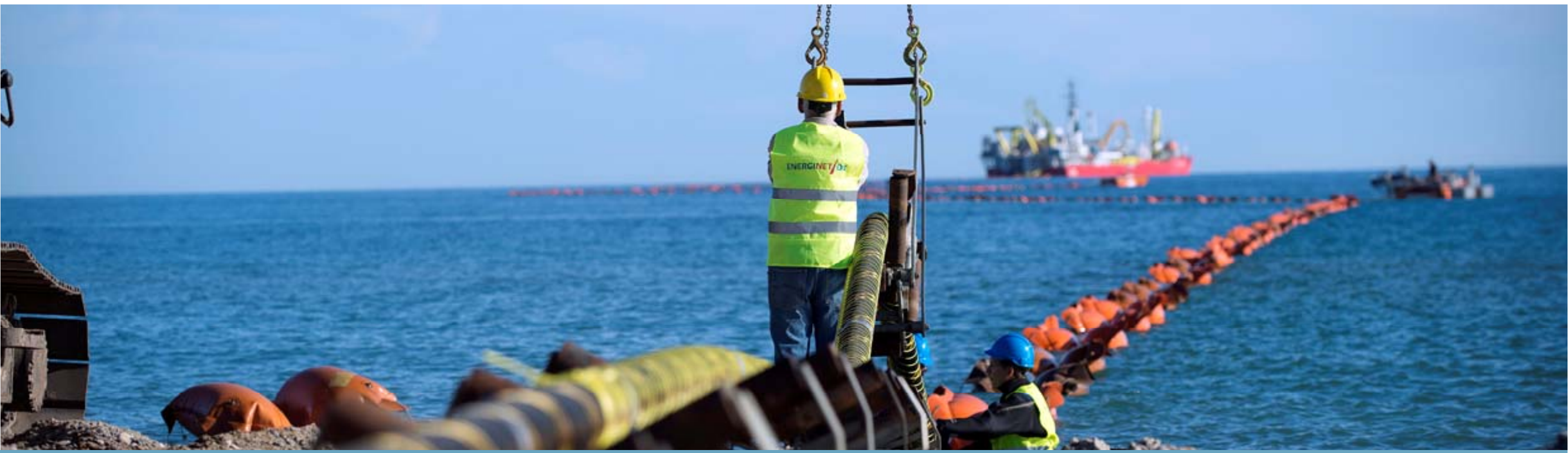


Annual report 2015

ENERGINET/DK

Tonne Kjærsvej 65
DK-7000 Fredericia

CVR no. 28 98 06 71

HIGHLIGHTS OF THE YEAR 2015

1 JANUARY
After the acquisition of the gas storage facility in Stenlille at 31 December 2014, Energinet.dk now manages both Danish gas storage facilities.

21 FEBRUARY
Fault on submarine cable stops the Anholt offshore wind farm. The repaired cable was ready for use on 23 March.

12 MARCH
His Royal Highness Crown Prince Frederik of Denmark and His Royal Highness Crown Prince Haakon of Norway inaugurate Skagerrak 4 – a new, important interconnection between Denmark and Norway.

11- 14 JUNE
For the first time, Energinet.dk sets up tent at Folkemødet, the People's Political Festival, on Bornholm and invites people in for a debate on the energy system of the future.

29 JUNE
As newly appointed Minister for Energy, Utilities and Climate, the Liberal Party's Lars Christian Lilleholt assumes political responsibility for Energinet.dk.

1 JULY
Peder Østermark Andreasen, Energinet.dk's President and CEO, assumes the presidency of ENTSO-E, the European Network of Transmission System Operators for Electricity.

10 SEPTEMBER
Energinet.dk and a large number of partners complete the work on Market Model 2.0 for future-proofing the electricity market.

16 SEPTEMBER
Statnett, Svenska kraftnät, Fingrid and Energinet.dk adopt a common strategy for the development of the Nordic electricity system towards 2025.

18 SEPTEMBER
With the plans for an IPO of DONG Energy, the Minister of Finance is proposing that Energinet.dk take over DONG Energy's gas distribution network and oil and gas pipelines.

1 OCTOBER
As part of the Danish government's decision to move public sector jobs to the provinces, Energinet.dk's PSO-related administrative tasks will be moved to an energy administration cluster in Esbjerg.

19 OCTOBER
Fault on submarine cable stops the Horns Rev 2 offshore wind farm. The repaired cable was ready for use on 20 December.

22 OCTOBER
Energinet.dk and National Grid decide to go ahead with the plans for a 1,400 MW interconnection between Denmark and England and invite tenders for seabed surveys.

11 NOVEMBER
Both security of electricity supply and IT security get a boost with the commissioning of Energinet.dk's new SCADA system.

21 DECEMBER
Energinet.dk cancels call for tenders for strategic reserves on Zealand for maintaining security of supply in Eastern Denmark.

Preface

There is no doubt that 2015 will go down in history books as the year when the international community succeeded in adopting a global climate deal. The climate deal reflects the willingness of the international community to find a solution to man-made global warming, among other things by focusing on sustainable energy.

Denmark is one of the leading countries in terms of the transition to sustainable energy supply, and with wind power accounting for 42% of electricity consumption in 2015, Denmark is often mentioned as an example of the technical and economic viability of basing a large portion of the energy supply on renewable energy. However, it is also becoming increasingly clear that an efficient green transition cannot be realised on a country-by-country basis. Considering the objectives of even larger volumes of renewable energy in Denmark as well as in the rest of Europe, there is a growing need for increased market harmonisation and physical interconnection with a view to optimising energy utilisation. It is therefore positive to see that Europe's internal energy market is now taking shape thanks to the work on preparing and implementing common rules and frameworks for the organisation of the electricity and gas markets through the so-called network codes.

In the coming years, the European Commission's recent Energy Union proposal will also help drive the development towards reliable, sustainable and efficient European energy supply. The European Commission is planning further reforms within, among other things, security of supply, renewable energy and regional market integration, and the Commission wants to assign a key role in the energy markets to the customers. With the common strategy for the Nordic cooperation in the electricity area adopted by Energinet.dk and the other Nordic TSOs in 2015, the Nordic region contributes to realising the objective of regional integration as a step on the road towards actual European solutions.

The European Commission's reforms align with the principles defined in a new Danish market model, which Energinet.dk is currently implementing in cooperation with authorities and stakeholders, and which is to ensure that we have a well-functioning electricity market also in future which can create balance between consumption and generation on a socio-economically optimum basis. Moreover, the so-called wholesale model in the electricity market, which enters into force on 1 April 2016, will be a big step on the way to making it easier for electricity consumers to act as customers in a liberalised market. With the wholesale model, the framework is established for increased product development and for electricity consumers planning their electricity consumption according to the hourly rates in the market, thus contributing to maintaining the high level of security of supply.

In Energinet.dk's latest strategic plan, we undertook a commitment to maintain the Danish level of security of electricity and gas supply, which is very high in a European context. Although 2015 was a year with very few power outages, the green transition is making it increasingly complex to keep this commitment. To ensure transparency with regard to the initiatives implemented by Energinet.dk to maintain the security of supply, we published our first-ever electricity security of supply report in 2015. This report makes it easier for the players in the electricity market to make informed investment decisions.

The security of supply is also threatened on other fronts. The authorities deem there is a growing risk of cyber attacks against critical infrastructure, and that is why Energinet.dk is currently fortifying its IT and information security. For example the new SCADA system for controlling and monitoring the electricity system, which we started using in 2015, has been secured far better against attacks.

Together with dispatchable power stations, strong interconnections with our neighbouring countries constitute an important tool for maintaining the security of supply. The interconnections also provide better opportunities for electricity trading for the benefit of both electricity consumers and producers, as well as helping to ensure optimum use of the wind power. It is therefore positive that the way has now been paved for the first cable between Denmark and the Netherlands and for new interconnections to Germany. We are also pleased that things seem to be falling into place so that we and our UK partner can establish an interconnection between Denmark and England, which will be ready for operation in 2022.

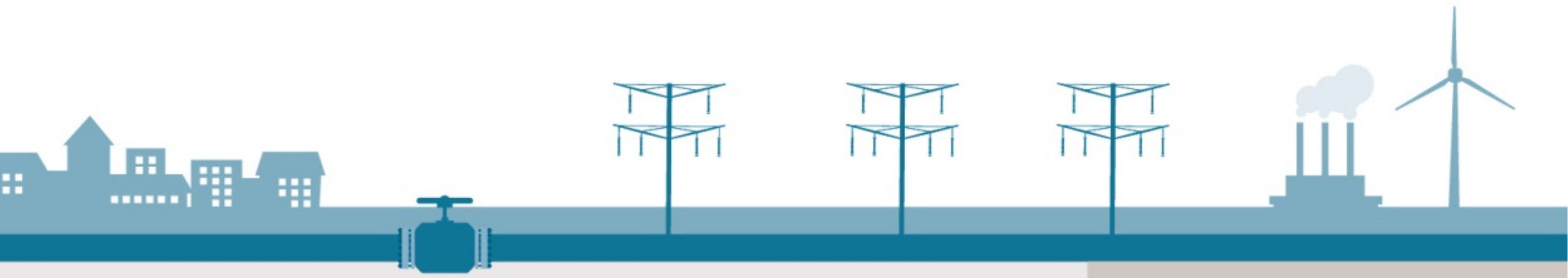
Internally at Energinet.dk, we placed focus on our values in 2015. Our two new values – courage and trust – emphasise that we as employees in an enterprise undertaking an important and complex social task, which no one has solved before us, must have the courage to develop new perceptions, methods and solutions and trust that others can contribute to shaping the solutions. Many of our partners have already seen that the new values are in the process of changing us as employees and as enterprise when being invited to cooperate with us on developing new solutions, for example for the organisation of the electricity market and for handling green gases. Involvement of stakeholders with a view to creating common solutions and openness in order to create trust will be seen to an increasing degree in the years to come. This is testament to our belief that involvement, openness and dialogue are the prerequisites for a socio-economically responsible green transition.

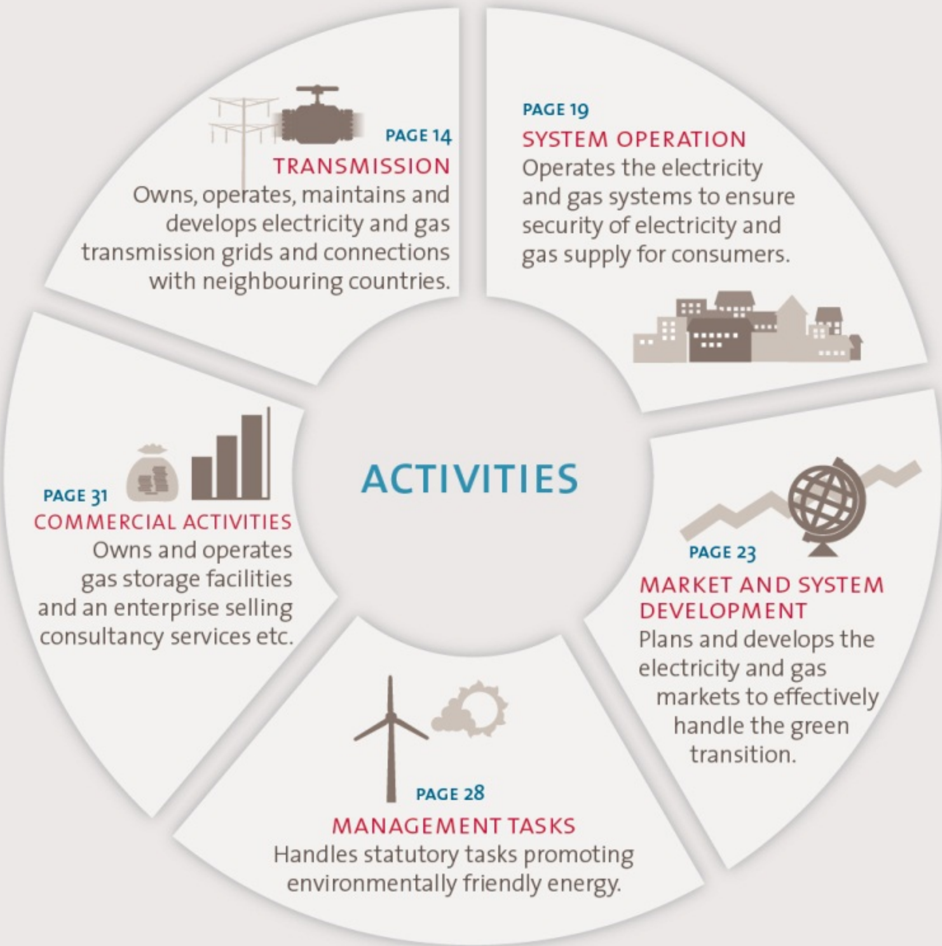
Peder Østermark Andreasen
President and CEO

Contents

ENERGINET.DK

Brief presentation of the enterprise.





Energinet.dk is an independent public enterprise owned by the Danish Ministry of Energy, Utilities and Climate. We own and operate Denmark's main electricity and natural gas grids, and we are responsible for the security of electricity and gas supply. Through international and market-based solutions, working together across the energy sector's value chain, we strive to achieve balance in a sustainable energy system with increasing amounts of renewable energy.

Value creation

Energinet.dk just has to break even. Our three commitments to society – high level of security of supply, efficient transition and healthy investment climate – express the success metrics of our value proposition to consumers, the energy sector and society in general.

Activities

Energinet.dk's tasks are categorised in five areas of activity with each their own specific objectives underpinning the three commitments.

THREE COMMITMENTS

Energinet.dk has made three commitments to Danish society on the basis of which we would like to be measured.

1 **High level of security of electricity and gas supply – now and in the future**
The Danish security of electricity and gas supply is ranked among the highest in Europe. Energinet.dk promises Danish society that the security of supply will remain at its high level. In other words, the green transition must not detract from the security of supply.

2 **Economically viable transition**
Energinet.dk assumes responsibility for ensuring that the transition of the Danish energy supply to renewable energy will take place without any unnecessary increases in the total energy bill, now and in the future.

3 **Healthy investment climate in the energy sector**
In the coming years, extensive investments must be made in the energy sector as a whole. Energinet.dk will contribute to creating a healthy investment climate that enables the market players to make the most informed investment decisions.

OBJECTIVES AND RESULTS

Energinet.dk's corporate objectives are indicators for whether our activities create value for society.

COMMITMENT:
High level of security of supply

NON-SUPPLIED ELECTRICITY

RESULT 2015:
41 SEC.
TARGET: MAX 60 sec.

Seconds of outage per consumer relative to the transmission grid in a normal year

GAS SUPPLY FAILURE

RESULT 2015:
ZERO
TARGET: ZERO

Supply failure related to Energinet.dk

FUTURE ELECTRICITY SUPPLY INTERRUPTIONS

MINUTES 2015 EASTERN DENMARK	MINUTES 2015 WESTERN DENMARK
10+15	0.1+15

TARGET: MAX 5+15 minutes

The electricity system is designed so that the expected number of minutes of outage per consumer per year is 5 minutes due to lack of power and 15 minutes due to lack of system security in the transmission grid in a five-year perspective.

COMMITMENT:
Efficient transition

STAKEHOLDER SATISFACTION

RESULT 2015:
58
TARGET 2017: 80

COMMITMENT:
Healthy investment climate

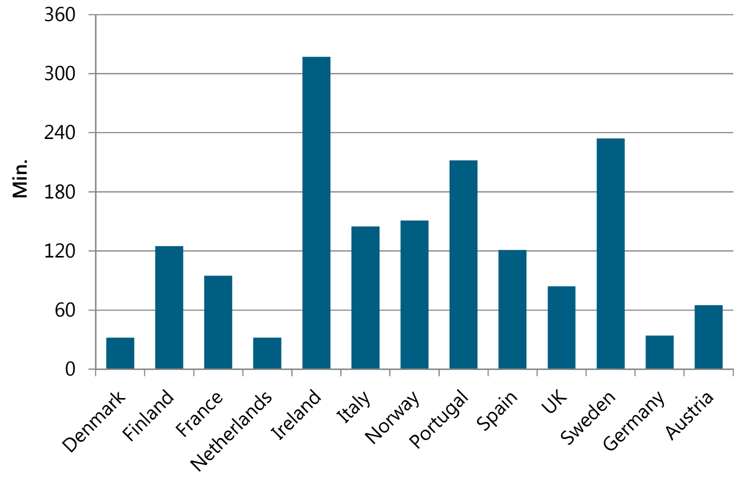
STAKEHOLDER SATISFACTION

RESULT 2015:
57
TARGET 2017: 80

Energinet.dk's results are not reflected on the bottom line of the financial statements as our finances are based on a break-even principle, and we are thus not required to generate a profit.

Instead, Energinet.dk must create value for society. However, it is not possible to specifically measure the socio-economic value generated by Energinet.dk. It is, however, possible to measure Energinet.dk on a number of specific and objective targets, which we have laid down in Strategy Plan 2014. The targets, which are expected to be achieved at the end of the strategy period in 2017, indicate the effect of our strategic efforts. They also function as the yardstick against which to determine where to focus our efforts in order to ensure the fulfilment of our commitments.

Minutes of outage per consumer per year (10-year average)



Source: Council of European Regulators (CEER)

High level of security of supply in 2015

Today, the Danish level of security of supply is very high. This can be ascribed to competent operations and an electricity system that is robust with regard to technical faults and extreme weather conditions. It has never been necessary to cut off electricity to consumers due to lack of capacity in the electricity system, as the domestic electricity generation together with imports has been sufficient to cover the demand.

In its most recent strategy, Energinet.dk has laid down an objective of maintaining the level of security of supply at the top end of the European spectrum and thus maintain the high level. Increasing volumes of wind power and a decreasing number of power stations to ensure balance and technical quality in the electricity system give rise to a need for bringing new domestic means into play, such as demand-response electricity consumption as well as close cooperation across the value chain and across borders. This is the reason why Energinet.dk is working purposefully to strengthen the regional cooperation in the EU and establish new interconnections to other countries.

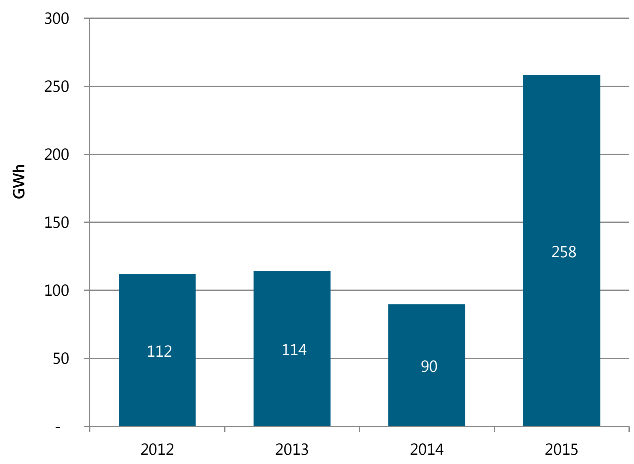
There is a special challenge in Eastern Denmark in terms of ensuring sufficient capacity until 2019, when a new interconnection to Germany will be put into operation. This has made it necessary to implement measures in order to meet the target. Energinet.dk had therefore planned to purchase strategic reserves for the period 2016-2018. However, Energinet.dk cancelled the call for tenders in December 2015, as it was deemed that it would not be possible to obtain approval for the strategic reserves under the EU state aid rules.

The lack of strategic reserves means that the power situation (part of the level of security of supply) becomes more strained than expected until a new solution can be found. Read more on page 26.

In the medium to long term, a new design of the electricity market is to contribute to maintaining a high level of security of supply. A new market model is to give players in the electricity market an incentive to organise their electricity consumption according to the electricity price as well as giving them an incentive to invest in new capacity. The new market model will thus also enable market players to make the most informed investment decisions and to develop innovative solutions and up-to-date business models. Read more on page 26.

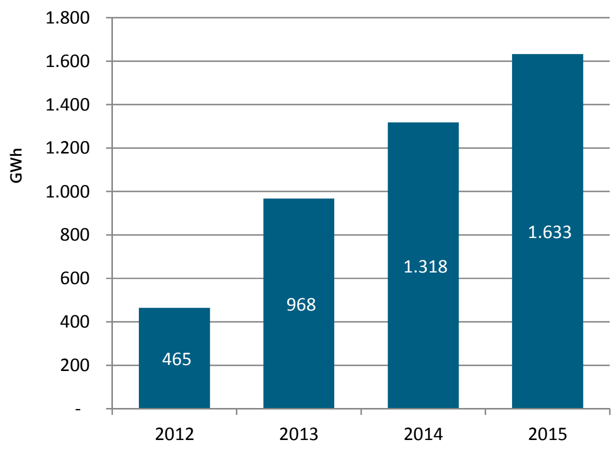
No disruption in the overall gas supplies has ever led to the interruption of consumers, and Energinet.dk assesses that the Danish gas transmission system is sufficiently robust to cope with high gas demand as well as supply chain failure, and that it will remain so in the years to

Electricity consumption for district heating



An efficient transition requires investment in electrification of the energy consumption. Large electric boilers and heat pumps in the district heating sector are one of the first areas in which the technology is mature and economically viable for significant electrification.

Biogas production in Denmark



Gas based on renewable energy, including biogas, is expected to play an important role in the transition. The biogas volume is seeing significant growth. It is used both locally and for distribution in the natural gas network.

come. This is due, among other things, to improved possibilities of importing gas via Germany as a result of the expansions implemented in the Danish and northern German gas network. An alternative source may be required in the medium to long term, however, as the production from the Danish gas fields in the North Sea is expected to decrease significantly.

The tools and measures utilised by Energinet.dk to maintain the security of supply are based on the assumption that they are the most viable from a socio-economic point of view. To shed light on the consequences and costs of the measures selected, Energinet.dk published its first electricity security of supply report in 2015. A gas security of supply report has also been published. The gas security of supply report can be downloaded at www.energinet.dk/periodical-reports, and the electricity security of supply report is available at www.energinet.dk/periodiske-rapporter (in Danish only).

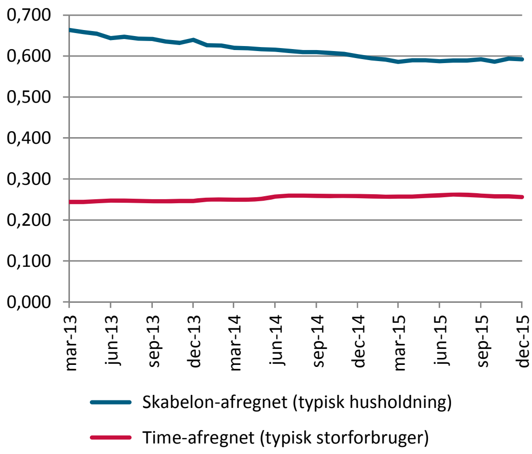
Knowledge sharing and involvement

Energinet.dk's commitment of contributing to a healthy investment climate is closely linked with the commitment of assuming responsibility for an efficient transition. In-depth analyses, a strong dialogue and clear direction for the conversion of the total Danish energy supply to renewable energy are the foundation for a healthy investment climate and can contribute to ensuring that potential investors have a better business case while also supporting an economically viable transition. In 2015, Energinet.dk therefore took the initiative to establish an annual analysis seminar at which current analyses are presented and discussed with industry players and other stakeholders.

In the Energy Concept 2030 analysis, which was published in 2015, Energinet.dk has pointed out areas requiring more detailed investigation in the future to ensure the economic viability of the sustainable energy supply. This concerns initiatives that make the Danish energy system able to cope with rapidly increasing volumes of fluctuating electricity generation from wind and sun in our regional electricity market.

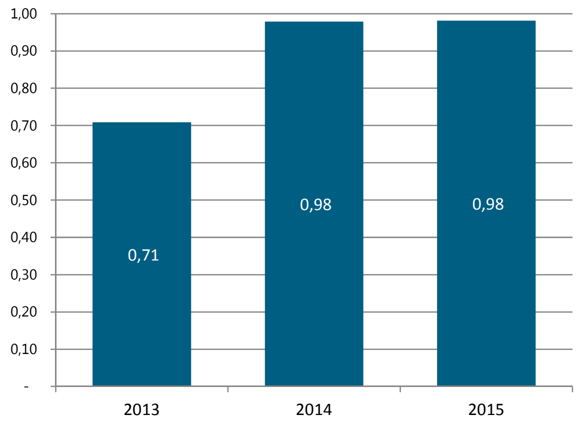
A number of the technologies and solutions that will be supporting the green transition are already known, while others have not yet been addressed. Research, development and demonstration (RD&D) activities are therefore an essential element in the transition to a green energy system in balance. New technologies, new ways of operating the systems, integration of energy systems and new market models will be a prerequisite for the ability to convert the energy system to being independent of fossil fuels in less than 35 years. RD&D must therefore contribute to minimising the technological risk and thus encourage private investors to develop new business models.

