN Naturgas I/S

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

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 control parameters 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 income, necessary expenses and rate of return.

Glossary

Ancillary services

Collective term for reserve capacity and regulating power in the electricity market.

Balance market

Deviations from submitted notifications attributable to BRPs cause imbalances in the entire power system. The transmission system operator (TSO) balances power generation and consumption during the day of operation by purchasing regulating power. The expenses relating to the purchase of this regulating power are distributed among the BRPs relative to their individual purchase or sale of balancing power. The term 'balancing market' covers the purchase of regulating power as well as the purchase and sale of balancing power.

Balance-responsible parties (BRPs)

Companies purchasing electricity in the market for electricity suppliers and own end customers and/or selling electricity generated at own generation facilities and by other producers.

Balancing gas

The gas reserves which Energinet.dk buys from the two Danish gas storage facilities and uses to balance gas production and consumption.

Congestion rents

As electricity is sold cheaper in the low-price area (export area) than it is bought in the high-price area (import area), the result is congestion rents. These rents accrue to the owners of the international connection transmitting the imported electricity. In Denmark, Energinet.dk receives these rents.

Electricity price areas

The Nordic power exchange, Nord Pool Spot, is divided into different electricity price areas. The price areas reflect the fact that congestion may occur in the interconnections between countries or internally in the individual Nordic countries. Denmark is divided into two price areas separated by the Great Belt.

Energy balance and power balance

The energy balance indicates whether over

a period of time there are sufficient fuels and other energy sources available in order for the electricity-generating facilities to generate sufficient electricity and to cover consumption. The power balance indicates whether generation capacity is sufficient to cover consumption in peak hours.

ENTSO-E and ENTSO-G

European Network of Transmission Operators – Electricity/Gas. Bodies of cooperation for the European TSOs within the fields of electricity and gas. The objective of these bodies is to contribute to the development of the energy markets in the EU. This is why the members cooperate on drafting a series of technical and market rules for cross-border energy trading.

Interruptible emergency supply

Energinet.dk has concluded agreements with large gas consumers to the effect that they will reduce their gas consumption in emergency situations against payment. This could, for example, be in situations when gas cannot be transported from the North Sea for any length of time.

Manual upward regulation reserves

The power generation reserves which Energinet.dk pays to have at its disposal and which are a precondition for striking a balance between power generation and consumption in the day of operation. The price of manual upward regulation reserves is fixed at a daily auction.

Market coupling

Collaboration between two or more power exchanges which ensures that electricity always flows from low-price areas to high-price areas.

Notifications

The trades which the balance-responsible parties (BRPs) make each day on the electricity market are reported to Energinet.dk in the form of notifications.

Oversupply

Oversupply occurs when more electricity is generated than can be consumed and exported. Oversupply cannot occur in real life as power generation and consumption must always balance in order for the power system to function properly. The TSO

can therefore order power stations or wind turbines to stop production if there is a risk of oversupply.

Regulating power

To strike a balance between the market players' notifications for the purchase and sale of electricity on the one hand and the actual power generation and consumption on the other, Energinet.dk buys and sells regulating power in a special Nordic regulating power market.

Reserve capacity

Power generation capacity of power stations which Energinet.dk pays to stand by if a power station shuts downs or a transmission line trips or is disconnected.

Transit compensation

Compensation which the countries that allow their electricity transmission grids to be used for transit receive from those countries that use the grids for transit.

TSO

Abbreviation of 'Transmission System Operator'. Enterprise responsible for the overall operational reliability of the electricity and gas systems and for handling the Public Service Obligations. Energinet.dk is the TSO in Denmark.



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