Competion in the retail market for electricity (volume-weighted HHI index)



Competition in the Danish retail market for households (profile-settled) is not satisfactory, but is improving. In the HHI index, 1 corresponds to a monopoly market, while 0.2 or lower indicates a market with good competition.

Correlation between the gas price on the Danish/Nordic and the Dutch gas exchanges



Well-functioning energy markets contribute to a healthy investment climate. Since the expansion of the gas network to Germany in 2013, the gas price in the Nordic market has largely followed the Dutch price, which is considered the reference price in the northwestern European market.

Through close dialogue and cooperation with both authorities and the market players, Energinet.dk is responsible for converting the legislation into the market rules that define the framework for how the retail market is to function. Particularly the implementation of the DataHub and the wholesale model has resulted and will result in significant changes in the market rules – changes which are implemented in close cooperation with the market players and the authorities. In autumn 2015, Energinet.dk launched a retail market forum, which is to ensure a continued close dialogue about the future development of the framework for the retail market.

Infrastructure across borders and well-functioning international markets are important preconditions for the rate of return of the investments. If expansions are carried out at the right places in due time, it can give producers improved sales potential. Therefore, Energinet.dk is in the process of establishing new interconnections, and more are in the pipeline. An efficient green transition also promotes market cohesion between the European electricity and gas markets. It is therefore crucial that the European Energy Union be realised and that the European TSOs reach agreement on common market regulation and coordinated infrastructure solutions interconnecting the countries. This is the reason why Energinet.dk has strengthened its international focus.

Stakeholder satisfaction

In 2015, Energinet.dk carried out its first major survey of stakeholder satisfaction with Energinet.dk's efforts. The targets are ambitious. At the end of the strategy period in 2017, 80% of the stakeholders must be satisfied with our contribution to an efficient transition and a healthy investment climate. The survey showed that Energinet.dk must make special efforts within the areas 'efficient transition' and 'healthy investment climate'. In particular, the stakeholders expect that Energinet.dk maintains focus on consumers' total electricity bill and helps to ensure a healthy framework for investments in the energy sector as well as further strengthening the dialogue and involving the stakeholders in the dialogue. The stakeholders' responses will form the basis of Energinet.dk's prioritisation of initiatives in the coming years. The survey also showed that the stakeholders are very satisfied with Energinet.dk's handling of the security of supply and its equal treatment of the market players. Energinet.dk is also praised for aiming at holistic solutions and creating a good foundation for converting the energy sector to renewable energy.

As a supplement to the stakeholders' satisfaction with Energinet.dk's efforts, the survey also covers the expectation for the overall investment level in the entire energy sector. When asked directly, 45% of the stakeholders expect total investments in the energy sector to increase over the next year, 39% assess that they will remain unchanged, and 16% foresee are reduction in the total investments. In addition to asking the stakeholders, we also monitor developments within efficient technologies and in the markets, specifically with targets for electrification within heat supply, the production of biogas, the market concentration in the retail market and the efficiency in the international gas markets. The indicators show generally positive signs, but also that there is room for improvement in a number of areas.

FINANCIAL MANAGEMENT

Energinet.dk is not required to generate a profit from its business activities, but must create value for society.

Energinet.dk's success is not reflected in its financial results. A financial governance framework has therefore been established to ensure the right prioritisation.

As concerns the activities arising out of the role of TSO, Energinet.dk optimises its business on the basis of socioeconomic rather than microeconomic criteria. To the extent possible, resource consumption for the Transmission, System operation and Market and system development activities is thus compared with the value created.

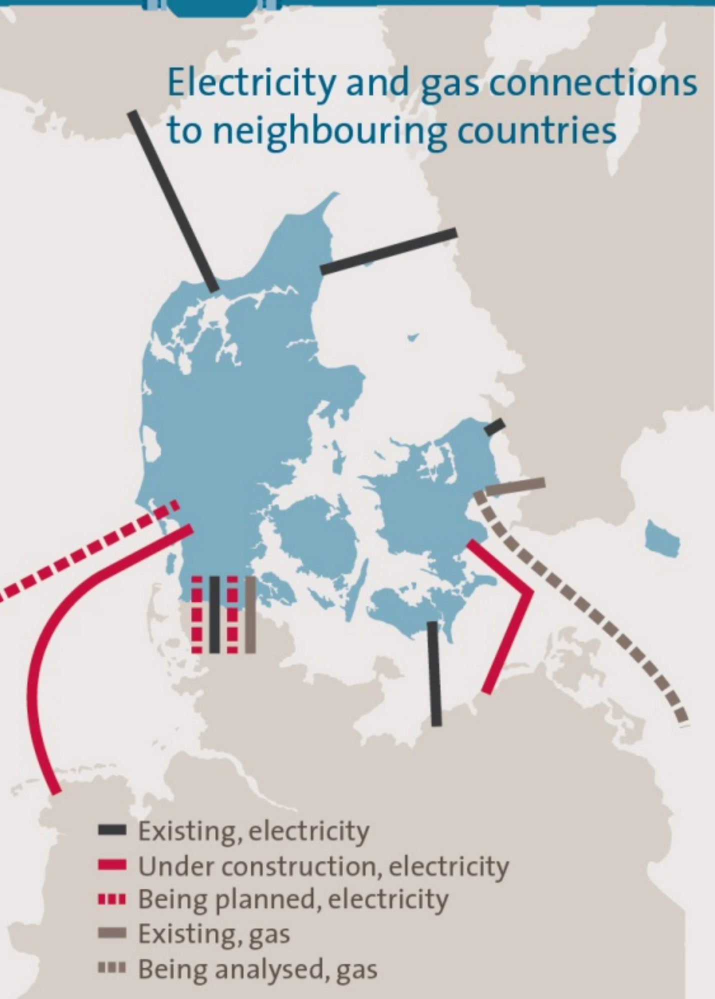
Cost-effectiveness is measured on the basis of the development in financial performance parameters, effectiveness ratios and benchmarks. The commercial activities are measured on the basis of traditional financial ratios.

The next pages describe the efforts, risks and results within the individual activities in Energinet.dk.

TRANSMISSION

Energinet.dk owns, operates and develops the transmission grids for electricity and natural gas.

Electricity and gas connections to neighbouring countries



Energinet.dk is working to realise a number of new interconnections and is investigating the possibility of a gas pipeline between Denmark and Poland.

Total costs DKK billion

2015: 2.0

2014: 1.8

Rate of cost*

2015: 2.3%

2014: 2.1%

TARGET 2017: 2.0%

Reduction of unit costs for new construction projects*

2015: 4%

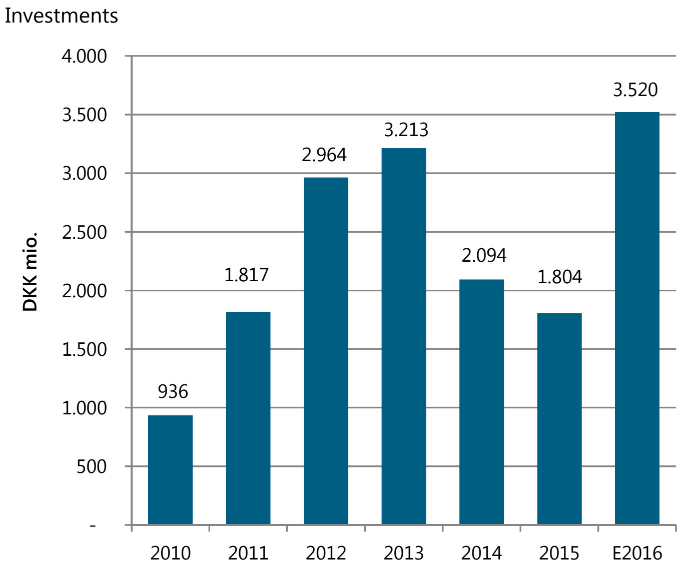
TARGET 2017: 15%

For definitions, see page 16

Energinet.dk ensures efficient operation and expansion of the main electricity and gas infrastructure as well as ensuring open and equal access for all users of the grids.

Establishing and developing transmission grids that contribute to an efficient green transition require major investments. The costs of the transmission activities thus also constitute the largest portion by far of Energinet.dk's total costs.

The most important tasks under the Transmission activity are the planning, establishment, operation and maintenance of the transmission grids, including also electricity and gas connections to neighbouring countries.



Achievements during the year

New electricity and gas connections with neighbouring countries

Combined with domestic means such as increased electrification of the heating sector, new electricity and gas connections between Denmark and the neighbouring countries will contribute to making the green transition economically viable. A large interconnected transmission grid without major congestion is a prerequisite for the ability to transport, for example, wind power to where the demand is greatest, thus stabilising the price at a level ensuring the right investments in the market.

Energinet.dk is planning to realise four new interconnections as well as expanding an existing interconnection. Furthermore, the possibility of establishing a new gas pipeline from Denmark to Poland is being analysed.

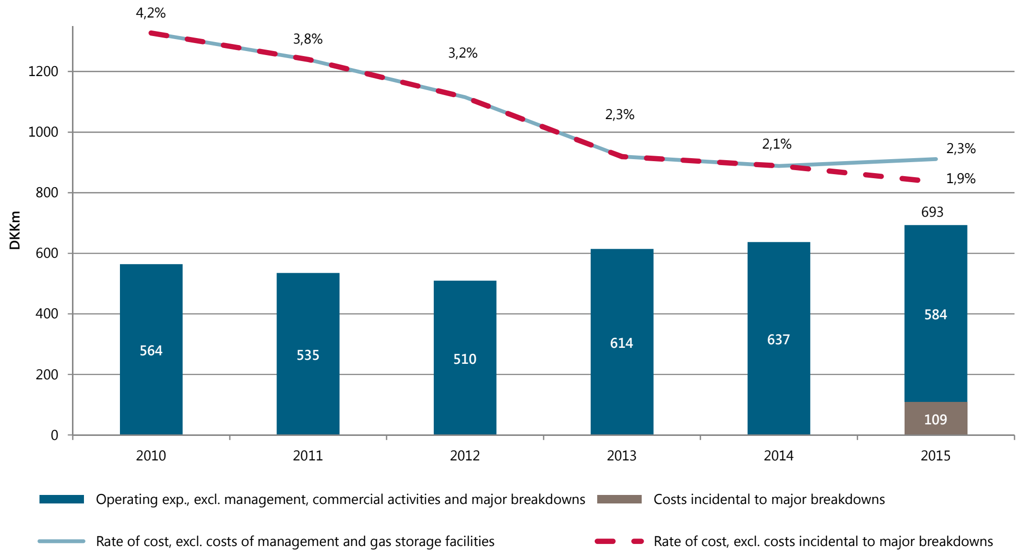
Together with the German TSO 50Hertz Transmission GmbH, Energinet.dk is in the process of establishing an interconnection from Zealand via the future Danish offshore wind farm at Kriegers Flak and a number of German wind farms in the Baltic Sea to northern Germany. The commissioning of the interconnection is planned for 2019.

To improve the possibilities of selling wind-generated electricity to the northern European market, Energinet.dk and Dutch TSO TenneT B.V. have entered into agreements on the delivery of submarine cables for a 700 MW interconnection between Jutland and the Netherlands – COBRAcable. The commissioning of the pipeline is also planned for 2019.

Furthermore, in 2015, Energinet.dk and the UK TSO National Grid plc agreed to continue working towards making an investment decision on a 1,400 MW interconnection between Denmark and England in 2018. With Viking Link, as the connection is called, the Danish electricity producers will have the opportunity to sell electricity in the UK market, which generally has higher electricity prices than the Nordic region and Germany. Viking Link will thus contribute to increasing the value of wind power. The interconnection is expected to be ready for operation at the end of 2022.

In 2015, German TenneT TSO GmbH and Energinet.dk agreed to continue working on realising a new interconnection between Jutland and Germany. In addition, the two enterprises are currently working to strengthen an existing interconnection across the Danish/German border. The interconnections are to ensure that electricity from the Nordic hydroelectric power stations and the

Operating expenses and non-current assets



Danish wind farms can be transported to the northern European market.

In 2015, Energinet.dk initiated cooperation with GAZ-SYSTEM S.A. in Poland with a view to investigating the socio-economic potential of establishing a gas pipeline from Zealand to Poland as well as a compressor station in Denmark and Poland, respectively. The European Commission has granted funding for the investigation. The new connection will strengthen the competition and ensure the supply of gas to Denmark and Sweden as well as making the Baltic countries and Ukraine, among others, less dependent on Russian gas in the medium to long term.

Other investments

Expansions are also needed in the national electricity transmission grid in order to be able to maintain the high level of security of electricity supply and integrate the increasing volumes of wind power. Energinet.dk is, for example, in the process of constructing the installations which are to transport electricity from the future offshore wind farms at Horns Rev and Kriegers Flak into the electricity grid. Investments totalling DKK 1.8 billion were made in 2015.Energinet.dk expects an investment level in 2016 at approx. DKK 3.5 billion.

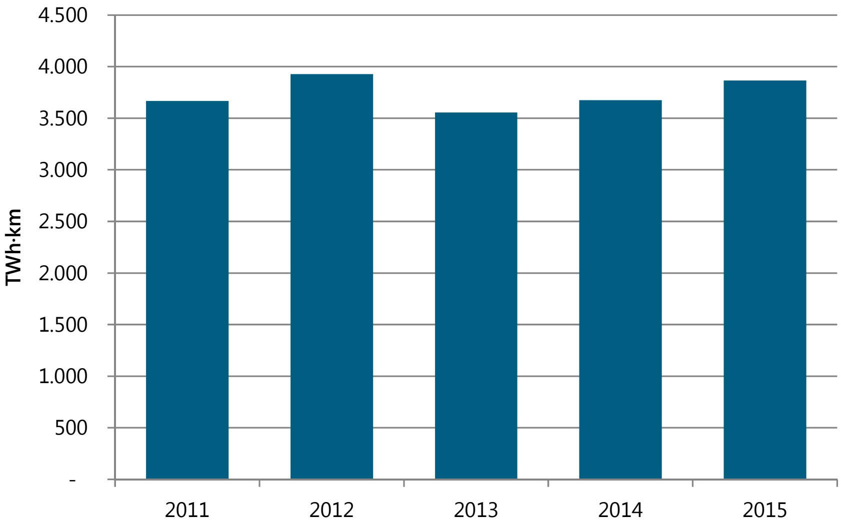
Energinet.dk's costs for the Transmission activity will increase from DKK 1.9 billion to DKK 2.1 billion, due to an increase in depreciation and amortisation and financial items as a result of the infrastructure investments.

Efficiency

As a part of the commitment to an efficient transition, Energinet.dk has set a number of internal efficiency targets. The targets have been set while taking the greatest possible socio-economic value into consideration.
The success of the enterprise's ambition of efficient operation of the electricity and gas transmission grids is measured by comparing operating expenses with the size of the transmission grids (the carrying amount of the assets). Energinet.dk is working continuously to increase efficiency and, among other things, aims to limit its operating expenses to value of fixed assets ratio to a maximum of 2% in 2017. In recent years, Energinet.dk has reduced its operating expenses from 4.2% of the value of fixed assets in 2010 to 2.3% in 2015. In 2014, Energinet.dk's electricity system business segment was certified in accordance with PAS 55: Asset Management, which has resulted in the improvement of, for example, work processes, maintenance work, official approval procedures and risk management.

Energinet.dk has also set a target for CAPEX efficiency with the aim of reducing unit costs and realising other

Energy transported in the AC transmission grid



The transport of electricity has increased slightly over the past five years, due primarily to increased transit of electricity between Norway, Sweden and Germany as well as exports of electricity generated in Denmark.

optimisations regarding reinvestments and new installations by 15% in 2017 relative to 2013. A reduction of unit costs of 4% was posted in 2015, primarily attributable to the lower unit costs obtained for electrical cables purchased. Energinet.dk expects to obtain a CAPEX efficiency improvement of 10-15% in 2017.

In 2015, Energinet.dk launched a number of initiatives, including joint procurement across construction projects, standardisation and optimisation of procurement processes, which are to contribute to the CAPEX efficiency improvement in both 2017 and up to 2020. Read more about efficiency increases in the System operation section on page 19.

Significant risks

Faults on installations

One of the greatest risks for the Transmission activity is damage to cables and lines. In 2015, Energinet.dk experienced faults on submarine cables to two offshore wind farms. A fault in winter 2015 put the submarine cable to the Anholt offshore wind farm out of operation, with the cable subsequently being repaired. Energinet.dk assessed that there was a risk of new faults occurring on the cable, and parts of the cable were therefore replaced in November 2015. In October, a fault also occurred on the cable to the Horns Rev 2 offshore wind farm, resulting in a part of the cable being replaced.

The cable repair costs totalled DKK 138 million. In addition, the compensation paid to the owners of the offshore wind farms for lost electricity sales totalled DKK 85 million. This corresponds to daily costs of approx. DKK 2 million during the period in which the cable was out of operation.

Energinet.dk constantly seeks to minimise risks when purchasing and establishing new installations. In recent years, particular focus has been on submarine cables, which are particularly exposed to weather, wind, sea currents, anchors etc. Thorough seabed analyses prior to establishment, trenching of submarine cables as well as increased communication with ships in areas with submarine cables contribute to avoiding damage and faults on the cables.

Challenges for interconnections

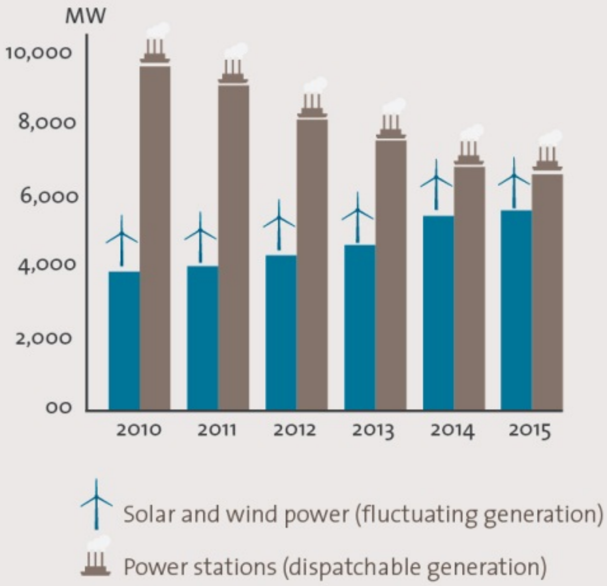
Even though an interconnection generates a profit from a regional socio-economical viewpoint, realising the interconnections is a great challenge. First of all, investments of this nature are long-term investments, and predicting the economic foundation for the projects throughout their useful lives is difficult. Secondly, the European TSOs are subject to different types of economic regulation, and unlike Energinet.dk, many of them are, for example, expected to generate returns for their owners. Finally, in wanting to establish interconnections with neighbouring countries, Denmark is often up against other countries which are also keen to establish interconnections with the same country.

These challenges mean there is a risk of Denmark losing considerable socio-economic benefits or of investments being postponed until there are solutions available that take all investment considerations into account. To minimise these risks, Energinet.dk is represented in international cooperation forums that demonstrate the cohesiveness of the European infrastructure and markets, including ENTSO-E, which is a compulsory European TSO cooperation organisation headquartered in Brussels.

SYSTEM OPERATION

Energinet.dk is in charge of the day-to-day operation of the electricity and gas systems in Denmark with a view to maintaining the security of supply.

Development in power station and wind turbine capacities



The increasing number of wind turbines has put the conventional power stations under financial pressure, and several have been decommissioned in recent years. This poses new challenges in respect of Energinet.dk's efforts to create balance in the electricity system and maintain the security of supply, regardless of whether or not the wind is blowing.

Total costs
DKK billion

2015:
0.9
2014: 1.0

Costs of ancillary services, electricity
DKK million

2015:
592
2014: 735

Omkostninger til nødforsyning gas
DKK million

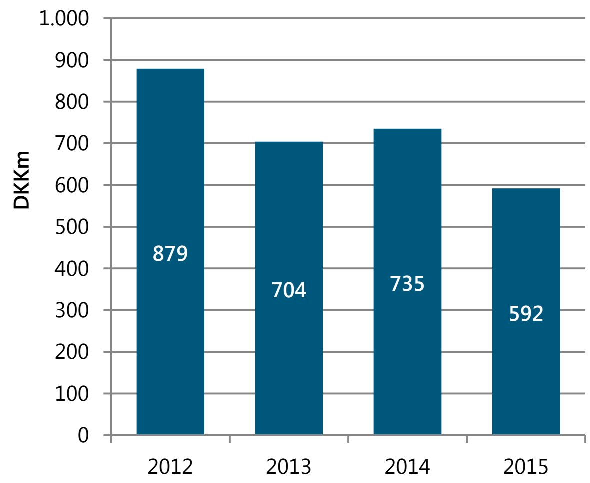
2015:
60
2014: 68

Energy costs
In 2017, Energinet.dk expects to reduce the costs incidental to grid losses, ancillary services and emergency supplies by DKK 250 million relative to 2012.

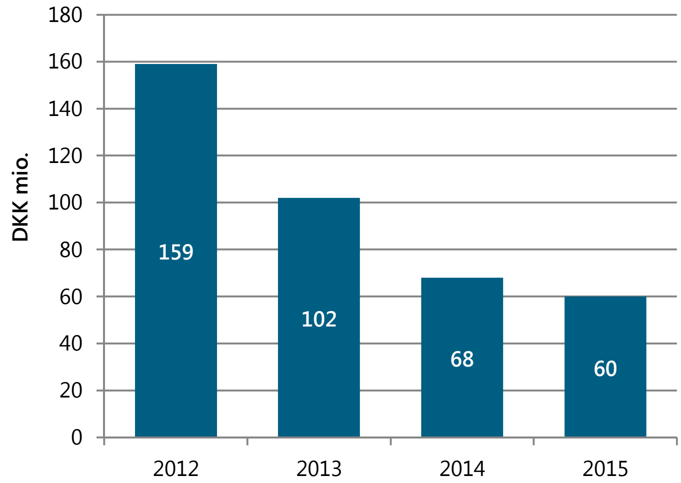
In the System operation activity, Energinet.dk is in charge of the day-to-day operation of the overall electricity and gas system. The operation of the electricity system entails that balance must be created constantly between the consumption, generation and transfer of electricity between Denmark and interconnected neighbouring countries. This balance is maintained, among other things, by Energinet.dk purchasing and utilising ancillary services, consisting, for example, of various types of spare capacity.

The overall gas system is monitored round the clock to maintain supplies. To ensure sufficient gas in the event of, for example, gas supply failures, Energinet.dk is responsible for emergency supplies under applicable legislation.

Costs of ancillary services for electricity



Costs of emergency supplies for gas



Achievements during the year

Efficiency increases

To maintain balance and technical quality in the electricity system, and hence the security of supply, Energinet.dk purchases different types of ancillary services in the form of reserve capacity and regulating power. In the event of system imbalance, Energinet.dk also has the option of ordering power stations to commence operations against payment (forced operation). Energinet.dk purchases emergency supply services to maintain the security of supply in the gas system.

In connection with the energy agreement from 2012, Energinet.dk initiated a number of cost reduction initiatives aiming to reduce the enterprise's costs by DKK 1 billion in 2020. One of the initiatives concerns a target of reducing costs relating to ancillary services (electricity) and emergency supply services (gas) as well as reducing costs relating to losses in the electricity grid by a total of DKK 250 million in 2017 relative to 2012 through market-based initiatives.

Reduction in costs of emergency supplies

Energinet.dk purchases emergency supply services to secure the supply of gas. Emergency supply situations may arise due to the occurrence of extraordinary events having a substantial impact on gas supplies to Denmark. In such situations, it is investigated whether the gas can be obtained from other sources – for example via the emergency pipeline in the North Sea, the gas storage facilities or imports from Germany.

Costs relating to emergency supply services in the gas system have been reduced in recent years, with gas emergency supply costs of DKK 60 million being realised in 2015 compared with DKK 68 million in 2014.

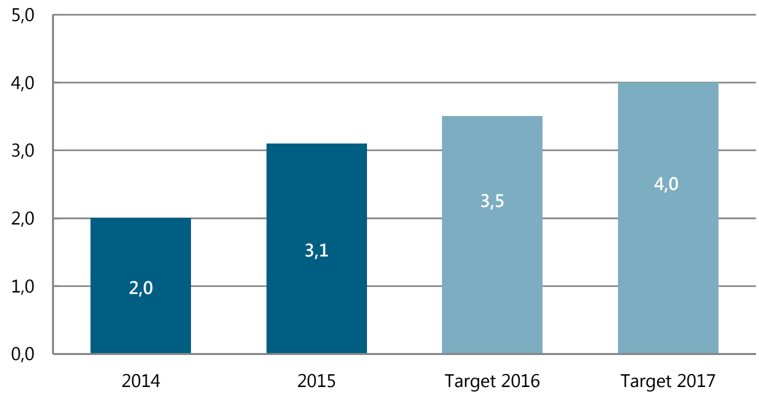
If the costs in 2015 are compared with the costs in 2012, Energinet.dk has reduced the costs by 62% in the period 2012-2015, mainly as a result of the changed payment model for the Syd Arne submarine pipeline and more favourable emergency supply agreements with the gas storage facilities.

Reduction in costs of ancillary services and grid losses

In 2015, ancillary services purchased totalled DKK 592 million against DKK 735 million in 2014. The reduction is due primarily to a decrease in the costs of automatic reserves in Eastern Denmark as a result of joint procurement with Sweden and purchases of automatic reserves from Norway to Western Denmark.

The costs of ancillary services decreased by 33% in 2015 relative to 2012,due primarily to savings obtained through the strengthening of the regional cooperation on sharing reserve capacity and fewer forced operations at power stations.

Objective for process maturity for IT security



Grid losses occur when electricity is transported in the transmission grid. Through efficient operation of the electricity grid and by purchasing replacement capacity to cover the grid losses in the cheapest price area, Energinet.dk has ensured that grid losses have been reduced by a total of 100 GWh in the period 2012-2015, and the costs have thus been reduced by just under DKK 300 million.

New SCADA systems

In step with the introduction of increasing volumes of renewable energy in the energy systems, it is becoming more complicated to monitor and control the overall electricity and gas grids. Energinet.dk therefore put a new system for controlling and monitoring the electricity system into operation in 2014 and 2015. In 2017, the SCADA system used in the operation of the gas system will also be replaced.

With the new SCADA system for electricity, monitoring and control have been automated to a higher degree, thereby increasing the security of supply. In addition, emphasis is placed on increased IT and information security in the new system. The system was put into operation in November 2015, and the upgrade cost DKK 125 million.

Significant risks

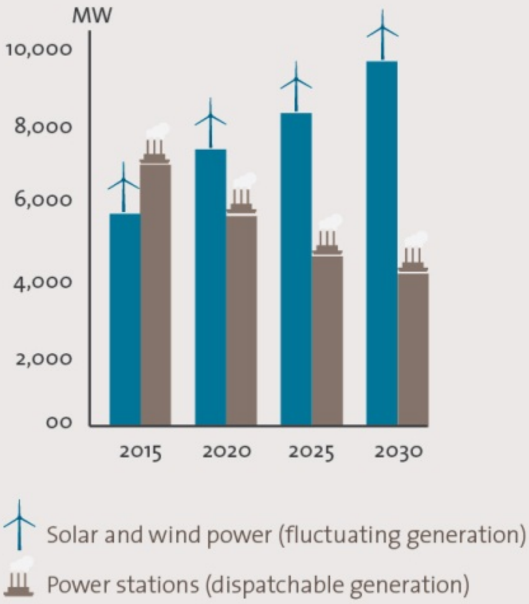
IT and information security is a significant prerequisite for Energinet.dk's ability to safeguard the security of supply, as hacker attacks and breakdowns, for example, can result in supply failures. Energinet.dk has therefore intensified its efforts to maintain high information security and attain a level of maturity commensurate with Energinet.dk's responsibility for a social task of critical importance. In 2015, Rigsrevisionen submitted a report on access to IT systems supporting important social tasks. Together with five other state-owned enterprises, Energinet.dk's IT systems were assessed in respect of the requirements for the IT security level expected of enterprises undertaking social tasks of critical importance. The report concluded that none of the examined enterprises had implemented all controls in terms of good IT security, but that all enterprises had initiated various preventive measures in order to increase the IT security.

Prior to Rigsrevisionen's review, Energinet.dk had already launched a number of initiatives aimed at reinforcing its IT and information security and had, among other things, allocated additional resources to the area as well as having made a variety of control-related and technical investments, including the new SCADA system mentioned above, which have strengthened IT security significantly. In 2015, the audit firm PwC assessed Energinet.dk's work with IT and information security as being satisfactory. The maturity level has increased from level 2.0 in mid-2014 to level 3.1 at year-end 2015 on the so-called CMMI scale (Capability Maturity Model Integration). Energinet.dk's target is to reach level 4.0 in 2017. DKK 40 million went into information security in 2015.

MARKET AND SYSTEM DEVELOPMENT

Energinet.dk develops the Danish electricity and gas system and the related markets.

Future electricity generation capacity



A much greater share of the future electricity generation is expected to derive from solar and wind power rather than from CHP plants.

Total costs DKK billion

2015:
0.1
2014: 0.1

Share of consumers switching electricity supplier

2015:
5%
2014: 3%

Trading on Gaspoint Nordic

2015:
58%
2014: 35%

Volume traded on the gas exchange in per cent of the Danish consumption.

Same electricity price as abroad

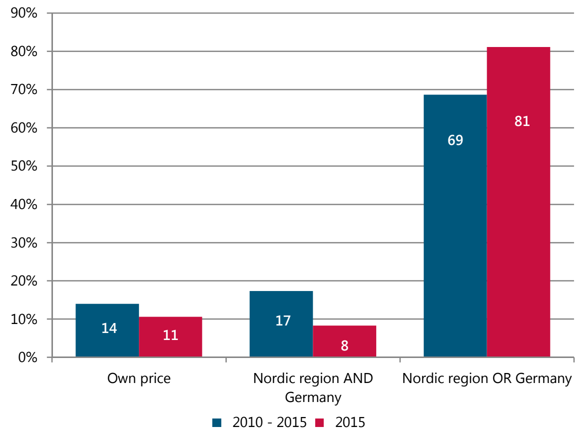
Western Denmark:	2015:	89 %
	2014:	89 %
Eastern Denmark:	2015:	94 %
	2014:	95 %

Share of hours during which the price in Denmark is the same as in one or more neighbouring countries.

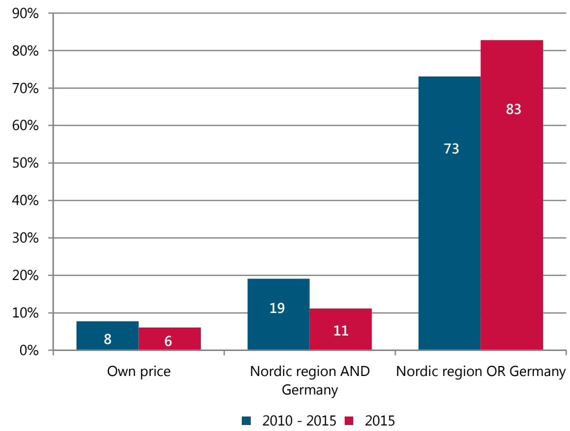
In the Market and system development activity, Energinet.dk monitors and develops the electricity and gas markets with a view to ensuring well-functioning competition. The objective is, among other things, to obtain even closer integration with our neighbouring countries by creating common markets and integrated infrastructure.

In addition, Energinet.dk prepares coherent and holistic analyses and system planning of the future electricity and gas infrastructure. Energinet.dk thereby contributes to developing a flexible energy system which not only ensures a continued high level of security of supply, but also efficient and innovative markets supporting an attractive investment climate.

Danish electricity price in Western Denmark in relation to neighbouring countries



Danish electricity price in Eastern Denmark in relation to neighbouring countries



Achievements during the year

Same electricity price as neighbouring countries

Energinet.dk is responsible for the many electricity highways to the neighbouring countries, and we have imported electricity at low prices through Denmark's strong interconnections, thus reducing society's electricity costs.

In 2015, Western Denmark had the same electricity price as the price in one or more neighbouring countries 89% of the time, and a price which differed from the prices in the neighbouring countries 11% of the time (own price area). In the period 2010-2015, Western Denmark had its own price area 14% of the time on average, which indicates that the hours with own price area have decreased in recent years. Eastern Denmark has had an even lower share of own price hours, so that, in the 2010-2015 period, Denmark overall had its own price approx. 10% of the time only.

A low share of own price area reflects a high level of integration of the electricity markets, which gives Denmark the opportunity to reap financial benefits when market players across national borders purchase electricity where the price is low and sell where the price is high. This flow of electricity through Denmark contributes to evening out electricity prices between the markets.

Availability on interconnections

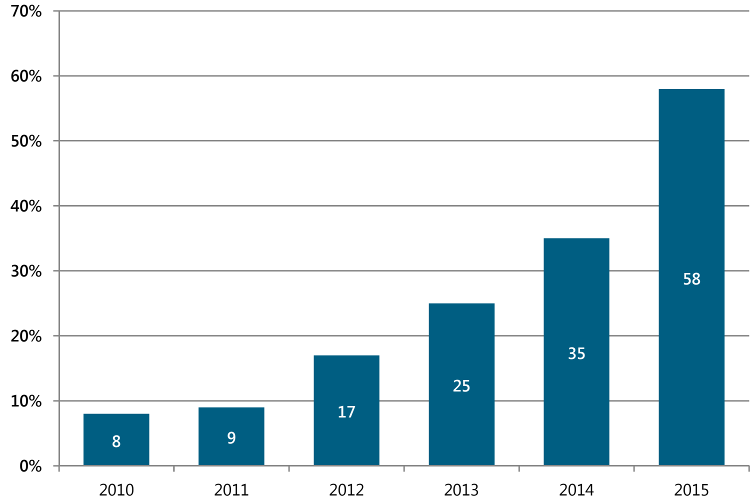
The capacity available on the interconnections plays an important role in relation to the possibilities of importing and exporting electricity between countries. Higher availability means that more electricity can be transmitted via the interconnections, which ensures that Denmark can receive electricity when we are not generating enough ourselves, and sell electricity to other countries when we generate too much.

In 2015, availability was 82% in the import direction and 70% in the export direction. The lower availability for the export direction compared with the import direction is due primarily to capacity limitations in the interconnection across the Danish-German border. The limitations are, among other things, caused by temporary shutdowns of electricity grids in northern Germany pending the establishment of new and larger interconnections as well as other internal German grid congestion between southern and northern Germany.

Developing gas market

As concerns the gas market, Energinet.dk is also responsible for ensuring an efficient and flexible gas market as well as increased competition among the Danish and foreign players trading in gas. A good indicator of the gas market developing positively is the players' use of the gas exchange in Denmark, Gaspoint Nordic, which is

Trading on Gaspoint Nordic in per cent of the Danish gas consumption



owned by Energinet.dk and the German power exchange, European Energy Exchange AG. In 2015, the gas exchange saw approx. 8,400 transactions, and a total of 17 TWh gas was traded, an increase of 66% over 2014. The volume traded corresponds to 58% of the Danish gas consumption, a significant increase relative to 2010 when the volume traded corresponded to 8%.

Holistic analyses bridge gaps

To ensure cost-effective integration of renewable energy, there is a need for integrating the new and more fluctuating forms of energy so that they can supplement each other during periods when the wind is not blowing, for example, or the sun is not shining. To create the foundation for the best possible transition, illustrate outcome and ensure the value of the great investments to be made, Energinet.dk continuously analyses the development of both the energy sector as a whole and separate parts of the energy system.

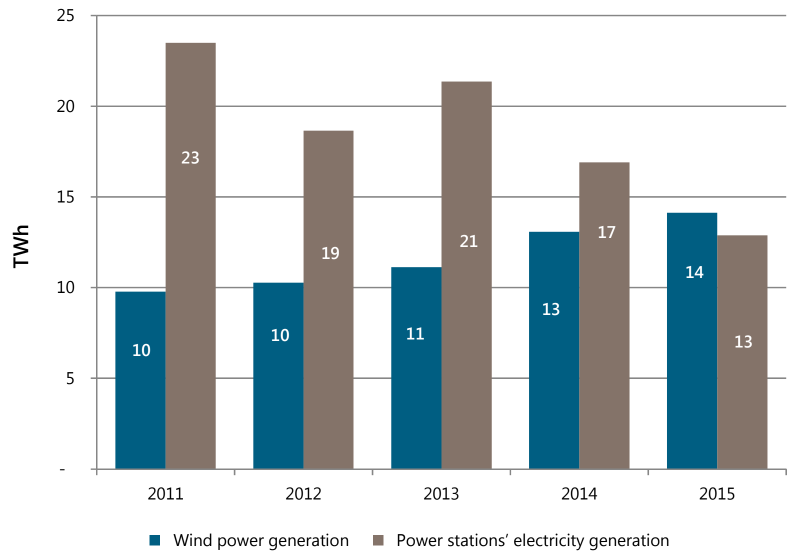
To improve players' business cases, Energinet.dk has initiated the development of an energy database that supports the efficient green transition and contributes to increased growth and innovation through easily available energy data. The energy database is being developed in an open process to which stakeholders have the opportunity to contribute to a high extent.

New ancillary services strategy

Energinet.dk's purchase and utilisation of ancillary services have an impact on commercial players' business activities. Energinet.dk's new ancillary services strategy has therefore been prepared in close dialogue with the market players. With the new strategy, Energinet.dk will ensure continued optimisation of the level of ancillary services from a socio-economic perspective. The strategy ensures that power stations, wind turbines, major electricity consumers and other market players continue to have an interest in providing their services. The strategy focuses on internationalisation, competition and transparency.

Larger and more efficient markets open up for the supply of ancillary services from other countries and also ensure better sales opportunities for Danish electricity suppliers. Competition is promoted by providing better opportunities for new technologies and suppliers to participate in the markets, which ensures that the ancillary services are priced correctly. Greater transparency enables market players to make the most informed investment decisions.

Electricity generation at power stations and wind turbines



New market model

The green transition poses challenges as falling electricity prices, due, among other things, to increasing volumes of wind power, result in the shutting down of dispatchable power stations. At the same time, the current market model does not provide electricity producers and consumers with sufficient incentive to plan their electricity consumption based on the electricity price or to invest in capacity.

This played an important role in Energinet.dk's decision to initiate radical changes of the current market design in 2014 with the Market Model 2.0 project. The project, which was carried out in cooperation with the Danish energy market players, was completed in September 2015 with a number of specific recommendations for ensuring capacity, flexibility and system critical properties. The purpose of the recommendations is to create solutions that ensure a high level of security of supply and well-functioning markets which are compatible with neighbouring country markets.

Increased competition in the retail market

In June 2012, the Danish parliament decided to promote competition in the Danish electricity market and make it more transparent for electricity customers. Energinet.dk has been assigned responsibility for establishing the so-called wholesale model, which means that the electricity suppliers will be the primary point of contact for the customers. Customers will then receive one electricity bill from their electricity supplier. The wholesale model, the commissioning of which is planned to take place on 1 April 2016, is expected to cost approx. DKK 200 million. In preparation for the commissioning of the wholesale model, Energinet.dk, in cooperation with the Danish Energy Association, organised a number of courses for electricity suppliers and grid companies in 2015.

It has become easier for electricity customers to change supplier in order to obtain a better price. Energinet.dk monitors the number of changes of supplier to assess competition in the market. Since the DataHub – the precursor of the wholesale model – was commissioned in 2013, the share of customers changing supplier has increased from just under 2% in 2013 to 5% in 2015. The total investment in the DataHub and the wholesale model is expected to amount to approx. DKK 450 million.

Significant risks

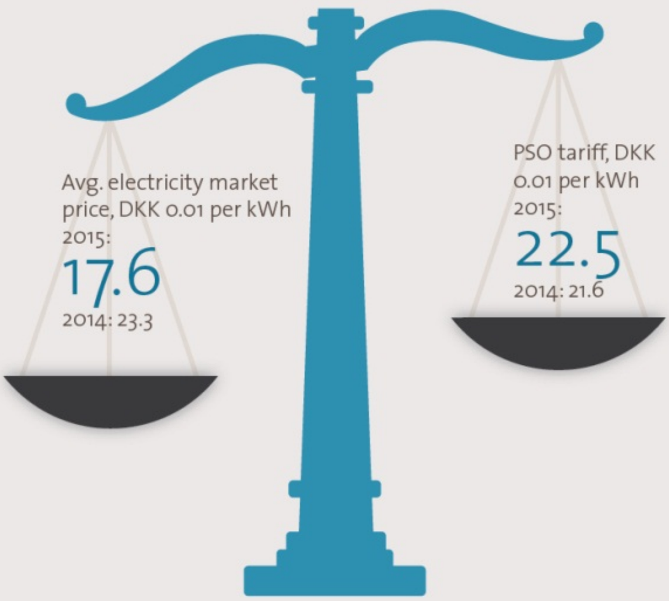
Risk of lack of capacity

In spring 2014, Energinet.dk decided to make a call for tenders for extra capacity – so-called strategic reserves. The reserve capacity was to ensure that Energinet.dk could keep its commitment vis-à-vis electricity consumers in Eastern Denmark to maintain the high level of security of supply. The call for tenders had to be cancelled, however, as the European Commission found it in violation of the rules on state aid. Energinet.dk is therefore working on a new solution that can ensure sufficient capacity in Eastern Denmark until 2019. At the same time, the maintenance of the transmission grid will be organised in such a way as to minimise the risk of lack of capacity. In Western Denmark, where the number of wind turbines and interconnections to other countries is higher than in Eastern Denmark, there are no prospects of lack of capacity in the short term.

In the medium to long term, there may be far fewer dispatchable power stations in Denmark to maintain the high level of security of electricity supply. The low electricity prices in northern Europe have major consequences for power station owners as the low prices cannot cover the costs of their electricity generation. The low electricity price is directly reflected in the total power station production, which has fallen by approx. 45% over the past five years.On account of the low prices, it is also difficult to attract investments in new electricity generation facilities which are not wind turbines with guaranteed subsidies in the form of mark-ups on the market rates for electricity. This is not just a challenge for the Danish market players, but also in other European countries. The implementation of the recommendations presented in connection with the Market Model 2.0 project will, together with the realisation of new interconnections to other countries, contribute to supporting the power stations and thereby to maintaining the security of supply in the medium to long term.

MANAGEMENT TASKS

Energinet.dk undertakes a number of statutory tasks that contribute to strengthening environmentally friendly energy.



The PSO costs fluctuate with the electricity wholesale prices. When the electricity price is low, the PSO costs are high and vice versa.

Subsidies for renewable energy DKK billion

2015: 8

2014: 6.9

Development in solar cells (MW)

2015: 783

2014: 609

Development in wind power (MW)

2015: 5,072

2014: 4,897

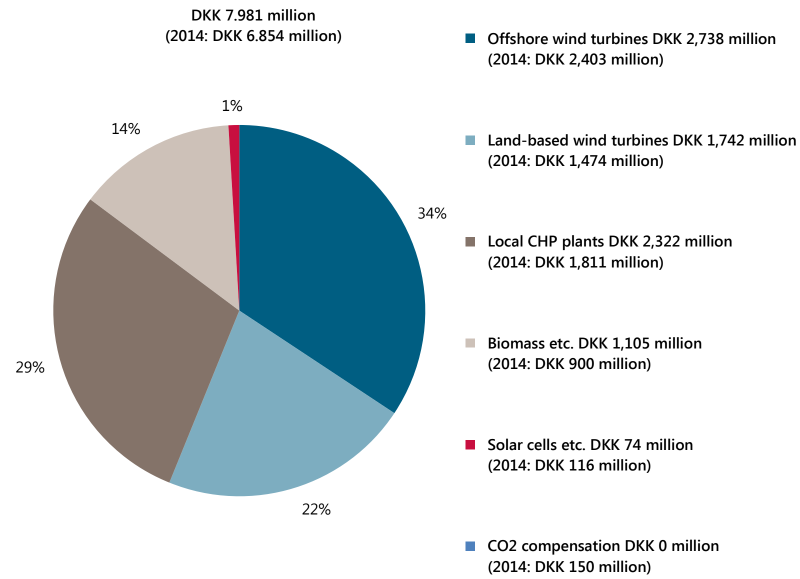
Electricity price composition 2015

Taxes and VAT:	57%
PSO:	10%
Grid payments:	18%
Electricity price:	15%

In the Management tasks activity, Energinet.dk provides statutory funding for environmentally friendly electricity generation which cannot compete on market terms and for research and development activities within environmentally friendly electric technologies and energy efficiency measures. These tasks are known as PSOs or public service obligations.

Energinet.dk also handles the administration of the subsidy scheme for privately owned wind turbines producing 25 kW or less and solar cells, etc. and is thus responsible for the contact to more than 90,000 customers.

Subsidies for renewable energy



Achievements during the year

Low electricity prices – high PSO costs

In 2015, Energinet.dk disbursed subsidies totalling DKK 7,981 million to producers of environmentally friendly energy, of which DKK 4.5 billion related to subsidies for wind turbines and DKK 3.4 billion to subsidies for local CHP plants. In 2014, Energinet.dk disbursed subsidies totalling DKK 6,854 million, and the increase of DKK 1,127 million is primarily attributable to higher subsidies for local CHP plants and land-based and offshore wind turbines due to a higher level of wind power generation and lower electricity prices. In addition, subsidies of DKK 1,105 million were paid out for the generation of electricity using biomass (straw, wood pellets etc.), while subsidies of DKK 74 million were paid out for the generation of electricity from solar cells, against DKK 116 million in 2014.

In 2015, the average electricity price was approx. 25% lower than in 2014. The primary reason for the reduction in the price of electricity is the increased volumes of wind power in Denmark and northern Germany and periods with plentiful water in the Nordic reservoirs. Compared with 2014, 8% more wind power was generated in Denmark in 2015.

Stakeholder satisfaction with RE administration

Energinet.dk administers the disbursement of subsidies for, for example, solar cells and has in this context conducted a satisfaction survey among the 90,000 solar cell customers. The analysis showed that 65% were satisfied or very satisfied with Energinet.dk's administration of the area. The target is for Energinet.dk to reach a satisfaction level of 80% in 2017.

Outlook 2016

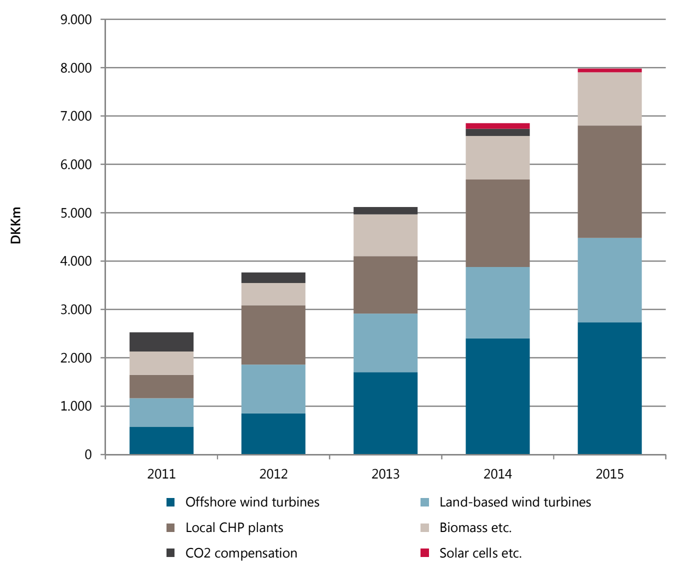
Increasing PSO tariff

In 2016, an average market price of electricity of DKK 0.141 per kWh is foreseen, resulting in an expected average PSO tariff of DKK 0.241 per kWh relative to DKK 0.225 per kWh in 2015. These figures factor in the effects of Growth Package 2014, which reduced the PSO tariff paid by consumers by approx. DKK 0.03 per kWh.

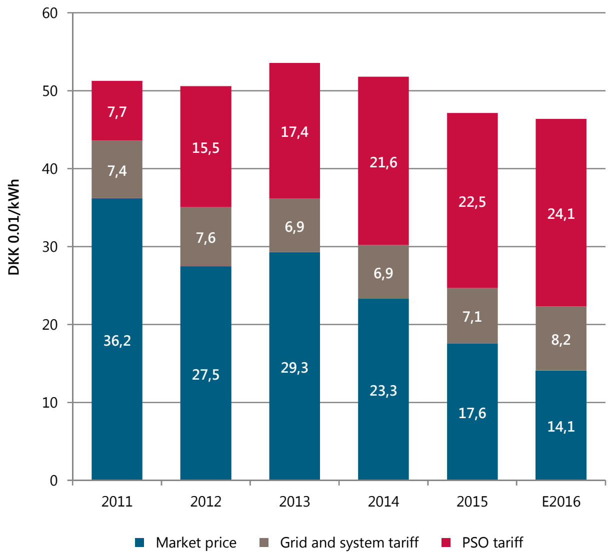
Moving management tasks

Energinet.dk's PSO tasks are included in the Danish government's plans to move public sector jobs to the provinces. Tasks concerning case administration and the administration of solar cell plants and wind turbines, the four wind turbine schemes, calculation and disbursement of PSO funding to plant owners as well as the administration of the ForskEL research programme are therefore going to be moved geographically from Erritsø to a so-

Subsidies for renewable energy



Grid and system tariffs, PSO tariff and spot price



called energy administration cluster in Esbjerg. The employees will move with these tasks,
which means that 30-35 jobs are expected to move from Energinet.dk's head office in Fredericia to Esbjerg at the beginning of 2017. At the time of presentation of the annual report, it has not been finally decided whether the tasks will be performed by the Danish Energy Agency or Energinet.dk going forward.

EU sets aside Danish PSO model

In 2014, the European Commission reviewed the EU countries' competition law rules, including the rules on state aid, and concluded that the Danish PSO system is discriminatory towards imported electricity.

The European Commission argued that the Danish PSO tariff is charged in respect of all electricity consumed in Denmark, while only the domestically generated electricity has access to the funding schemes financed by the PSO tariff.

On this background, Energinet.dk's disbursement of PSO funding is limited to 2016. The Danish government is currently working on a new model, which is to be applied from 2017 onwards.

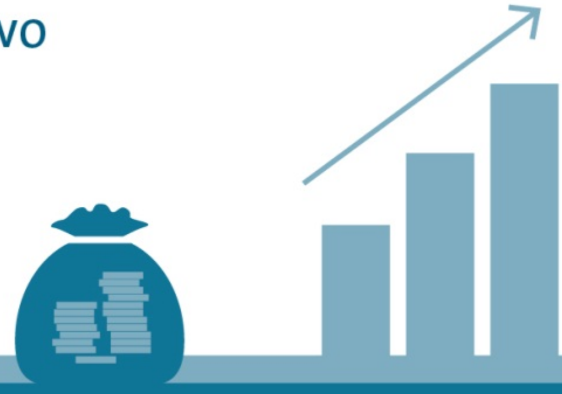
Significant risks

The market price of electricity has dropped in recent years, while wind power generation has increased. As the size of the PSO funding follows the variations in the market price of electricity, a falling market price will result in an increased difference between the market price of electricity and the statutory price, thus increasing the payment of subsidies. A fall in the market price of DKK 0.01 per kWh relative to the average market price in 2015 of DKK 0.176 per kWh, for example, will result in an increase in the PSO costs of approx. DKK 200 million.
An increasing number of wind turbines will increase electricity generation and thereby the disbursement of PSO funding. An increase in offshore wind power capacity of 100 MW, for example, will entail higher PSO disbursements of up to DKK 300 million a year at a settlement price of DKK 0.90 per kWh.

The disbursement of PSO funding is thus affected by market prices and wind power generation; both of which are conditions that Energinet.dk cannot affect in the short term. In the long term, Energinet.dk is, however, contributing to the efficient phasing-in of wind power, among other things by promoting increased demand through increased electrification and by establishing interconnections to other countries, which helps to ensure sales opportunities and thereby higher prices for Danish wind-generated electricity.

COMMERCIAL ACTIVITIES

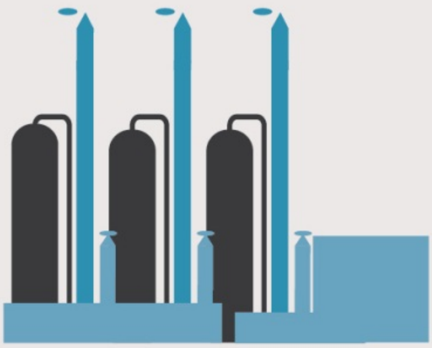
Energinet.dk owns and manages two commercial enterprises.



Energinet.dk's gas storage business

Net profit for the year

Lille Torup DKK million	Stenlille DKK million
27	33
2014: 7	



Storage capacity million m3
at 31 December 2015
1,025
2014: 1,010

Equity DKK million
2015:
1,628
2014: 1,470

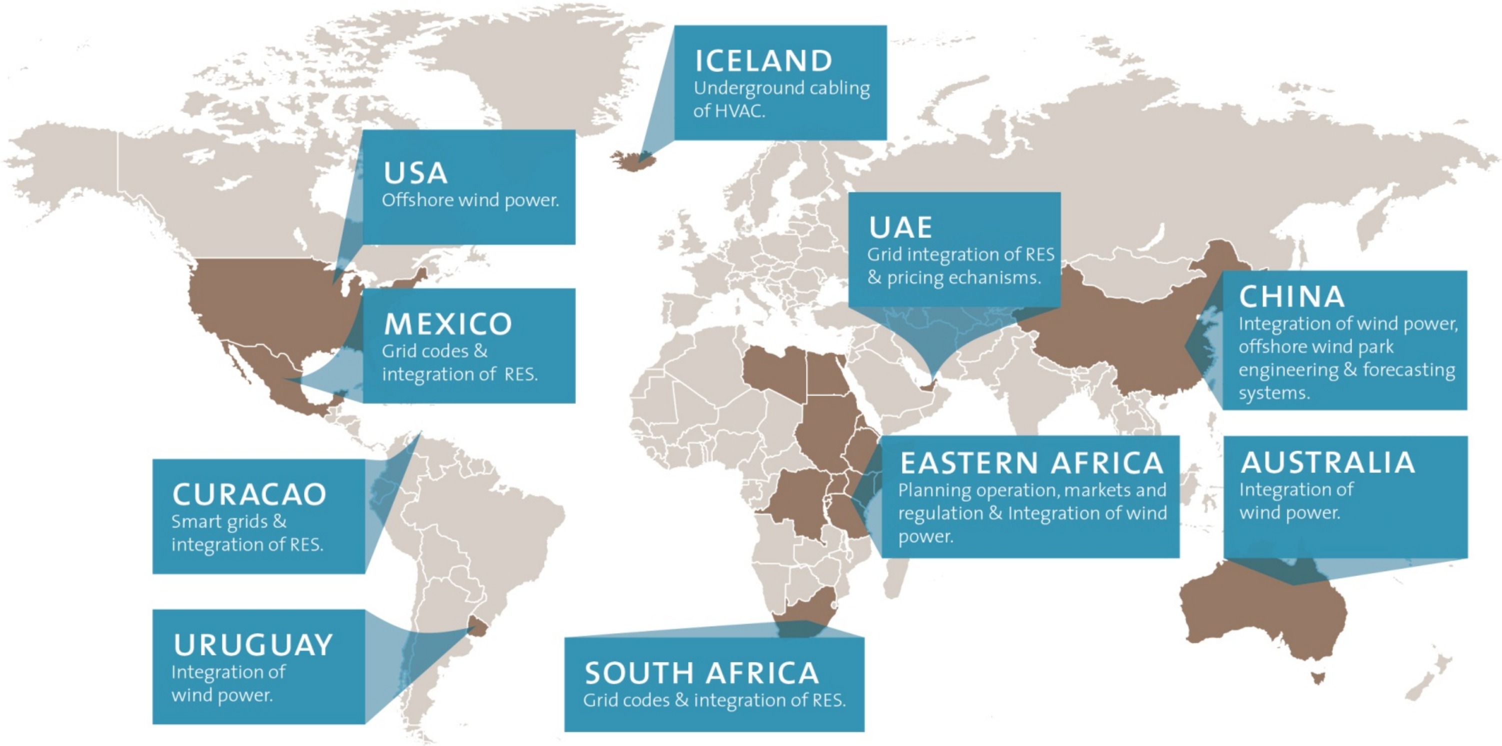
Interest-bearing debt DKK million
2015:
1,640
2014: 1,950

Energinet.dk Associated Activities A/S

Income:	2015:	DKK 16 million	2014:	DKK 19 million
Net profit:	2015:	DKK 4 million	2014:	DKK 4 million

Energinet.dk owns two gas storage facilities: Energinet.dk Lille Torup Gaslager A/S and Energinet.dk Stenlille Gaslager A/S. The two companies manage the gas storage facilities in Lille Torup near Viborg and Stenlille on Zealand. The gas storage activities are operated on commercial terms, and the storage products are sold in competition with primarily German gas storage facilities and other suppliers of flexibility in the northern European gas market.

The other commercial enterprise concerns the company Energinet.dk Associated Activities A/S, which leases out optical fibre cable capacity and sells consultancy services.



Achievements during the year

Gas storage business

After the acquisition at year-end 2014 of the natural gas storage facility in Stenlille, 2015 was the first year for Energinet.dk's ownership of both Danish natural gas storage facilities. The ownership of the gas storage facilities has resulted in a number of advantages in respect of the technical operation of the storage facilities as well as for the Danish gas system in general.

By integrating the two storage facilities, Energinet.dk realised a number of synergies in 2015 in the form of savings in, for example, the IT and staff area, and the joint operation of the two storage facilities also enabled Energinet.dk to offer optimised capacity products to storage customers.

Competition is tough

In recent years, the price of storage capacity has been lower than the operating expenses for less efficient installations in north-western Europe, among other things as a consequence of the overall value chain in the gas area being out of balance due to previous years' overinvestment – particularly within natural gas production. A phasing-out of storage capacity by shutting down the least competitive storage facilities has therefore been commenced. The price level is expected to normalise in the coming years for the benefit of Energinet.dk's most efficient storage facilities.

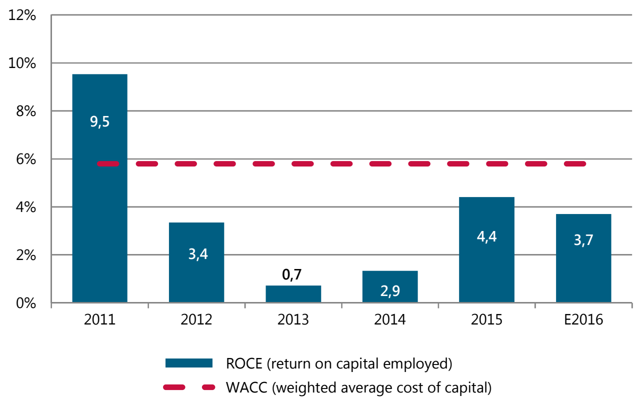
EU regulation of gas storage capacity

In the course of 2016, the European Commission is expected to present a proposal for and subsequently adopt new emergency supply requirements. The aim is to ensure that the storage facilities are filled up sufficiently over the summer so that a sudden emergency in the winter can be handled from the gas storage facilities. This means that the gas storage facilities continue to play an important role in terms of underpinning the robustness of the overall gas system. As concerns the gas storage business, the European Commission is proposing a new strategy for LNG (Liquid Natural Gas) and gas storage facilities.

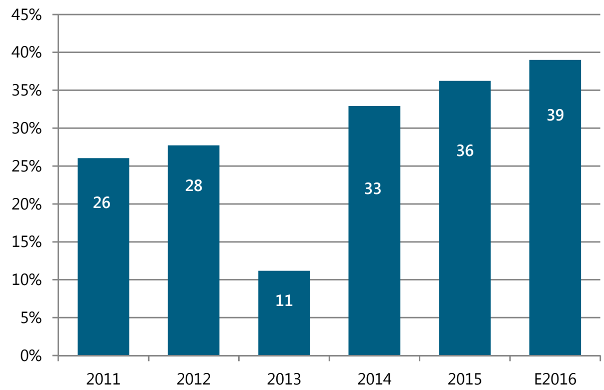
Energinet.dk Associated Activities A/S

Energinet.dk Associated Activities A/S leases out unused capacity in the optical fibre cables which were established in connection with Energinet.dk's electrical overhead lines and cables and also sells energy consultancy services in other countries within Energinet.dk's core areas of expertise with special focus on activities which support Danish political and commercial interests abroad.

ROCE – return on capital employed for the gas storage business



Solvency ratio for the gas storage business



Consultancy services are provided under the auspices of Energinet.dk Associated Activities A/S under the name Energinet.dk Energy Consultancy A/S (EEC).

In 2015, the consultancy business undertook a variety of consultancy and teaching assignments in the field of development and operation of electricity systems and markets as well as effective integration of wind power, for example in China, East Africa and Mexico.

Financial results
Revenue from commercial activities totalled DKK 351 million in 2015, of which DKK 335 million was revenue from storage activities.

Revenue in the gas storage facilities decreased from 2011-2014 as a result of the falling prices of gas storage services. The increase in revenue in 2015 is due to Energinet.dk's acquisition of the gas storage facility in Stenlille on 31 December 2014.

Costs and depreciation and amortisation from the commercial activities amounted to DKK 229 million, while net profit for the year came to DKK 64 million. The results were affected by a number of non-recurring integration costs in 2015. In 2015, a final calculation was made of the purchase price allocation in respect of Energinet.dk Stenlille Gas Storage Facility A/S. Read more in the note on tangible fixed assets on page 61.

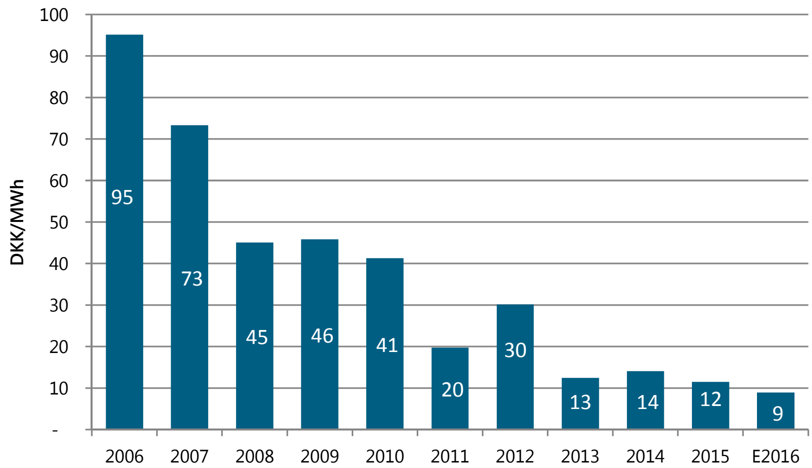
The commercial activities are expected to generate a profit of DKK 75-100 million in 2016.

Financial targets
Energinet.dk's gas storage business is measured using the return on capital employed (ROCE) ratio, which expresses the operating profit generated by the gas storage business relative to the capital contributed in the form of equity and loan capital (net debt). The earnings must be able to cover the interest on the net debt as well as profit for the owners in the form of dividend distribution or consolidation of the gas storage business.

ROCE was realised at 4.4 % in 2015 and is expected to decrease to about 3.7% in 2016 as a consequence of the expected lower sales prices for storage capacity leading to lower revenue and earnings. Based on expectations of higher sales prices, ROCE is expected to increase to a level of 6-7% towards 2025. This is on a par with the weighted average cost of capital (WACC).

The gas storage business in Energinet.dk is also organised with focus on the solvency ratio, which must reflect the optimum ratio between equity and loan capital relative to the possibilities of achieving the lowest possible

Difference between average summer and winter prices of gas (spread)



total cost of capital. The aim is for a solvency ratio of 35-40%.The solvency ratio was 36% at 31 December 2015, distributed with 35% in Energinet.dk Lille Torup Gaslager A/S and 37% in Energinet.dk Stenlille Gaslager A/S. The target of an overall solvency ratio of 35% was therefore met in 2015.

Significant risks

Price development for gas storage capacity

The sale of gas storage capacity is currently changing from selling multi-annual standard agreements at a fixed price towards increasing sales of customised agreements with shorter terms. This means that the future revenue will become less predictable. The income is dependent on the developments in the European market south of the border, which the storage companies have no way of influencing.

The storage companies' future earnings will therefore to a higher degree be affected by the ability to be responsive to customer needs.

The focus will therefore shift from internal product development to external product development, where focus is on the individual customer's value creation, depending on whether the customer is using the storage facility for seasonal adjustments, emergency supplies or purely for trading purposes.

During the 2014 and 2015 winters, expectations at European level were for declining gas prices, and customers therefore withdrew large volumes of gas from the storage facilities in the expectation that the gas could be purchased cheaper at a later point and subsequently be returned to the storage facilities. This meant large withdrawals from the storage facilities during the winter and a subsequent need for purchasing storage capacity in summer 2015, resulting in further narrowing of the difference in price (spread) between summer gas and winter gas. This spread is an indicator of the price of storage capacity services, which has been decreasing in recent years.

Renovation of cavern at Lille Torup

Energinet.dk has initiated a maintenance programme regarding the storage facility's seven caverns, the purpose of which is to replace pipes, valves etc. to protect the caverns from, for example, corrosion damage. The renovation of the second cavern was completed in 2015, and Energinet.dk expects to start the renovation of a third cavern in 2016.

Cavern renovation is connected with a certain risk. First of all, damage may occur when flushing tubes are fed into and out of the cavern. To mitigate this risk, safety valves are installed which close the cavern in case of damage to the tube, thus reducing the risk of gas seeping out of the cavern. Secondly, unforeseen events or a need for extra maintenance work may lead to the renovation of the next cavern being delayed a full year for the sake of the normal operations of the storage facility. This may mean that caverns in need of renovation are operated at reduced pressure, resulting in lower sales volumes until the cavern has been renovated.

The cost of renovating the second cavern totalled DKK 60 million.

CORPORATE GOVERNANCE

Energinet.dk's management values are in compliance with the corporate governance principles and the Danish government's ownership policy.

FRAMEWORK

External framework:

- Public authority requirements and legislation
- Agreements and recommendations

Internal framework:

- Articles of association of Energinet.dk
- Policies and principles
- Certifications and approvals
- Administrative basis

MANAGEMENT STRUCTURE

Minister for Energy, Utilities and Climate

↕

Supervisory Board

↕

Executive Board

↕

Organisation

CONTROL

External controls:

- Auditor General and PwC (external and internal audit)
- Danish Energy Agency (inspectorate)
- Danish Energy Regulatory Authority (finances and methods)

Internal controls:

- Performance management
- Risk management
- Control activities

Employee satisfaction

2015: 75

TARGET 2017: 76

Absence due to illness

2015: 2%

TARGET 2017: MAX 2%

Occupational injuries

2015: 2.5

TARGET 2017: MAX 2.0

Accidents per million working hours

Energinet.dk's corporate governance framework consists of regulatory requirements, the Danish Recommendations on Corporate Governance, the Danish government's ownership policy from 2015 and Energinet.dk's own internal rules. The management values form the basis of Energinet.dk's internal governance model, which describes the enterprise's framework, management structure and control environments.

Energinet.dk has joined the UN Global Compact and has chosen to focus its efforts within the areas people, climate and the environment, and procurement.

This responsibility is also reflected in the way in which Energinet.dk prioritises and treats its employees. More specifically, follow-up on this is ensured by means of specific corporate targets for employee satisfaction, absence due to illness, number of occupational injuries etc.

Energinet.dk's framework

Energinet.dk is an independent public enterprise owned by the Danish Ministry of Energy, Utilities and Climate. 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 (*Lov om Energinet.dk*), in the Danish Executive Order on the Financial Regulation of Energinet.dk (*Bekendtgørelse om økonomisk regulering af Energinet.dk*) and in the Danish government's ownership policy of 2015.

Management structure

Energinet.dk's management structure

Energinet.dk is owned by the Danish state, represented by the Minister for Energy, Utilities and Climate. Energinet.dk's management structure consists of the Supervisory Board and the Executive Board. The two bodies are independent of each other, and no one person is a member of both bodies.

Role of the owner and cooperation with the Energinet.dk's Management

It is important that the owner is continuously briefed on the enterprise's operations and the challenges it is facing. This briefing takes place, among other things, at quarterly meetings with the Minister for Energy, Utilities and Climate, the Chairman of the Supervisory Board and other Supervisory Board members and Executive Board members, as required. Add to this, strategy seminars and dialogues about the approval of major investments etc.

Supervisory Board

On behalf of the owner, the Supervisory Board decides the overall strategy and actively contributes to developing the enterprise. The Supervisory Board supervises the Executive Board's decisions and transactions. The Supervisory Board consists of eleven members, eight of whom are appointed by the Minister for Energy, Utilities and Climate, while three members are elected by the employees.

Eight Supervisory Board meetings were held in 2015. To ensure that the Supervisory Board is kept sufficiently well-informed of Energinet.dk's operations, the Executive Board participates in board meetings and has the right to speak, but has no voting rights. However, the Executive Board does not participate during the consideration of items on the agenda which are reserved for the Supervisory Board's internal discussions at the meetings.

Corporate governance practice

Corporate governance is an issue which Energinet.dk's Supervisory Board continuously discusses. Corporate governance is a dynamic process in the course of which

Remuneration of Management (DKKm)

Remuneration of Executive Board in 2015

DKKm	Fixed salary	Pension	Other payments	Total	2014
Peder Ø. Andreasen	3,4	0,5	0,1	4,0	3,9
Torben Glar Nielsen	1,8	0,3	0,1	2,2	2,2
Torben Thyregod	2,7	0,0	0,2	2,9	2,6
Executive Board, total	**7,9**	**0,8**	**0,4**	**9,1**	**8,7**

Composition of remuneration of Executive Board and Supervisory Board in 2015

	Executive Board	Supervisory Board	Stakeholder Forum
Fixed basic pay	Yes	Yes	Yes
Cash bonus scheme	No	No	No
Share-based incentive scheme	No	No	No
Severance payment	12 months	No	No
Pension	0-15%	No	No
Remuneration for committee work and ad hoc tasks	No	No	No
Travel allowances *)	Yes	Yes	Yes
Other payments	Yes	No	No

*) reimbursed according to vouchers submitted

Management continuously assesses the need for changes.

Energinet.dk has described its compliance with and reasons for deviating from the Danish Recommendations on Corporate Governance in accordance with Section 107 b of the Danish Financial Statements Act (*Årsregnskabsloven*). Moreover, the enterprise's obligations in accordance with the Danish government's ownership policy of 2015 have been described. Read more at www.energinet.dk/en/om-os/Governance.

Stakeholder Forum

In addition to the interaction with its owner, Energinet.dk also has an advisory Stakeholder Forum. The Stakeholder Forum is appointed by the Minister for Energy, Utilities and Climate and submits opinions to the minister on the enterprise's overall strategies and plans with a view to supporting its development.

Remuneration of the Executive Board, Supervisory Board and Stakeholder Forum

It is a requirement for realising Energinet.dk's strategy and targets that the enterprise is able to attract and retain competent and committed employees and managers. This is achieved, among other things, by offering market-level terms of employment and compensation.

Remuneration of the Executive Board

The Chairman of the Supervisory Board proposes the remuneration for the Executive Board members, which must subsequently be approved by the Supervisory Board. Each year, the remuneration is compared with remuneration levels in similar large Danish enterprises. The remuneration of the Executive Board consists of a fixed basic pay, a pension contribution (with the exception of one officer) and the same benefits as other executive employees, excluding bonus schemes.

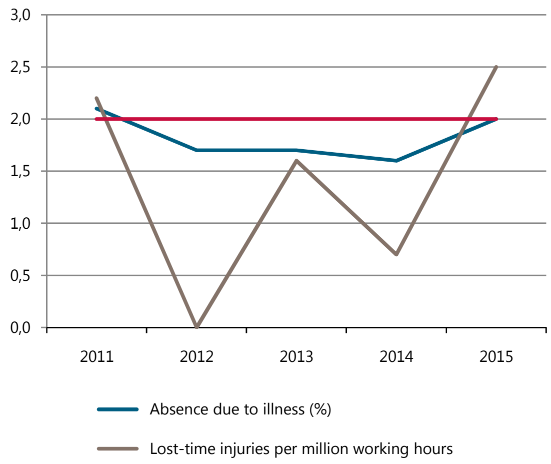
Remuneration of the Supervisory Board

The remuneration for the Supervisory Board is a fixed basic remuneration. As in previous years, the remuneration amounts to DKK 400k a year for the Chairman and DKK 125k a year for the other members. The remuneration is determined by the enterprise's owner.

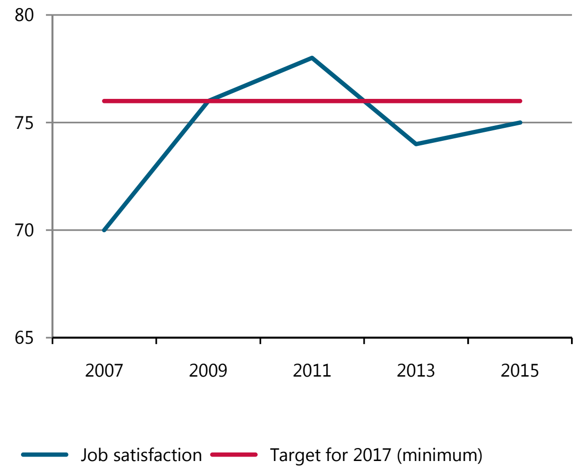
Remuneration of the Stakeholder Forum

The chairman of the Stakeholder Forum receives annual remuneration of DKK 35k.
No remuneration is paid to the other members of the Stakeholder Forum. All members of the Stakeholder Forum have their travel allowances reimbursed according to vouchers submitted.

Development in absence due to illness in per cent and occupational injuries



Development in job satisfaction



Transactions with related parties
A member of the Executive Board has received DKK 186k for wind power supplied from his privately owned wind turbine in accordance with the applicable rules.

Whistle-blowing scheme

The whistle-blowing scheme, which has been established via an external supplier and approved by the Danish Data Protection Agency (*Datatilsynet*), entered into force on 1 August 2012. No incidences were reported via the scheme in 2015.

Corporate social responsibility (CSR) initiatives

Energinet.dk's corporate social responsibility is to a great extent embedded in our mission: Reliable energy for society. In addition, we pursue our corporate social responsibility within the focus areas employees, the environment and climate, and the supplier chain, and we also assume corporate social responsibility in relation to being the unifying party in the transition.

Energinet.dk wishes to ensure systematic follow-up on the CSR initiatives to evaluate the effect. Thoroughly tested reporting tools have been available in a number of areas for several years. Employee satisfaction surveys have provided a good picture of the results of employee initiatives and are used to follow up on the enterprise's employee satisfaction target. A similar tool is available for absence due to illness and occupational injuries. In other areas, Energinet.dk is working to develop follow-up tools, for example within supplier management. Energinet.dk's reporting on corporate social responsibility in accordance with Section 99 a of the Danish Financial Statements Act and on the under-represented gender in accordance with Section 99 b of the Danish Financial Statements Act can be found at www.Energinet.dk/samfundsansvar2015 (in Danish).

Openness, dialogue and involvement
Energinet.dk believes that the success of an economically responsible, green transition hinges on cooperation in all parts of the value chain. Energinet.dk is placed in the middle of the energy sector's value chain and therefore assumes corporate social responsibility in relation to being the unifying party in the transition. This means that we place emphasis on involving relevant stakeholders in our processes and on being dialogue-oriented in our development and open about our choices. Thus, we are continuously working to develop new approaches and new formal and informal forums. The focus in the past year has been on increasing involvement and cooperation.

In 2015, the new Grøn Gas Forum (Green Gas Forum) was launched as a forum for rethinking the concept of involvement and bringing together the entire value chain to allow stakeholders to jointly discuss and develop ideas within green gases. The forum arose when Energinet.dk took over new management tasks in the area and realised that the stakeholders had a huge interest in green gas and a desire for Energinet.dk to facilitate discussions in this field.

The Market Model 2.0 project, which was completed in 2015, is another example of stakeholder involvement, as the project was undertaken together with more than 20 energy companies, consumer organisations, authorities etc.

Energinet.dk published an electricity security of supply report for the first time in 2015. The report, which will be published annually going forward, is based on a desire to become better at communicating with the world around us about how we solve our core task, ie ensuring the supply of electricity to consumers in the socio-economically most viable manner. The report is to ensure transparency regarding Energinet.dk's measures to maintain the security of supply and thus make it easier for the other players in the electricity market to make informed decisions.

Supervisory Board

The Supervisory Board from the left: Rasmus Munch Sørensen, Charlotte Møller, Peter Møllgaard, Poul Erik Morthorst, Birgitte Kiær Ahring, Niels Fog, Berit Schilling, Carl Erik Madsen, Hans Simonsen og Per Sørensen. Not present: Hanne Søndergaard.

Niels Fog, Chairman
MSc (Economics and Business Administration) and businessman.
Appointed to the Supervisory Board by the Minister for Climate, Energy and Building in 2005 and reappointed in 2007, 2008, 2010, 2012 and 2014. The appointment expires on 30 April 2016. Other directorships:

- Chairman of the Board of Directors of Datacon A/S
- Member of the Board of Directors of BRF Holding A/S, Fog Holding A/S and BRF Fonden
- CEO of Fog Holding A/S.

Birgitte Kiær Ahring
MSc (Biology), PhD, Professor of Biotechnology at Aalborg University.
Appointed to the Supervisory Board by the Minister for Climate, Energy and Building in 2005 and reappointed in 2007, 2008, 2010, 2012 and 2014. The appointment expires on 30 April 2016. Other directorships:

- Chairman of the Board of Directors of BioContractors A/S and CleanVantage LLC
- Member of the Board of Directors of Addition Consulting A/S
- CEO of BioContractors A/S.

Charlotte Møller
MSc (Economics), Vice President, PFA Pension.
Appointed to the Supervisory Board by the Minister for Climate, Energy and Building on 1 May 2013, reappointed in 2014. The appointment expires on 30 April 2016.
Other directorships:

- Member of the Board of Directors of PFA Bank A/S, PFA Asset Management A/S and PFA Kapitalforening

Hanne Søndergaard
Chief Marketing Officer, Arla Foods amba.
Appointed to the Supervisory Board by the Minister for Climate, Energy and Building in 2010, reappointed in 2012 and 2014. The appointment expires on 30 April 2016. Other directorships:

- Chairman of the Board of Directors of Annelise og Tage Søndergaards Fond, Ejendomsselskabet af 2/1 1989 Esbjerg and Tage Søndergaard Holding A/S
- Member of the Board of Arla Fonden
- CEO of Andelssmør a.m.b.a.

Hans Simonsen
Engineer, Diploma in Economics.
Appointed to the Supervisory Board by the Minister for Climate, Energy and Building in 2012, reappointed in 2014. The appointment expires on 30 April 2016.
Other directorships:

- Member of the Board of Directors of Folker A/S.

Per Sørensen
Engineer, Diploma in Economics.
Appointed to the Supervisory Board by the Minister for Climate, Energy and Building in 2010, reappointed in 2012 and 2014. The appointment expires on 30 April 2016. Other directorships:

- Member of the Board of Directors of Delpro Holding A/S and B4F S.M.B.A.

Peter Møllgaard
MSc (Economics), PhD, Professor of Industrial Organisation at Copenhagen Business School (CBS).
Appointed to the Supervisory Board by the Minister for Climate, Energy and Building in 2005 and reappointed in 2007, 2008, 2010, 2012 and 2014. The appointment expires on 30 April 2016. Other directorships:

- Chairman of the Board of Directors of Egmont H. Petersens Kollegium
- Member of the Board of Directors of MADE – Manufacturing Academy of Denmark

Poul Erik Morthorst
MSc (Economics), Professor, DTU Management Engineering, Risø.
Appointed to the Supervisory Board by the Minister for Climate, Energy and Building in 2005 and reappointed in 2007, 2008, 2010, 2012 and 2014. The appointment expires on 30 April 2016. Other directorships:

- None.

Berit Schilling
Settlement Coordinator, Finance and Market Operation
Employee-elected; joined the Supervisory Board on 1 March 2013, re-elected in 2015. The term of office expires on 23 August 2019. Former member of the Supervisory Board from 24 August 2007 to 23 August 2011. Other directorships:

- None.

Carl Erik Madsen
Electronics Engineer, Relay Technician in Electricity Transmission.
Employee-elected; joined the Supervisory Board in 2007, re-elected in 2011 and 2015. The term of office expires on 23 August 2019. Other directorships:

- None.

Jess Bernt Jensen
Chief Consultant, Gas Market.
Employee-elected; joined the Supervisory Board in 2011. Retired from the Supervisory Board on 23 August 2015. Other directorships:

- None.

Rasmus Munch Sørensen
Energy Analyst, System Development and Electricity Market
Employee-elected; joined the Supervisory Board in 2015. The term of office expires on 23 August 2019. Other directorships:

- None.

Executive Board

The Executive Board from the left: Torben Thyregod, Peder Ø. Andreasen og Torben Glar Nielsen.

Peder Ø. Andreasen, President and CEO
Directorships:

- Chairman of the Board of Directors of four of Energinet.dk's wholly owned subsidiaries
- President, ENTSO-E

Torben Thyregod, Executive Vice President, CFO
Directorships:

- Member of the Board of Directors in four of Energinet.dk's wholly owned subsidiaries
- Member of the Board of Executives and/or Board of Directors of Torben Thyregod Holding ApS and its subsidiaries as well as of Grapevine ApS

Torben Glar Nielsen, Executive Vice President, CTO
Directorships:

- Chairman of the Board of Directors of one of Energinet.dk's wholly owned subsidiaries
- Chairman of the Board of Directors of Energimuseet
- Member of the Board of Fonden Lindoe Offshore Renewables Center
- Member of the Board of Directors of TSC – TSO Security Cooperation

Stakeholder Forum

Chairman
Anne Grethe Holmsgaard, CEO, BioRefining Alliance

Members
Allan Kjersgaard, Consultant, Danish Waste Association
Asbjørn Bjerre, Manager, Danish Wind Turbine Owners' Association
Birgitte Haldrup, Nordisk Energipartner A/S
Birgitte Haurum, CFO, Scanenergi
Birte Holst Jørgensen, Deputy Head of Department, DTU Management Engineering
Erik Nørregaard Hansen, Manager, Association of Danish CHP Enterprises (*Foreningen af Danske Kraftvarmeværker*)
Frede Hvelplund, Professor, Department of Development and Planning, Aalborg University
Henrik Lilja, Energy-political Consultant, Danish Federation of Small and Medium-Sized Enterprises
Jacob Østergaard, Professor, Head of Centre, DTU Electrical Engineering
Jens Astrup Madsen, Head of Department, Environment & Energy, Climate/Energy/Plants, Danish Agriculture & Food Council
Jens Hoff, Professor, Department of Political Science, University of Copenhagen
Jette Miller, CEO, The Free Energy Companies (*De Frie Energiselskaber*)
Kim Mortensen, CEO, Danish District Heating Association (*Dansk Fjernvarme*)
Lene Ertner, Head of Division, TL Ringsted
Louise Hahn, Head of Private Customers, DONG Energy
Martin Groth Hjelmsø, Economist, Secretariat of the Danish Economic Councils
Morten Blarke, Energianalyse.dk
Nils Ove, Head of Administration, Aalborg Forsyning
Sine Beuse Fauerby, climate-political employee, Danish Society for Nature Conservation
Stine Leth Rasmussen, Head of Division, Danish Energy Association
Svend Erik Jensen, Negotiating Secretary, Danish Consumer Council
Tine Skovlund, Senior Consultant, HMN Naturgas I/S
Troels Ranis, Deputy Director, Confederation of Danish Industry (DI)
Ulrik Stridbæk, Head of Group Regulatory Affairs, DONG Energy

FINANCIAL REVIEW

The financial statements account for the income and expenses included in the tariffs collected from the consumers.

Connection between activities and tariffs

ACTIVITY			
Transmission	GRID TARIFF	VOLUME AND CAPACITY TARIFFS	
System operations	SYSTEM TARIFF	EMERGENCY SUPPLY TARIFF	
Market and system development	GRID AND SYSTEM TARIFFS	VOLUME AND CAPACITY TARIFFS	
Management tasks	GRID AND SYSTEM TARIFFS	VOLUME AND CAPACITY TARIFFS	PSO TARIFF
SEGMENTS	Electricity system	Gas system	Environmentally friendly energy – PSO

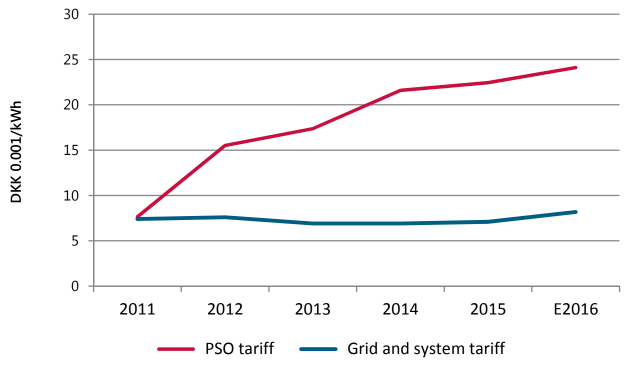
Net loss for the year DKK million	Balance sheet total DKK billion	Deficit DKK million
2015: -54	2015: 39.1	2015: 489
2014: -125	2014: 39.0	2014: 777

Energinet.dk's value creation and fulfilment of strategic objectives take place on the basis of the activities described on the previous pages. The enterprise's income, on the other hand, stems primarily from tariffs, which are subject to special legislation and supervision. The financial statements and the notes are prepared on the basis of these principles and account for the income and expenses included in the tariffs.

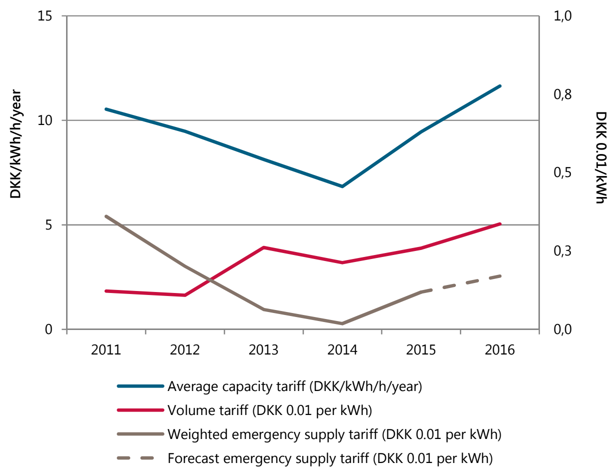
With the exception of the enterprise's commercial activities, Energinet.dk is subject to a break-even principle for all tariffs. The results for the year therefore consist solely of the statutory return on the contributed capital, the profit or loss from commercial activities as well as other adjustments not included in the tariffs in coming years.

Temporary differences between tariffs charged and expenses paid are considered as either receivables from or debt to consumers – also called excess revenue/deficit – and therefore do not affect the results for the year.

Grid and system tariff as well as PSO tariff (current prices)



Gas transmission tariffs (current prices)



Electricity system

The electricity system comprises the grid and system tariffs. A DKK 209 million deficit was realised in 2015 due to lower electricity consumption and fewer congestion rents from interconnections than expected.

In 2016, tariffs will increase from DKK 0.071 per kWh to DKK 0.082 per kWh, primarily as a result of increased ancillary services costs and the collection of the above-mentioned deficit.

Gas system

The gas system generally comprises transport and emergency supply tariffs. A DKK 177 million deficit was realised in 2015, based primarily on the repayment of excess revenue from previous years.

In 2016, the average capacity tariff will increase from DKK 9.45/kWh/h/year to DKK 11.64/kWh/h/year. The volume tariff will increase from DKK 0.00259 per kWh to DKK 0.00336 per kWh. The weighted average emergency supply tariff increased to DKK 0.00119 per kWh in 2015, and the tariff is expected to increase in 2016. The tariff increases are mainly attributable to the repayment of excess revenue from previous years.

Environmentally friendly energy – PSO

A DKK 103 million deficit was realised in 2015. The year was characterised by continued low electricity market prices, increasing the payment of subsidies for renewable energy production to a historically high level. The 2016 tariff is expected to increase by 7% to DKK 0.241 per kWh.

Commercial activities

In 2015, the net profit for the year amounted to DKK 64 million compared to DKK 11 million in 2014. The net profit for the year is affected by the acquisition of the Stenlille gas storage facility at 31 December 2014. Despite the market being under pressure, the net profit for the year has improved compared to 2014 due to increased operating efficiency and reduced depreciation and amortisation, which is attributable to a reassessment and an extension of the service life as a result of joint operations and an earn-out payment. This payment enables the operation of Energinet.dk Lille Torup A/S after 2030.

Outlook 2016

The Energinet.dk Group expects the cost and investment level in 2016 to be on a par with 2015. The results are basically expected to range from DKK 0 million to DKK 100 million. The expectation is based on the current activities, but does not include possible acquisitions of companies in 2016.

Events after the balance sheet date

No significant events have occurred after the balance sheet date that affect the fair presentation at 31 December 2015 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.

Consolidated income statement

Note	DKKm	2015	2014
	Tariff revenue, grid and system	2,319	2,256
	Tariff revenue, PSO	7,437	6,908
	Tariff revenue, gas transmission	310	318
	Congestion rents	552	534
	Fee income for balancing the electricity system	150	166
	PSO relaxations	967	0
	Commercial revenue	299	134
	Other revenue	330	115
1	Revenue	12,364	10,431
2	Excess revenue/deficit *	489	777
	EU grants	35	42
	Other operating income	16	6
	Total income	12,904	11,256
	External expenses	-10,633	-9,248
3	Staff costs	-393	-349
	Total costs	-11,026	-9,597
4	Depreciation and amortisation of and impairment losses on tangible and intangible assets	-1,459	-1,370
	Profit/loss before net financials	419	289
9	Net profit/loss in associates	0	0
	Financial income	14	17
5	Financial expenses	-495	-451
	Profit/loss before tax	-62	-145
6	Tax on profit/loss for the year	8	20
	Net profit/loss for the year	-54	-125
	The following distribution of the net profit/loss for the year is proposed:		
	Strengthening of contributed capital	41	-4
	Transferred to other reserves	-95	-121
	Total	-54	-125

*) + = deficit and – = excess revenue

Consolidated balance sheet

Note	DKKm	2015	2014
7	**Intangible assets**		
	Goodwill	155	171
	Rights	378	451
	Software	335	227
	Assets under construction and prepayments in respect of intangible assets	239	236
	Total intangible assets	**1,107**	**1,085**
8	**Tangible fixed assets**		
	Land and buildings	443	433
	Infrastructure	29,683	32,184
	Cushion gas	1,492	592
	Other plant, tools and operating equipment	181	138
	Assets under construction and prepayments in respect of tangible fixed assets	2,077	1,312
	Total tangible fixed assets	**33,876**	**34,659**
9	**Investments**		
	Equity investments in associates	7	3
	Other equity investments	41	40
	Total investments	**48**	**43**
	Total non-current assets	35,031	35,787
	Inventories	**68**	**81**
	Receivables		
	Trade receivables	419	161
	Corporation tax	41	29
15	Other receivables	1,822	1,715
2	Deficit	1,003	698
16	Prepayments	38	390
	Total receivables	**3,323**	**2,993**
	Cash	**718**	**156**
	Total current assets	4,109	3,230
	Total assets	39,140	39,017

Note	DKKm	2015	2014
	Equity		
	Contributed capital	3,157	3,157
	Strengthening of contributed capital	987	946
	Other reserves	1,686	1,767
	Total equity	5,830	5,870
	Provisions		
10	Deferred tax liabilities	3,303	3,316
11	Decommissioning provisions	3,093	4,360
	Other provisions	109	155
	Total provisions	6,505	7,831
	Long-term liabilities other than provisions		
12	Payables to credit institutions and mortgage debt	22,716	18,801
17	Deferred income	375	329
18	Lease commitments	45	52
	Total long-term liabilities other than provisions	**23,136**	**19,182**
	Short-term liabilities other than provisions		
12	Current maturities of long-term liabilities other than provisions	115	2,221
17	Current maturities of long-term deferred income	74	10
18	Current maturities of long-term lease commitment	6	6
	Debt, commercial papers	244	919
	Payables to credit institutions	47	7
	Trade payables	529	366
2	Excess revenue	93	270
	Other payables	2,561	2,335
	Total short-term liabilities other than provisions	**3,669**	**6,134**
	Total liabilities other than provisions	26,805	25,316
	Total equity and liabilities	39,140	39,017

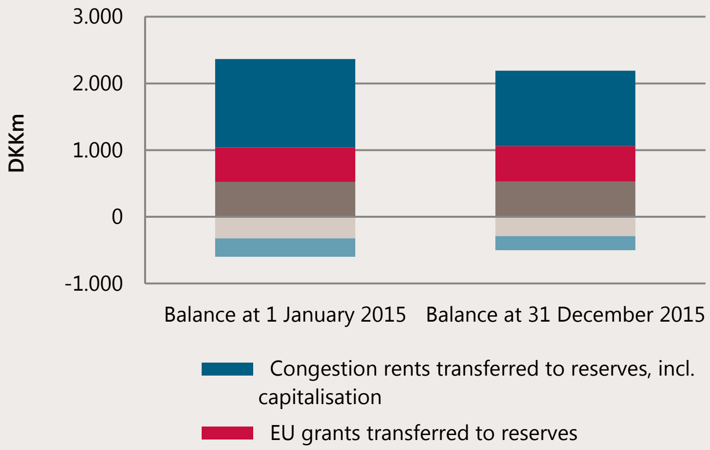
1	Segmental income statement and balance sheet
13	Derivative financial instruments
14	Business combinations
19	Provision of security and charges
20	Contingent liabilities and other financial liabilities
21	Fees to external and internal auditors
22	Related parties

Consolidated statement of changes in equity

DKKm	Contrib- uted capital	Strength ening of contrib- uted capital	Other reserves	Total
Equity at 1 January 2014	**3,157**	**950**	**1,891**	**5,998**
Net profit/loss for the year		-4	-121	-125
Value adjustment of hedging instruments, beginning of year			28	28
Value adjustment of hedging instruments, end of year			-31	-31
Foreign currency translation adjustment of equity investments, beginning of year			-1	-1
Foreign currency translation adjustment of equity investments, end of year			1	1
Equity at 31 December 2014	**3,157**	**946**	**1,767**	**5,870**
Net profit/loss for the year		41	-95	-54
Value adjustment of hedging instruments, beginning of year			31	31
Value adjustment of hedging instruments, end of year			-17	-17
Foreign currency translation adjustment of equity investments, beginning of year			-1	-1
Foreign currency translation adjustment of equity investments, end of year			1	1
Equity at 31 December 2015	**3,157**	**987**	**1,686**	**5,830**

Other reserves (net) are profits which cannot be distributed under special legislation.

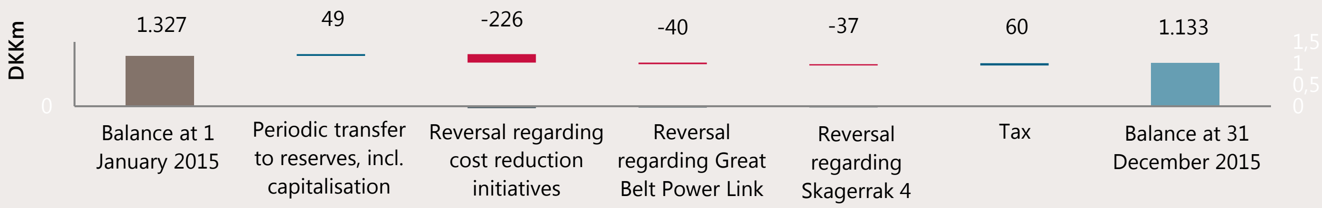
Specification of balance for other reserves



A net loss of DKK 54 million was posted for 2015. The loss is primarily attributable to the transfer to consumers of saved congestion rents from previous years as a result of the energy agreement in 2012. The transfer amounts to DKK 226 million. However, the net profit/loss for the year of the commercial activities has a positive impact of DKK 64 million.

Furthermore, the net loss for the year is positively impacted by costs incurred relating to decommissioning provisions. For legal reasons, these costs have not previously been included in the tariffs.

Specification of balance for income from congestion rents transferred to reserves



Consolidated cash flow statement

Note	DKKm	2015	2014
	Profit/loss for the year before net financials	**419**	**289**
4	Depreciation and amortisation of and impairment losses on tangible and intangible assets	1,459	1,370
	Change in inventories	13	229
	Change in receivables	-12	131
	Change in liabilities	435	312
	Change in accumulated excess revenue/deficit	-489	-777
	Cash flows from operating activities before net financials	**1,825**	**1,554**
	Interest receivable	10	7
	Interest payable	-504	-441
	Cash flows from ordinary activities	**1,331**	**1,120**
	Corporation tax paid	-33	0
	Cash flows from operating activities	1,298	1,120
	Investment in intangible assets	-249	-235
	Investment in tangible fixed assets	-1,860	-2,173
	Sale of tangible fixed assets	43	0
14	Acquisition of enterprises	0	-2,215
	Cash flows from investing activities	-2,066	-4,623
	Proceeds from long-term borrowings	4,265	4,879
	Repayment of long-term loans	-2,300	-75
	Short-term borrowings/repayment, net	-675	-542
	Cash flows from financing activities	1,290	4,262
	Change in cash and cash equivalents	522	759
	Net cash and cash equivalents at 1 January	149	-610
	Net cash and cash equivalents at 31 December	671	149

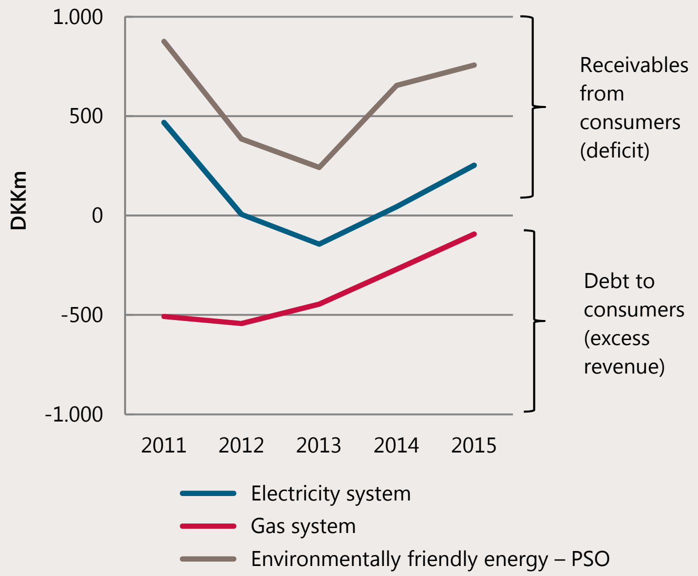
Notes for the Group

Note 1 Segmental income statement DKKm	Electricity system	Environmentally friendly energy – PSO	Gas system	Commercial activities	Eliminations	Annual report 2015	Annual report 2014
Tariff revenue	2,319	7,437	310	0	0	10,066	9,482
Congestion rents	552	0	0	0	0	552	534
Fee for balancing the electricity system	150	0	0	0	0	150	166
General PSO relaxations	0	881	0	0	0	881	0
PSO reduction, electricity-intensive companies	0	86	0	0	0	86	0
Other income	56	0	274	338	-39	629	249
Revenue	3,077	8,404	584	338	-39	12,364	10,431
Excess revenue/deficit	209	103	177	0	0	489	777
EU grants	40	0	-5	0	0	35	42
Other operating income	0	0	3	13	0	16	6
Total income	3,326	8,507	759	351	-39	12,904	11,256
Subsidies for energy production	0	-7,981	0	0	0	-7,981	-6,854
Subsidies for R&D	0	-180	0	0	0	-180	-180
Other energy costs	0	-306	-1	-15	0	-322	-255
Compensation for grid losses	-373	0	0	0	0	-373	-374
Purchase of regulating power	-226	0	0	0	0	-226	-133
Payment for reserves/storage capacity	-592	0	-391	0	39	-944	-920
Expenses relating to foreign grids	-54	0	0	0	0	-54	-56
Payment for inspections	-50	0	-8	0	0	-58	-38
Other external operating expenses	-381	0	-37	-77	0	-495	-438
Total external expenses	**-1,676**	**-8,467**	**-437**	**-92**	**39**	**-10,633**	**-9,248**
Staff costs	-273	0	-105	-15	0	-393	-349
Total costs	-1,949	-8,467	-542	-107	39	-11,026	-9,597
Depreciation and amortisation of and impairment losses on tangible and intangible assets	-1,145	-30	-162	-122	0	-1,459	-1,370
Operating profit/loss	232	10	55	122	0	419	289
Net financials	-357	-10	-79	-35	0	-481	-434
Profit/loss before tax	-125	0	-24	87	0	-62	-145
Tax on profit/loss for the year	20	0	11	-23	0	8	20
Net profit/loss for the year	-105	0	-13	64	0	-54	-125

Segmental balance sheet DKKm	Electricity system	Environmentally friendly energy – PSO	Gas system	Commercial activities	Eliminations	Annual report 2015	Annual report 2014
Assets							
Non-current assets							
Intangible assets	742	0	18	347	0	1,107	1,085
Tangible fixed assets	24,692	329	4,999	3,856	0	33,876	34,659
Investments	43	0	5	0	0	48	43
Total non-current assets	25,477	329	5,022	4,203	0	35,031	35,787
Current assets							
Inventories	25	0	43	0	0	68	81
Deficit	253	750	0	0	0	1,003	698
Other receivables	922	1,123	217	58	0	2,320	2,295
Cash	430	144	144	0	0	718	156
Total current assets	1,630	2,017	404	58	0	4,109	3,230
Total assets	27,107	2,346	5,426	4,261	0	39,140	39,017
Equity and liabilities							
Equity							
Contributed capital	3,016	0	141	50	-50	3,157	3,157
Strengthening of contributed capital	883	0	104	0	0	987	946
Other reserves	1,281	0	603	1,618	-1,816	1,686	1,767
Equity	5,180	0	848	1,668	-1,866	5,830	5,870
Provisions	4,154	244	1,174	933	0	6,505	7,831
Liabilities other than provisions							
Interest-bearing debt	16,378	145	3,082	1,604	1,866	23,075	21,941
Payables to credit institutions	28	10	9	0	0	47	7
Excess revenue	0	0	93	0	0	93	270
Other liabilities other than provisions	1,367	1,947	220	56	0	3,590	3,098
Total liabilities other than provisions	17,773	2,102	3,404	1,660	1,866	26,805	25,316
Total equity and liabilities	27,107	2,346	5,426	4,261	0	39,140	39,017

Note 2 DKKm	Begin- ning of 2015	Payment by the Danish Energy Regulatory Authority	Move- ments of the period	Receiva- bles	Payables
The balance for excess revenue/deficit to be included in tariffs can be specified as follows:					
Electricity system	44		209	253	
Gas system	-270		177		-93
Environmentally friendly energy – PSO	654	-7	103	750	
Total excess revenue/deficit	429	-7	489	1,003	-93

Development in excess revenue/deficit by segment



In the past five years, excess revenue has been accumulated in the gas system, and efforts have been made to settle this revenue. A three-year repayment agreement has been concluded with the Danish Energy Regulatory Authority, and a repayment in respect of the transport and emergency tariffs must be made by 2016 and 2018, respectively. The balance amounted to DKK 93 million at the end of 2015.

The accumulated deficit in the electricity system amounted to DKK 253 million at the end of 2015. The deficit is mainly caused by unforeseen costs incurred in connection with damage to the Anholt and Horns Rev cables in 2014 and 2015.

The accumulated deficit in Environmentally friendly energy – PSO of DKK 750 million was significantly affected by increased subsidies for renewable energy in 2014 and 2015 due to low electricity market prices. These price reductions were not expected when the tariffs were fixed.

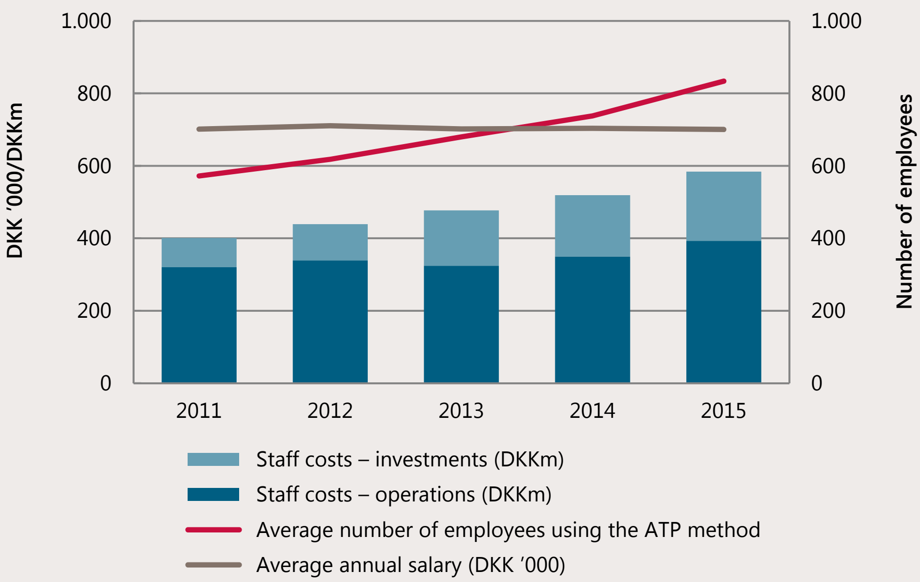
The excess revenue/deficit will be included in the tariffs in the coming years.

Note 3

DKKm	2015	2014
Staff costs		
Wages and salaries	-523	-465
Pensions	-56	-49
Other social security costs	-5	-5
Capitalised internal time	191	170
Total	-393	-349

For information on remuneration of the Executive Board and Supervisory Board, see the section 'Remuneration of the Executive Board, Supervisory Board and Stakeholder Forum' on page 38 under 'Corporate governance'.

Development in staff costs, number of employees and average salary

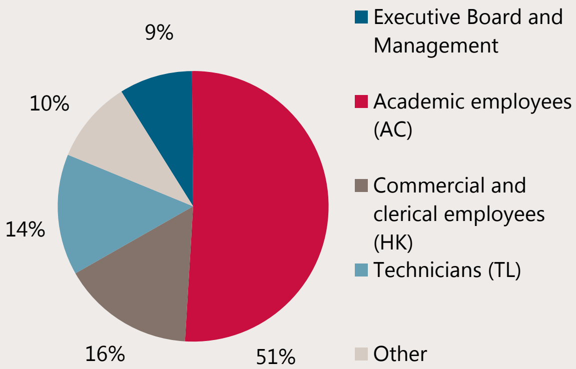


Staff costs incurred in 2015 increased by DKK 65 million. The increase is primarily attributable to the high investment level also reflected in the item 'Capitalised internal time', which is offset. Capitalised internal time indicates the staff costs which can be attributed to construction projects. Following the set-off of capitalised internal time, the increase in 2015 amounted to DKK 44 million.

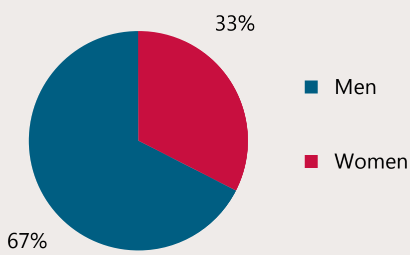
Combined with the acquisition of the regional transmission companies in 2012 and the acquisition of the Stenlille gas storage facility in 2014, this is the reason for the increase in the number of employees over the past five years.

Energinet.dk's pay level reflects the fact that the majority of the employees are academics.

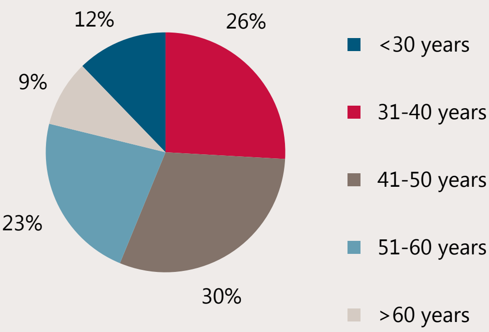
Employee categories at Energinet.dk



Employee gender distribution at Energinet.dk

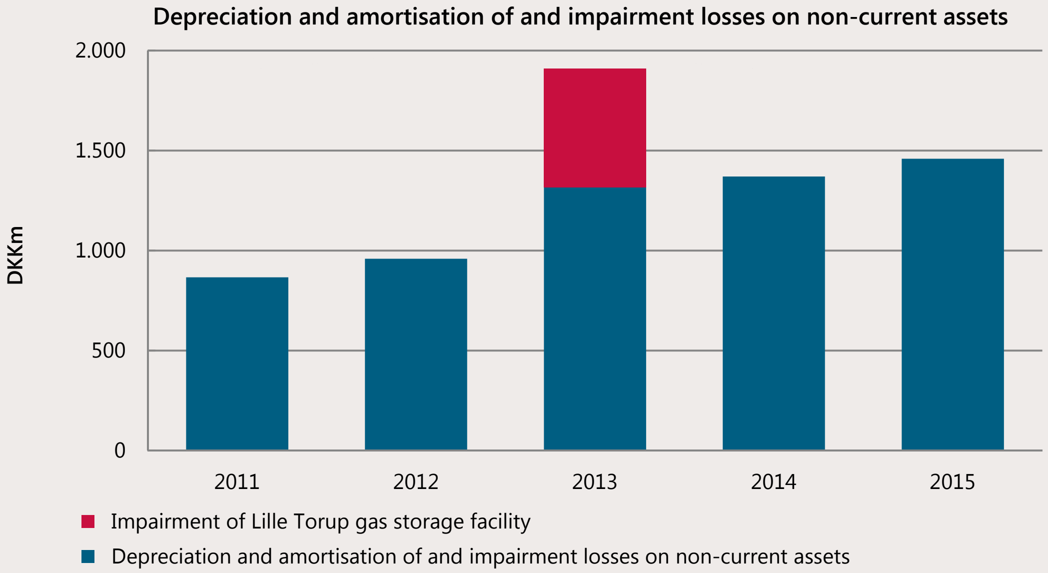


Employee age distribution at Energinet.dk



Note 4

DKKm	2015	2014
Depreciation and amortisation of and impairment losses on tangible and intangible assets		
Goodwill	-12	-13
Rights	-50	-4
Software	-91	-110
Land and buildings	-5	-5
Infrastructure	-1,197	-1,182
Other plant, tools and operating equipment	-29	-32
Assets under construction	0	-4
Impairment losses/scrapping	-75	-20
Total	-1,459	-1,370



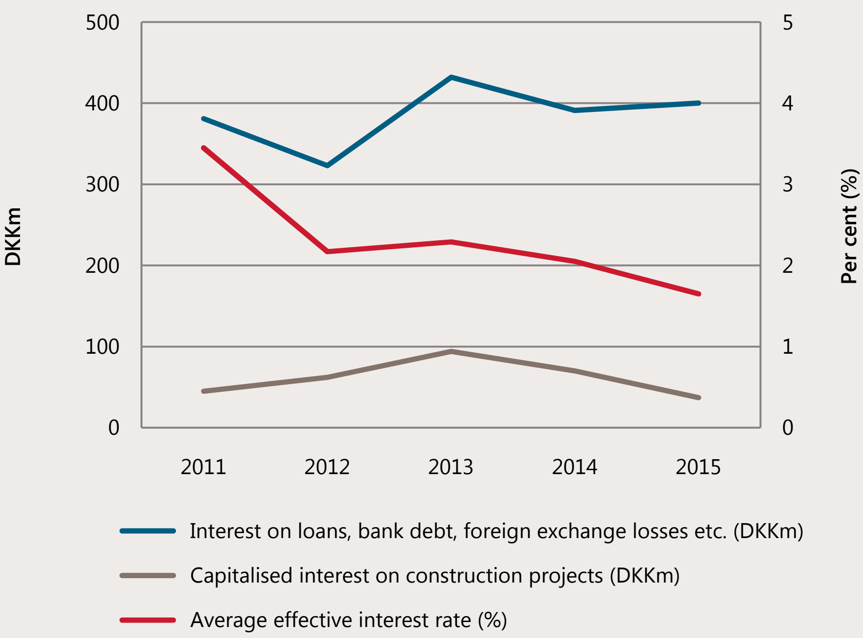
There has been a general increase in ordinary depreciation and amortisation over the past five years. The primary reason is investments in new installations and the acquisition of enterprises.

2013 was particularly affected by extraordinary impairment of the Lille Torup gas storage facility and the acquisition of the regional transmission companies in 2012. The reason for the impairment was a general decline in market prices of gas storage capacity and the consequent expectations for lower future results.

In the coming years, major investments will continue to be made, bringing with them increases in depreciation and amortisation.

Note 5 DKKm	2015	2014
Financial expenses		
Interest on loans, bank debt etc.	-333	-387
Capitalisation of decommissioning provisions	-132	-130
Foreign exchange losses and fair value adjustments etc.	-67	-4
Capitalised interest on construction projects	37	70
Total	-495	-451

Development in financial expenses



Financial expenses rose from DKK 451 million in 2014 to DKK 495 million in 2015.

The interest-bearing debt in Energinet.dk has increased in recent years due to the significant fixed asset investments made by Energinet.dk, as well as the acquisition of the regional transmission companies in 2012 and the Stenlille gas storage facility at the end of 2014.

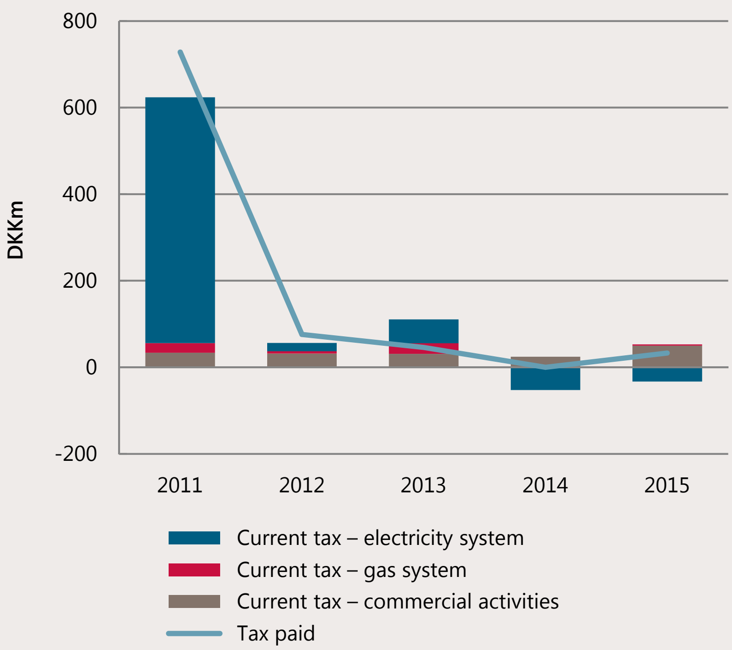
A general decline in interest rates in recent years has contributed to interest expenses increasing only to a limited extent despite a significant growth in debt.

In addition to interest on net interest-bearing debt, financial expenses are affected by capitalisation of decommissioning provisions as well as capitalised interest on construction projects reducing interest expenses recognised in the income statement from DKK 70 million in 2014 to DKK 37 million in 2015.

Note 6

DKKm	2015	2014
Tax on profit/loss for the year		
Current tax for the year	-19	-11
Deferred tax for the year	21	14
Current tax regarding previous years	-1	39
Deferred tax regarding previous years	6	-25
Deferred tax relating to reduction of corporation tax rate	0	0
Total	7	17
Comprising:		
Tax on profit/loss for the year	8	20
Tax on changes in equity	-1	-3
Total	7	17
Tax rate adjustment		
Corporation tax rate	23.5%	24.5%
Tax effect of non-taxable income and non-deductible expenses	-16.7%	-18.8%
Tax effect of reduction of corporation tax rate, beginning of year	0.0%	0.7%
Tax effect of reduction of corporation tax rate, current year	-2.7%	-2.4%
Adjustment of tax in previous years	8.7%	9.3%
Effective tax rate for the year	12.8%	13.3%

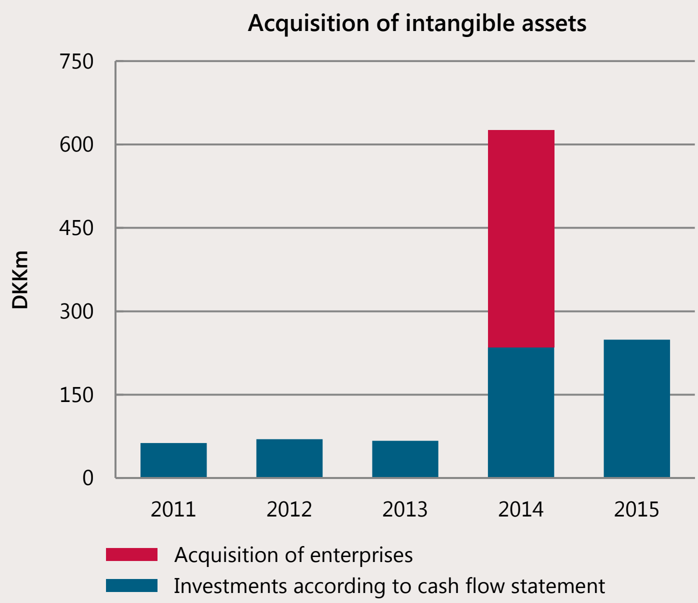
Development in current tax and tax paid



Energinet.dk is subject to a break-even principle. On this basis, the tax for the year will be modest as the taxable income should zero out over time. However, a number of items are not continuously included in the tariffs, which is why actual tax payments are realised, for instance in respect of EU grants received and income from congestion rents transferred to reserves.

Current tax in 2011 was extraordinarily high due to changed taxation of congestion rents for the period 2005-2010. However, Energinet.dk has generally experienced a decline in current tax, which is primarily attributable to decreasing income from congestion rents transferred to reserves and reversed congestion rents to consumers as a result of the 2012 energy agreement. In 2014 and 2015, Energinet.dk had tax income, primarily on account of a negative result. The tax rate is negatively affected by, among other things, inapplicable losses on the sale of properties. Energinet.dk is covered by the rules on limitation of deductibility of interest.

Note 7 DKKm	Goodwill	Rights	Software	Assets under construc-tion	Total
Intangible assets					
Acquisition cost at 1 January	**498**	**493**	**841**	**236**	**2,068**
Additions during the year	0	0	0	249	249
Disposals during the year	-5	0	-122	0	-127
Transfer to/from other items	0	-45	196	-246	-95
Other adjustments	0	-2	-1	0	-3
Acquisition cost at 31 December	**493**	**446**	**914**	**239**	**2,092**
Amortisation and impairment losses at 1 January	**-327**	**-42**	**-614**	**0**	**-983**
Amortisation and impairment losses for the year	-12	-50	-91	0	-153
Reversals on disposals for the year	1	0	120	0	121
Other adjustments	0	24	6	0	30
Amortisation and impairment losses at 31 December	**-338**	**-68**	**-579**	**0**	**-985**
Carrying amount at 31 December	155	378	335	239	1,107



Investments for the year in intangible assets primarily concern investment in the wholesale model, upgrading of the SCADA system as well as the work on enhancing the level of IT and information security and improving system support.

The SCADA system was commissioned in 2015. The wholesale model is expected to be commissioned in 2016. Initiatives aimed at IT and information security will be commissioned on an ongoing basis.

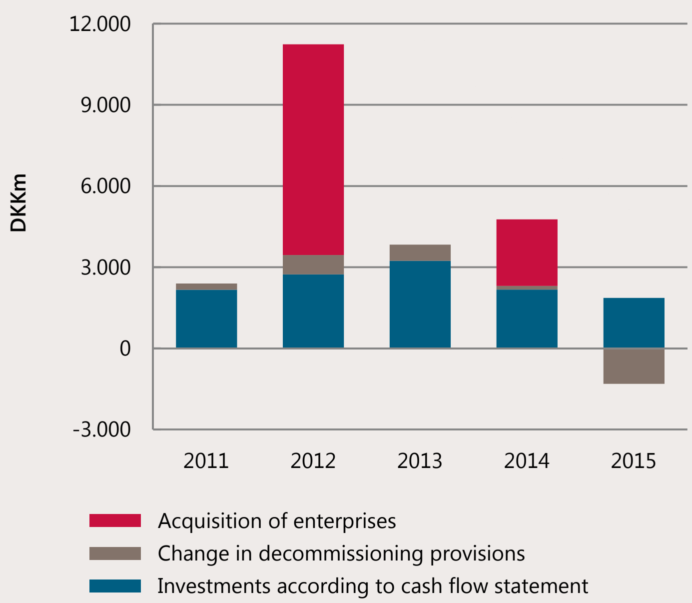
In the coming years, major investments will continue to be made, bringing with them increases in depreciation and amortisation.

In 2014, the acquisition cost was affected by the DKK 391 million acquisition of Energinet.dk Stenlille Gaslager A/S.

Note 8 DKKm	Land and buildings	Infra-structure	Cushion gas	Other plant	Assets under construc-tion	Total
Tangible fixed assets						
Acquisition cost at 1 January	**507**	**45,262**	**592**	**350**	**1,357**	**48,068**
Additions during the year	0	145	0	0	1,868	2,013
Disposals during the year	0	-375	-43	-23	0	-441
Transfer to/from other items	15	161	950	74	-1,105	95
Other adjustments	0	-1,313	-7	-2	2	-1,320
Acquisition cost at 31 December	**522**	**43,880**	**1,492**	**399**	**2,122**	**48,415**
Depreciation and impairment losses at 1 January	**-74**	**-13,078**	**0**	**-212**	**-45**	**-13,409**
Depreciation and impairment losses for the year	-5	-1,197	0	-29	0	-1,231
Reversals on disposals for the year	0	107	0	22	0	129
Other adjustments	0	-29	0	1	0	-28
Depreciation and impairment losses at 31 December	**-79**	**-14,197**	**0**	**-218**	**-45**	**-14,539**
Carrying amount at 31 December	443	29,683	1,492	181	2,077	33,876

Finance costs totalling DKK 335 million have been capitalised under 'Non-current assets', including DKK 37 million in 2015.

Acquisition of tangible assets



The investment for the year in 2015 primarily consists of investment in grid connection of the Horns Rev 3 wind farm and the interconnection to Germany via Kriegers Flak.

The acquisition cost for accounting purposes in 2015 was significantly affected by a downward adjustment of the decommissioning provision of DKK 1,316 million. For further information, reference is made to page 64.

The past five years have been affected by major fixed asset investments as a result of the expansion of the existing grid based on the green transition and the need to secure a high level of security of supply. 2012 was especially impacted by the acquisition of the regional transmission companies, and 2014 by the acquisition of the Stenlille gas storage facility.

The final purchase price allocation in connection with the Stenlille gas storage facility in 2015 involved a reclassification of DKK 950 million between 'Infrastructure' and 'Cushion gas'.

Note 9 DKKm	Equity invest-ments in associates	Other equity invest-ments	Total in-vestments
Investments			
Acquisition cost at 1 January	**3**	**40**	**43**
Additions during the year	4	3	7
Disposals during the year	0	-2	-2
Acquisition cost at 31 December	**7**	**41**	**48**
Value adjustments at 1 January	**0**	**0**	**0**
Additions during the year	0	0	0
Disposals during the year	0	0	0
Dividend paid	0	0	0
Net profit/loss for the year	0	0	0
Value adjustments at 31 December	**0**	**0**	**0**
Carrying amount at 31 December	7	41	48

Equity investments in associates 2015	Domicile	Owner-ship in-terest	Equity DKKm	Equity value DKKm
Gaspoint Nordic A/S	Fredericia (DK)	50%	DKK 7	4
European Market Coupling Company GmbH*	Hamburg (D)	20%	EUR 1.6	3
Total				7

* Being wound up

Other equity investments 2015	Domicile	Owner-ship in-terest	Equity DKKm	Cost DKKm
Nord Pool AS	Oslo (N)	18.8%	NOK 286	36
Dansk Gasteknisk Center A/S	Hørsholm (DK)	15.6%	DKK 11	1
TSCNET Services GmbH	Munich (D)	7.7%	EUR 2	3
PRISMA European Capacity Platform GmbH	Luxembourg (L)	6.9%	EUR 0	0
Joint Allocation Office S.A.**	Leipzig (D)	5.0%	EUR 4	1
Total				41

** Company established in 2015 in connection with the merger between the companies Capacity Allocation Service Company.eu S.A. and Central
Allocation Office GmbH.

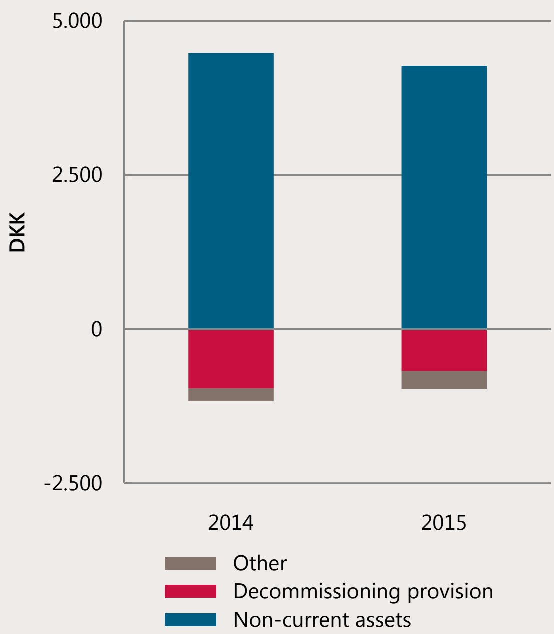
Total investments	48

Note 10

DKKm	2015	2014
Deferred tax liabilities		
Deferred tax at 1 January	3,316	2,785
Additions relating to business acquisition	14	520
Adjustment in respect of previous years	-6	25
Change in deferred tax concerning the profit/loss for the year	-21	-14
Total	3,303	3,316

A tax rate of 22% has been applied.

Specification of deferred tax (DKKm)



In 2015, deferred tax decreased to DKK 3,303 million compared to DKK 3,316 million in 2014.

Deferred tax is mainly based on tangible fixed assets, primarily due to deviations between the depreciation of non-current assets for accounting and tax purposes.

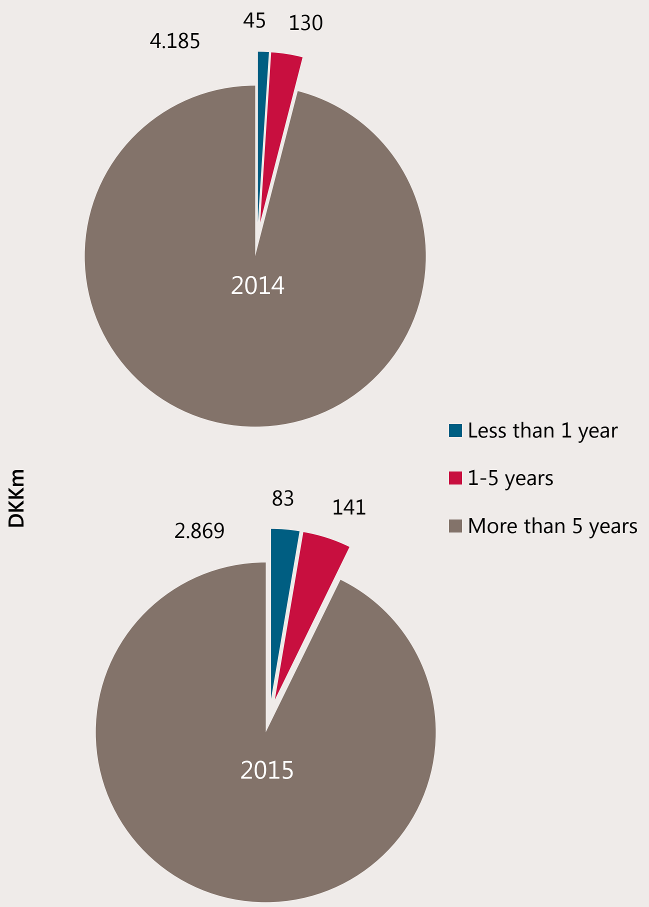
The decommissioning provisions involve a deferred tax asset, since tax deduction is only obtained as decommissioning costs are incurred.

As of 2013, deferred tax is recognised at a tax rate of 22%, corresponding to the actual tax rate in 2016.

Note 11

DKKm	2015	2014
Decommissioning provisions		
Expected maturity of decommissioning provisions:		
Less than 1 year	83	45
1-5 years	141	130
More than 5 years	2,869	4,185
Total	3,093	4,360

Expected maturity of provisions



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

In connection with the determination of the decommissioning provisions, Energinet.dk has calculated the expenses of dismantling and removing the non-current assets concerned on a disaggregated basis. The expense per disaggregated unit is stated in 2015 prices. 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, after which it is discounted to present value.

In 2015, the costs incurred for the decommissioning of discontinued overhead lines amounted to DKK 84 million.

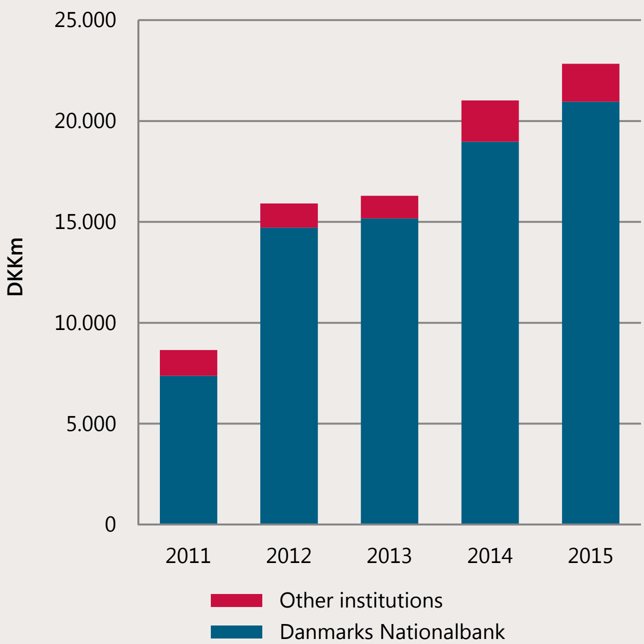
The preconditions and estimates are reassessed once a year. In 2015, a significant downward adjustment of the decommissioning provisions of DKK 1,316 million was made.

This was due to several factors. Among other things, a decline in interest rates has affected the discounting, and, furthermore, much effort has gone into achieving a more accurate compilation than previously of the technical data on the individual installations on a disaggregated basis. This work has been carried out as part of Energinet.dk's asset management work and means that the uncertainty in terms of accounting, which the item naturally involves, is less than in previous years.

Note 12

DKKm	2015	2014
Payables to credit institutions and mortgage debt		
Less than 1 year	115	2,221
1-5 years	2,960	2,395
More than 5 years	19,756	16,406
Total	22,831	21,022

Payables to credit institutions



Interest-bearing debt in Energinet.dk increased from DKK 21,022 million in 2014 to DKK 22,831 million in 2015. The increase is mainly attributable to the significant fixed asset investments made by Energinet.dk.

Interest-bearing debt rose over the entire period due to the fixed asset investments made and the acquisition of enterprises.

Energinet.dk mainly obtains loans from Danmarks Nationalbank. Loans are obtained as fixed-rate loans with a long time to maturity.

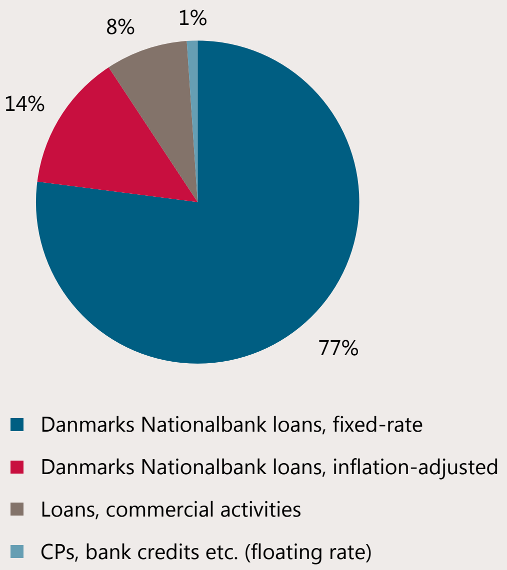
Note 13
DKKm

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. Moreover, interest rate swap agreements have been entered into with a view to managing the interest rate risk attaching to the loan portfolio.

Currency risks in connection with contracts	Currency contract	Date of maturity	Contract in DKK	Date of maturity in DKK	Market value	Expiry
EUR	-37	37	-275	261	-14	2016-2019
SEK	-572	572	-447	456	9	2016-2019
USD	-1	1	-6	6	0	2016-2019
Total	-610	610	-728	723	-5	

Distribution of interest-bearing loans in 2015



The market value of financial instruments amounts to DKK 365 million, with DKK 586 million under 'Other receivables' and DKK -221 million under 'Other payables'. The majority of the market value of financial instruments can thus be attributed to the market value of interest rate swaps. The value adjustment is offset by translation adjustments of the underlying interest-bearing debt.

The majority of the interest-bearing debt is fixed-rate debt with Danmarks Nationalbank. The debt is recognised in the financial statements at amortised cost.

Furthermore, part of the interest-bearing debt is adjusted for inflation and indexed continuously in line with the development in the Danish consumer price index.

A minor part of the interest-bearing debt is floating-rate debt (commercial papers), short-term bank credits etc.

Loans for commercial activities (gas storage activities) comprise floating-rate debt which, via financial instruments, has been converted into fixed-rate loans for the entire term of the loans of between 5 and 14 years.

Note 14

DKKm	2015	2014
Business combinations (business acquisitions)		
Intangible assets	0	391
Tangible fixed assets	0	2,458
Provisions	0	-598
Other assets and liabilities	0	-31
Cost price including acquisition costs	**0**	**2,220**
Cash acquired in company	0	5
Total	0	2,215

In 2014, Energinet.dk took over DONG Storage A/S (Energinet.dk Stenlille Gaslager A/S) for a total purchase price of DKK 1,820 million and settled the earn-out with DONG Energy A/S in connection with the acquisition of Energinet.dk Lille Torup Gaslager A/S in 2007. The earn-out was originally agreed for expected settlement in 2030. As part of the acquisition of DONG Storage A/S, the earn-out was renegotiated at a purchase price of DKK 400 million.

Note	DKKm	2015	2014
15	**Other receivables**		
	Less than 1 year	1,253	1,084
	1-5 years	27	36
	More than 5 years	542	595
	Total	1,822	1,715

Other receivables comprise the market value of financial instruments, receivables from tariff collections, state and EU grants as well as other receivables.

Note	DKKm	2015	2014
16	**Prepayments (assets)**		
	Less than 1 year	29	390
	1-5 years	9	0
	More than 5 years	0	0
	Total	38	390

Prepayments comprise EU grants related to construction projects as well as prepaid expenses incurred. EU grants are recognised in the income statement and await payment by the EU.

Note	DKKm	2015	2014
17	**Deferred income (liabilities)**		
	Less than 1 year	74	10
	1-5 years	172	176
	More than 5 years	203	153
	Total	449	339

Deferred income comprises prepayments received in relation to income to be deferred to subsequent years and EU grants received for construction projects. The grants are recognised in the income statement as depreciation is provided for the facilities to which the grants relate.

Note	DKKm	2015	2014
18	**Lease commitments**		
	Less than 1 year	6	6
	1-5 years	25	26
	More than 5 years	20	26
	Total	51	58

Note	DKKm
19	**Provision of security and charges**

Land, buildings and plant concerning gas storage activities, the carrying amount of which constituted DKK 1,934 million at year-end, have been provided as security for payables to mortgage credit institutions in the amount of DKK 571 million.

The shareholding in Energinet.dk Lille Torup Gaslager Holding A/S has been provided as security for balances with credit institutions in the amount of DKK 863 million (2014: DKK 938 million).

The shareholding in Energinet.dk Stenlille Gaslager Holding A/S has been provided as security for balances with credit institutions in the amount of DKK 428 million (2014: DKK 1,000 million).

Energinet.dk has issued guarantees totalling EUR 27 million to its partners (2014: DKK 27 million) and NOK 5 million (2014: NOK 5 million).

20 **Contingent liabilities and other financial liabilities**

As part of the enterprise’s normal activities, Energinet.dk is party to a number of other legal disputes. Some of these disputes involve substantial amounts, but none of the disputes are currently expected to materially impact the coming financial years.

Energinet.dk has rent commitments of DKK 70 million (2014: DKK 80 million), of which DKK 15 million falls due within 1 year and DKK 28 million between 2 and 5 years.

Energinet.dk has lease commitments of DKK 9 million (2014: DKK 10 million), of which DKK 4 million falls due within 1 year and DKK 5 million between 2 and 5 years.

Energinet.dk Associated Activities A/S is liable for contingent liabilities arising from the demerger of Eltra 409 A/S. In so far as contingent liabilities in respect of Eltra 409 A/S may arise, such contingent liabilities must be fully borne by Energinet.dk Associated Activities A/S.

Note	DKKm	2015	2014
21	**Fee to external and internal auditors**		
	PricewaterhouseCoopers		
	Auditing of consolidated financial statements and annual reports	1	1
	Other audit reports	0	0
	Tax-related services	1	1
	Other services	3	3
	Total	5	5

Rigsrevisionen (external) does not charge a fee for its auditing services.

Note		
22	**Related parties**	**Basis**
	Danish Ministry of Energy, Utilities and Climate Stormgade 2-6 DK-1470 Copenhagen K	100% ownership
	Supervisory Board and Executive Board	Control of management

For information on remuneration of the Executive Board and Supervisory Board, see the section ‘Remuneration of the Executive Board, Supervisory Board and Stakeholder Forum’ on page 38 under ‘Corporate governance’.

Accounting policies for the Group

The annual report of the independent public enterprise Energinet.dk for the period 1 January - 31 December 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act 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 accounting policies have been applied consistently with the annual report for 2014.

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 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 of these enterprises, 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 recognised 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 restated for newly acquired, sold and divested enterprises or activities. Profit/loss from the disposal or divestment of subsidiaries and associates is determined as the difference between the selling price or the divestment price and the carrying amount of net assets at the date of disposal, including non-amortised goodwill as well as anticipated selling 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 transactions are recognised directly in equity under 'Reserve for hedging transactions'. If the expected future transaction results in the acquisition of non-financial assets or liabilities, amounts which are deferred under equity are transferred from equity to the cost of the asset. If the expected future transaction results in income or expenses, amounts deferred under equity are transferred from equity by realising the hedged asset and recognised in the same item as the hedged asset. In case of derivative financial instruments not complying with the criteria for being treated as hedging instruments, the changes are recognised.

Income statement

Revenue

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.

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

Revenue is presented in the income statement less taxes and VAT.

Excess revenue/deficit is recognised in the income statement as a separate correcting entry for revenue.

Grants from European Energy Programme for Recovery

Grants from the European Energy Programme for Recovery are recognised in the income statement when the conditions for receiving the grant have been met. The purpose of the grants is to ensure recovery through support for economic activities in the EU and thus employment. The grant is transferred to an undistributable reserve in equity which is subsequently systematically reversed via the account for excess revenue/deficit in the income statement.

Other EU investment grants are recognised in the balance sheet under prepayments and recognised as income as the assets to which they relate are depreciated.

Other operating income

Other operating income comprises items of a secondary nature.

Other external expenses

Other external expenses include costs 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 Board and Executive Board.

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 tangible and intangible assets.

Profit/loss in associates
The proportionate share of the individual associates' net profit/loss after elimination of intercompany profit/loss and less amortisation of goodwill is recognised in the income statement.

Financial income and expenses
Financial income and expenses include interest income and expenses, foreign exchange gains and losses relating to securities, debt and transactions in foreign currency, indexation of the remaining debt regarding index-linked loans, and amortisation of financial assets and liabilities. Financial income and expenses are recognised with the amounts pertaining to the financial year.

Tax on profit/loss for the year
Energinet.dk is jointly taxed with its Danish consolidated enterprises. The enterprise acts as an administration company, which means that the total Danish tax for all consolidated enterprises is paid by Energinet.dk.

Current Danish corporation tax is still allocated to the jointly taxed enterprises 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/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 profit/loss for the year is attributable to the tax for the year, while the remaining share is attributable to the profit/loss from ordinary activities for the year.
The jointly taxed enterprises subscribe to the Tax Prepayment Scheme. Supplementary payments, allowances and refunds relating to the tax payments are recognised under net financials.

Segment information
Segment information is provided for the electricity and gas system segments. Segment information is in line with the Group's accounting policies, risks and internal financial management.

Assets

Intangible assets

Intangible assets comprise goodwill, rights, development projects and software. Assets under construction are measured at cost.

Cost comprises the acquisition cost 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, subsuppliers and labour. Furthermore, any finance costs attributable to the cost are recognised.
Rights include the right to charge for ancillary services, transit agreements, fixed-price contracts for gas storage capacity, connection of offshore wind turbines to the grid etc.

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 sufficient certainty 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 recoverable amount. In addition, decommissioning costs are recognised as a part of the cost.

Amortisation is provided using the straight-line method over the expected useful lives of the assets based on the following assessment of their expected useful lives:

Goodwill	20 years
Rights	10-20 years
Software	3-10 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/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/loss is recognised in the income statement under 'Other operating income' or 'Other external expenses'.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

Tangible fixed assets in progress are measured at cost. Extensive value-adding changes and improvements of tangible fixed assets are recognised as assets.
Cost comprises the acquisition cost 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, subsuppliers and labour. Furthermore, any finance costs attributable to the cost are recognised. In addition, decommissioning costs are recognised as a part of the cost.

For assets held under finance leases, the cost is determined on the date of conclusion of the contract at the lower of the assets' fair values and the present value of future minimum lease payments. When calculating the present value, the lease contract's internal rate of return is used as the discount rate.

Amortisation is provided using the straight-line method over the expected useful lives of the assets based on the following assessment of their expected useful lives:

Land	Is not depreciated
Buildings	20-100 years
Infrastructure	10-60 years
Cushion gas	Is not depreciated
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 checks are recognised at the acquisition cost of infrastructure as a separate non-current asset which is depreciated over its useful life, ie the period until the next maintenance check. On the original acquisition of tangible fixed assets, 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.

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

An impairment test of tangible fixed assets is carried out when there is an indication of impairment. The impairment test compares the recoverable amount and the carrying amount of the tested asset. Impairment losses are recognised when the carrying amount of an asset or cash-generating unit (CGU) exceeds the recoverable amount of the asset or cash-generating unit.
The recoverable amount of tangible fixed assets is the highest value of the assets' fair value less expected disposal costs and the present value of the expected future net cash flows (value in use).

Prepayments on tangible fixed assets not delivered are capitalised.

Interest and borrowing costs in relation to loans obtained to finance prepayments on tangible fixed assets not delivered are recognised as a part of the acquisition cost of such tangible fixed assets.

Profit/loss from the sale or scrapping of tangible fixed assets is determined as the difference between the selling price less dismounting, selling and decommissioning costs and the carrying amount at the time of sale or scrapping.

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

Investments

Equity investments in 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 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 profits/losses.

Net revaluation of equity investments in associates is transferred to 'Net revaluation according to the equity method' 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 pertaining to the completion of the sale and is determined with due consideration being given to marketability, obsolescence and the development in the expected selling price.

Deficit

Negative differences between realised income and the sum of necessary costs for the Electricity, PSO and Gas business segments are entered as a separate item in the balance sheet for subsequent inclusion in the tariffs.

Receivables

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

Other receivables

Other receivables comprise the market value of financial instruments, receivables from tariff collections, state and EU grants as well as other receivables.

Prepayments (assets)

Prepayments comprise EU grants related to construction projects as well as prepaid expenses incurred. EU grants are recognised in the income statement and await payment by the EU.

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.

Other reserves

Other reserves comprise income from interconnections for future investment in expanding the electricity infrastructure transferred to reserves with a view to reducing electricity grid congestion. The provision is made in accordance with special legislation in this area. Grants from the European Energy Programme for Recovery have been transferred to other reserves.

Furthermore, the item includes profits/losses in subsidiaries, fair value adjustments of the hedging instruments meeting the requirements for hedging future cash flows and adjustments of deferred tax liabilities for subsequent inclusion in the tariffs which are taken directly to equity.

Equity and liabilities

Decommissioning provisions

Decommissioning provisions are measured at the present value at the balance sheet date of the expected future provision to cover the future costs of demolition and clean-up after installations that are no longer going to be used. The provision is determined based on the estimated costs which are discounted to present value. A discount rate reflecting Energinet.dk's general interest rate level is used. The provisions are recognised as incurred and are adjusted regularly in order to reflect changes in price level, inflation and discount rate. As the determination includes a number of estimates, only changes in the provision representing significant changes in the assumptions are recognised. The value of the recognised provision is recognised under 'Tangible fixed assets' and is depreciated along with the relevant assets. The time increase of the present value of the provision is recognised in the net profit/loss for the year under 'Financial expenses'.

Other provisions

Provisions are recognised when the Energinet.dk Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle such obligation provided that such obligation can be determined reliably.

Corporation tax and deferred tax

According to the joint taxation rules, 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 period 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 is not recognised on temporary differences relating to the amortisation of goodwill disallowed for tax purposes, office buildings and other items in connection with which temporary differences with the exception of acquisitions have arisen at the date of acquisition without affecting the result or the taxable income.

Liabilities other than provisions

Mortgage debt and payables to credit institutions are recognised initially at the proceeds received, net of transaction costs incurred. Subsequently, financial liabilities are recognised at amortised cost corresponding 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 'Net financials'.
Other liabilities other than provisions, which comprise trade payables, payables to associates, and other payables, are measured at amortised cost.

Excess revenue

Positive differences between realised income and the sum of necessary costs for the Electricity, PSO and Gas business segments are entered as a separate item in the balance sheet for subsequent inclusion in the tariffs.

Deferred income (liabilities)

Deferred income comprises prepayments received in relation to income to be deferred to subsequent years and EU grants received for construction projects. The grants are recognised in the income statement as depreciation is provided for the installations to which the grants relate.

Other payables

Other payables comprise commitments on subsidies for research and development, the market value of financial instruments, items payable in respect of tariff collections, interest payable, pay-related items as well as other payables.

Contingent liabilities and other financial liabilities

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

Cash flow statement

The cash flow statement is based on the indirect method, using the operating profit/loss as a 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/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 arrangement of short-term and long-term payables with mortgage credit institutions and credit institutions.

Net cash and cash equivalents/payables to credit institutions

Net cash and cash equivalents/payables to credit institutions comprise balances with credit institutions and cash and cash equivalents.

Definitions of key figures and ratios

EBITDA margin	$\frac{\text{EBITDA}}{\text{Revenue x 100}}$
Operating cash flow/debt	$\frac{\text{Operating activity x 100}}{\text{Interest-bearing debt}}$
Solvency ratio	$\frac{\text{Equity x 100}}{\text{Balance sheet total}}$
Rate of costs, operating expenses	$\frac{\text{Operating expenses x 100}}{\text{Carrying amount of non-current assets, beginning of year}}$
Operating expenses	Operating expenses comprise administrative expenses and staff costs
EBITDA	Profit/loss before depreciation, amortisation and impairment losses, net financials and tax
Strengthening of contributed capital	The year's actual value of the contributed capital according to the price index announced by the Danish Energy Regulatory Authority.
Price-index regulation announced by the Danish Energy Regulatory Authority	Index increase according to the price index announced by the Danish Energy Regulatory Authority.

No. of occupational injuries, own staff per million working hours	No. of lost-time injuries among own staff per million working hours in accordance with the reporting rules of the Danish Working Environment Authority.
Employee turnover	$\frac{\text{(New arrivals + departures)/2 x 100}}{\text{No. of employees, end of year}}$
Employees	No. of full-time employees converted using the ATP method
Absence due to illness	$\frac{\text{No. of hours of absence due to illness x 100}}{\text{No. of contractual working hours}}$
Gaspoint Nordic purchases and sales	$\frac{\text{Volume gas traded at Gaspoint Nordic x 100}}{\text{Volume gas consumption in Denmark}}$
Delivery points affected by technical problems (gas)	Delivery points affected by technical problems (%). In a delivery point, gas is added to/removed from Energinet.dk's transmission network.
Grid loss (GWh)	Loss on international connections + loss on connections to Læsø and Bornholm + loss on the Great Belt Power Link. Loss on Skagerrak and Konti-Skan is shared equally with Norway and Sweden.

Income statement for the parent

Note	DKKm	2015	2014
	Tariff revenue, grid and system	2,319	2,256
	Tariff revenue, PSO	7,437	6,908
	Tariff revenue, gas transmission	310	319
	Congestion rents	552	533
	Fee income for balancing the electricity system	150	166
	PSO relaxations	967	0
	Other revenue	330	107
	Revenue	12,065	10,289
1	Excess revenue/deficit	489	777
	EU grants	35	42
	Other operating income	3	-4
	Total income	12,592	11,104
	External expenses	-10,580	-9,240
2	Staff costs	-378	-338
	Total costs	-10,958	-9,578
3	Depreciation and amortisation of and impairment losses on tangible and intangible assets	-1,337	-1,294
	Profit/loss before net financials	297	232
8	Net profit/loss in subsidiaries	64	12
8	Net profit/loss in associates	0	0
	Financial income	14	17
4	Financial expenses	-460	-412
	Profit/loss before tax	-85	-150
5	Tax on profit/loss for the year	31	25
	Net profit/loss for the year	-54	-125
	The following distribution of the net profit/loss for the year is proposed:		
	Strengthening of contributed capital	41	0
	Net revaluation according to the equity method	64	-4
	Transferred to other reserves	-159	-121
	Total	-54	-125

Balance sheet for the parent

Note	DKKm	2015	2014
6	**Intangible assets**		
	Goodwill	155	168
	Rights	37	59
	Software	329	227
	Assets under construction	239	236
	Total intangible assets	**760**	**690**
7	**Tangible fixed assets**		
	Land and buildings	406	418
	Infrastructure	27,117	28,626
	Cushion gas	255	303
	Other plant, tools and operating equipment	181	138
	Assets under construction	2,061	1,298
	Total tangible fixed assets	**30,020**	**30,783**
8	**Investments**		
	Equity investments in group enterprises	1,667	1,477
	Equity investments in associates	7	3
	Other equity investments	41	40
	Total investments	**1,715**	**1,520**
	Total non-current assets	32,495	32,993
	Inventories	**68**	**81**
	Receivables		
	Trade receivables	376	155
	Receivables from group enterprises	0	18
	Corporation tax	41	29
13	Other receivables	1,808	1,705
1	Deficit	1,003	698
14	Prepayments	38	390
	Total receivables	**3,266**	**2,995**
	Cash	**718**	**113**
	Total current assets	4,052	3,189
	Total assets	36,547	36,182

Note	DKKm	2015	2014
	Equity		
	Contributed capital	3,157	3,157
	Strengthening of contributed capital	987	946
	Other reserves	1,686	1,767
	Total equity	5,830	5,870
	Provisions		
9	Deferred tax liabilities	2,533	2,534
10	Decommissioning provisions	2,930	4,192
	Other provisions	109	155
	Total provisions	5,572	6,881
	Long-term liabilities other than provisions		
11	Payables to credit institutions and mortgage debt	20,983	17,939
15	Deferred income	375	329
16	Lease commitments	45	52
	Total long-term liabilities other than provisions	**21,403**	**18,320**
	Short-term liabilities other than provisions		
11	Current maturities of long-term liabilities other than provisions	0	1,146
15	Current maturities of long-term deferred income	74	10
16	Current maturities of long-term lease commitment	6	6
	Debt, commercial papers	244	919
	Payables to credit institutions	47	7
	Trade payables	504	362
	Payables to group enterprises	244	128
1	Excess revenue	93	270
	Other payables	2,530	2,263
	Total short-term liabilities other than provisions	**3,742**	**5,111**
	Total liabilities other than provisions	25,145	23,431
	Total equity and liabilities	36,547	36,182

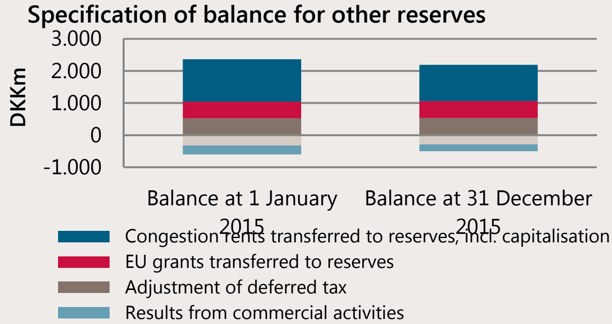
12	Derivative financial instruments
17	Contingent liabilities and other financial liabilities
18	Fees to external and internal auditors
19	Related parties

Statement of changes in equity for the parent

DKKm	Contributed capital	Strengthening of contributed capital	Other reserves	Net revaluation according to the equity method	Total
Equity at 1 January 2014	**3,157**	**950**	**1,891**	**0**	**5,998**
Net profit/loss for the year		-4	-121	0	-125
Transfer			-3	3	0
Value adjustment of hedging instruments, beginning of year			1	27	28
Value adjustment of hedging instruments, end of year			-1	-30	-31
Foreign currency translation adjustment of equity investments, beginning of year			-1	0	-1
Foreign currency translation adjustment of equity investments, end of year			1	0	1
Equity at 31 December 2014	**3,157**	**946**	**1,767**	**0**	**5,870**
Net profit/loss for the year		41	-159	64	-54
Transfer			84	-84	0
Value adjustment of hedging instruments, beginning of year			1	30	31
Value adjustment of hedging instruments, end of year			-7	-10	-17
Foreign currency translation adjustment of equity investments, beginning of year			-1	0	-1
Foreign currency translation adjustment of equity investments, end of year			1	0	1
Equity at 31 December 2015	**3,157**	**987**	**1,686**	**0**	**5,830**

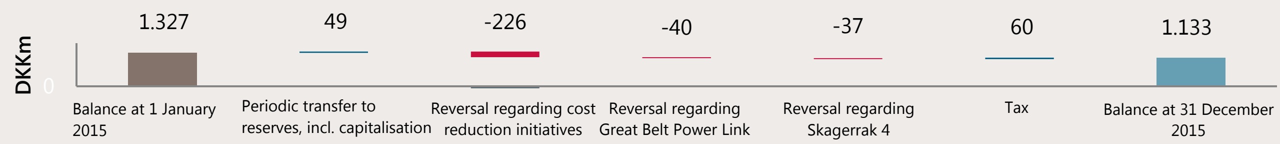
Other reserves (net) are profits which cannot be distributed under special legislation.

Specification of balance for other reserves



A net loss of DKK 54 million was posted for 2015. The loss is primarily attributable to the transfer to consumers of saved congestion rents from previous years as a result of the energy agreement in 2012. The transfer amounts to DKK 226 million. However, the net profit/loss for the year of the commercial activities has a positive impact of DKK 64 million. Furthermore, the net loss for the year is positively impacted by costs incurred relating to decommissioning provisions. For legal reasons, these costs have not previously been included in the tariffs.

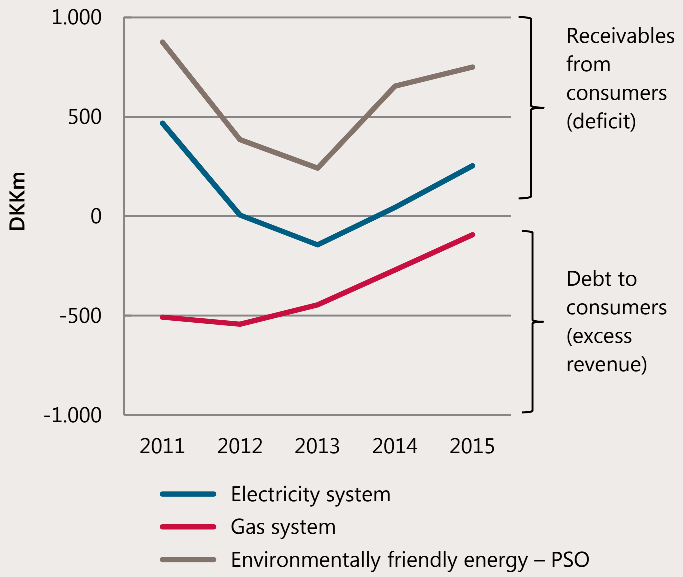
Specification of balance for income from congestion rents transferred to reserves



Note 1 DKKm	Begin-ning of 2015	Payment by the Danish Energy Regulatory Authority	Move-ments of the period	Receiva-bles	Payables
Excess revenue/deficit					
The balance for excess revenue/deficit to be included in tariffs can be specified as follows:					
Electricity system	44		209	253	
Gas system	-270		177		-93
Environmentally friendly energy – PSO	654	-7	103	750	
Total excess revenue/deficit	429	-7	489	1,003	-93

*) + = deficit and – = excess revenue

Development in excess revenue/deficit by segment



In the past five years, excess revenue has been accumulated in the gas system, and efforts have been made to settle this revenue. A three-year repayment agreement has been concluded with the Danish Energy Regulatory Authority, and a repayment in respect of the transport and emergency tariffs must be made by 2016 and 2018, respectively. The balance amounted to DKK 93 million at the end of 2015.

The accumulated deficit in the electricity system amounted to DKK 253 million at the end of 2015. The deficit is mainly caused by unforeseen costs incurred in connection with damage to the Anholt and Horns Rev cables in 2014 and 2015.

The accumulated deficit in Environmentally friendly energy – PSO of DKK 750 million was significantly affected by increased subsidies for renewable energy in 2014 and 2015 due to low electricity market prices. These price reductions were not expected when the tariffs were fixed.

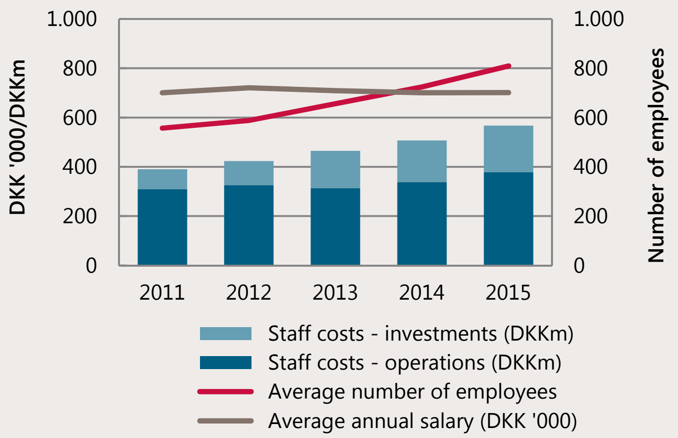
The excess revenue/deficit will be included in the tariffs in the coming years.

Note 2

DKKm	2015	2014
Staff costs		
Wages and salaries	-508	-454
Pensions	-54	-48
Other social security costs	-5	-5
Capitalised internal time	189	169
Total	-378	-338

For information on remuneration of the Executive Board and Supervisory Board, see the section 'Remuneration of the Executive Board, Supervisory Board and Stakeholder Forum' on page 38 under 'Corporate governance'.

Development in staff costs, number of employees and average pay

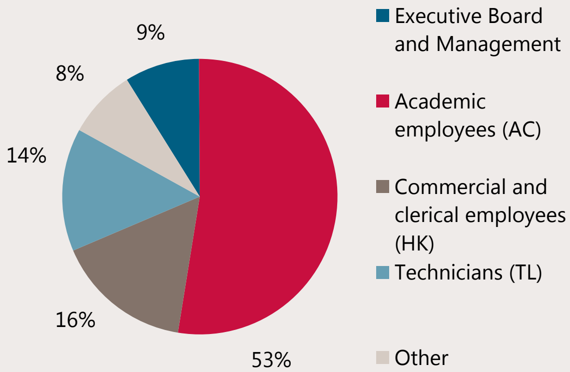


Staff costs incurred in 2015 increased by DKK 60 million. The increase is primarily attributable to the high investment level also reflected in the item 'Capitalised internal time'. Capitalised internal time indicates the staff costs which can be attributed to construction projects. Following the set-off of capitalised internal time, the increase in 2015 amounted to DKK 40 million.

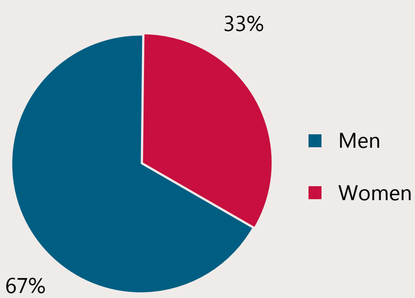
Combined with the acquisition of the regional transmission companies in 2012, this is the reason for the increase in the number of employees over the past five years.

Energinet.dk's pay level reflects the fact that the majority of the employees are academics.

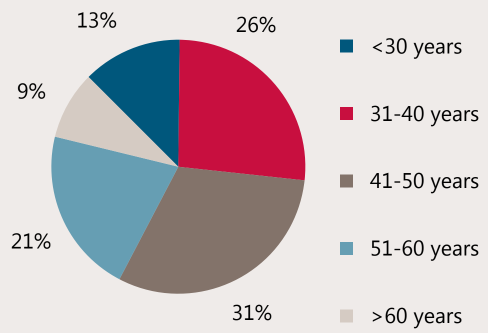
Employee categories at Energinet.dk



Employee gender distribution at Energinet.dk



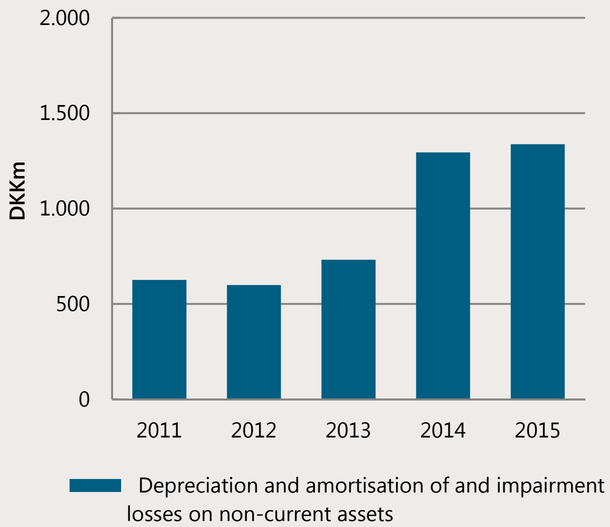
Employee age distribution at Energinet.dk



Note 3

DKKm	2015	2014
Depreciation and amortisation of and impairment losses on tangible and intangible assets		
Goodwill	-12	-12
Rights	0	-3
Software	-88	-110
Land and buildings	-4	-5
Infrastructure	-1,128	-1,108
Other plant, tools and operating equipment	-29	-32
Assets under construction	0	-4
Impairment losses/scrapping	-76	-20
Total	-1,337	-1,294

Depreciation and amortisation of and impairment losses on non-current assets



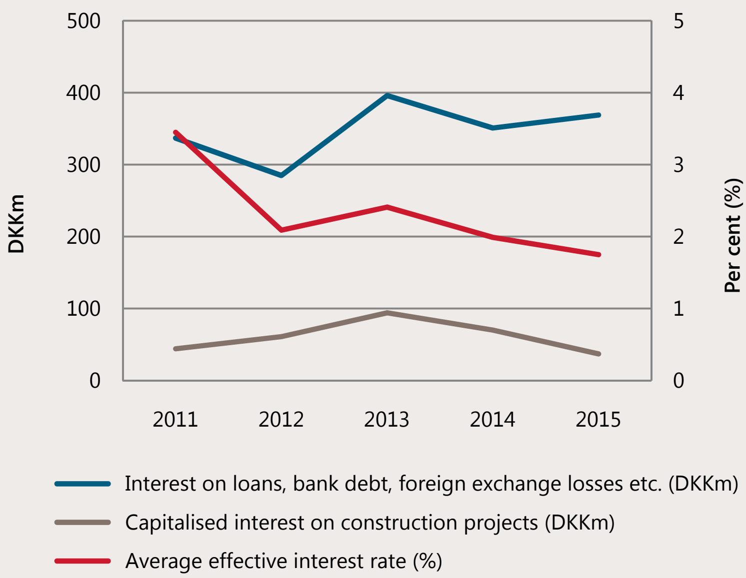
There has been a general increase in ordinary depreciation and amortisation over the past five years. The primary reason is investments in new installations. In addition, depreciation and amortisation have been affected by the merger with Regionale Net A/S in 2014.

In the coming years, major investments will continue to be made, bringing with them increases in depreciation and amortisation.

Note 4

DKKm	2015	2014
Financial expenses		
Interest on balances with subsidiaries	-1	-1
Interest on loans, bank debt etc.	-302	-347
Capitalisation of decommissioning provisions	-127	-130
Foreign exchange losses and fair value adjustments etc.	-67	-4
Capitalised interest on construction projects	37	70
Total	-460	-412

Development in financial expenses



Financial expenses rose from DKK 412 million in 2014 to DKK 460 million in 2015.

The interest-bearing debt in Energinet.dk has increased in recent years due to the significant fixed asset investments made by Energinet.dk, as well as the acquisition of the regional transmission companies in 2012 and the Stenlille gas storage facility at the end of 2014.

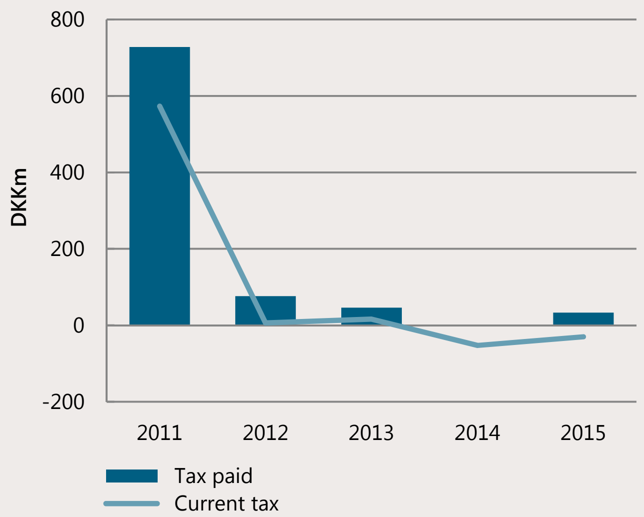
A general decline in interest rates in recent years has contributed to interest expenses increasing only to a limited extent despite a significant growth in debt.

In addition to interest on net interest-bearing debt, financial expenses are affected by capitalisation of decommissioning provisions as well as capitalised interest on construction projects reducing interest expenses recognised in the income statement from DKK 70 million in 2014 to DKK 37 million in 2015.

Note 5

DKKm	2015	2014
Tax on profit/loss for the year		
Current tax for the year	27	13
Deferred tax for the year	-1	-2
Current tax regarding previous years	3	40
Deferred tax regarding previous years	2	-26
Deferred tax relating to reduction of corporation tax rate	0	0
Total	31	25
Comprising:		
Tax on profit/loss for the year	31	25
Tax on changes in equity	0	0
Total	31	25
Tax rate adjustment		
Corporation tax rate	23.5%	24.5%
Tax effect of non-taxable income and non-deductible expenses	-6.9%	-16.6%
Tax effect of reduction of corporation tax rate, beginning of year	0.0%	0.0%
Tax effect of reduction of corporation tax rate, current year	-0.1%	-0.9%
Adjustment of tax in previous years	4.0%	8.4%
Effective tax rate for the year	20.5%	15.4%

Development in current tax and tax paid



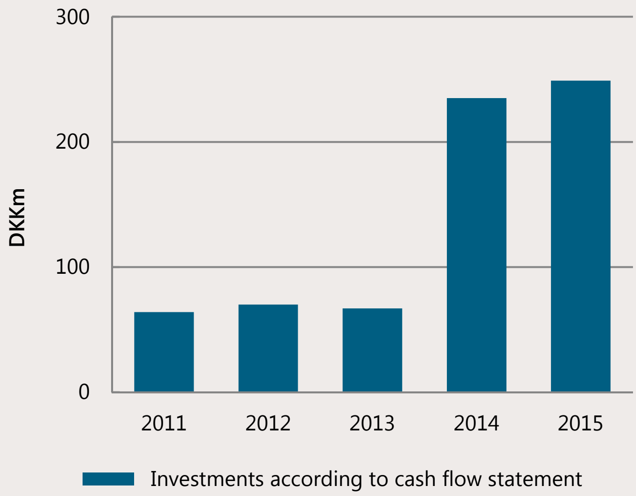
Energinet.dk is subject to a break-even principle. On this basis, the tax for the year will be modest as the taxable income should zero out over time. However, a number of items are not continuously included in the tariffs, which is why actual tax payments are realised, for instance in respect of EU grants received and income from congestion rents transferred to reserves.

Current tax in 2011 was extraordinarily high due to changed taxation of congestion rents for the period 2005-2010. However, Energinet.dk has generally experienced a decline in current tax, which is primarily attributable to decreasing income from congestion rents transferred to reserves and reversed congestion rents to consumers as a result of the 2012 energy agreement. In 2014 and 2015, Energinet.dk had tax income, primarily on account of a negative result. The tax rate is negatively affected by, among other things, inapplicable losses on the sale of properties.

Energinet.dk is covered by the rules on limitation of deductibility of interest.

Note 6 DKKm	Goodwill	Rights	Software	Assets under construc-tion	Total
Intangible assets					
Acquisition cost at 1 January	**249**	**83**	**819**	**236**	**1,387**
Additions during the year	0	0	0	249	249
Disposals during the year	0	0	-122	0	-122
Transfer to/from other items	0	-44	188	-246	-102
Other adjustments	0	-1	0	0	-1
Acquisition cost at 31 December	**249**	**38**	**885**	**239**	**1,411**
Amortisation and impairment losses at 1 January	**-81**	**-24**	**-592**	**0**	**-697**
Amortisation and impairment losses for the year	-12	0	-88	0	-100
Reversals on disposals for the year	0	0	120	0	120
Transfer to/from other items	0	0	0	0	0
Other adjustments	-1	23	4	0	26
Amortisation and impairment losses at 31 December	**-94**	**-1**	**-556**	**0**	**-651**
Carrying amount at 31 December	155	37	329	239	760

Acquisition of intangible assets



Investments for the year in intangible assets primarily concern investment in the wholesale model, upgrading of the SCADA system as well as the work on enhancing the level of IT and information security and improving system support.

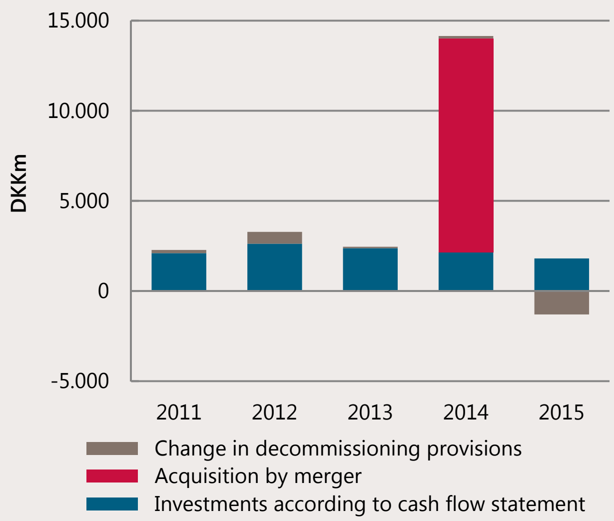
The SCADA system was commissioned in 2015. The wholesale model is expected to be commissioned in 2016. Initiatives aimed at IT and information security will be commissioned on an ongoing basis.

In the coming years, major investments will continue to be made, bringing with them increases in depreciation and amortisation.

Note 7 DKKm	Land and buildings	Infra-structure	Cushion gas	Other plant	Assets under construc-tion	Total
Tangible fixed assets						
Acquisition cost at 1 January	**484**	**40,464**	**303**	**349**	**1,344**	**42,944**
Additions during the year	0	128	0	0	1,814	1,942
Disposals during the year	0	-375	-43	-23	0	-441
Transfer to/from other items	-9	1,090	0	73	-1,053	101
Other adjustments	0	-1,302	-5	-1	2	-1,306
Acquisition cost at 31 December	**475**	**40,005**	**255**	**398**	**2,107**	**43,240**
Depreciation and impairment losses at 1 January	**-66**	**-11,838**	**0**	**-211**	**-46**	**-12,161**
Depreciation and impairment losses for the year	-4	-1,128	0	-29	0	-1,161
Reversals on disposals for the year	0	107	0	22	0	129
Transfer to/from other items	0	0	0	0	0	0
Other adjustments	1	-29	0	1	0	-27
Depreciation and impairment losses at 31 December	**-69**	**-12,888**	**0**	**-217**	**-46**	**-13,220**
Carrying amount at 31 December	406	27,117	255	181	2,061	30,020

Finance costs totalling DKK 332 million have been capitalised under 'Non-current assets', including DKK 37 million in 2015.

Acquisition of tangible assets



The investment for the year in 2015 primarily consists of investment in grid connection of the Horns Rev 3 wind farm and the international connection to Germany via Kriegers Flak.

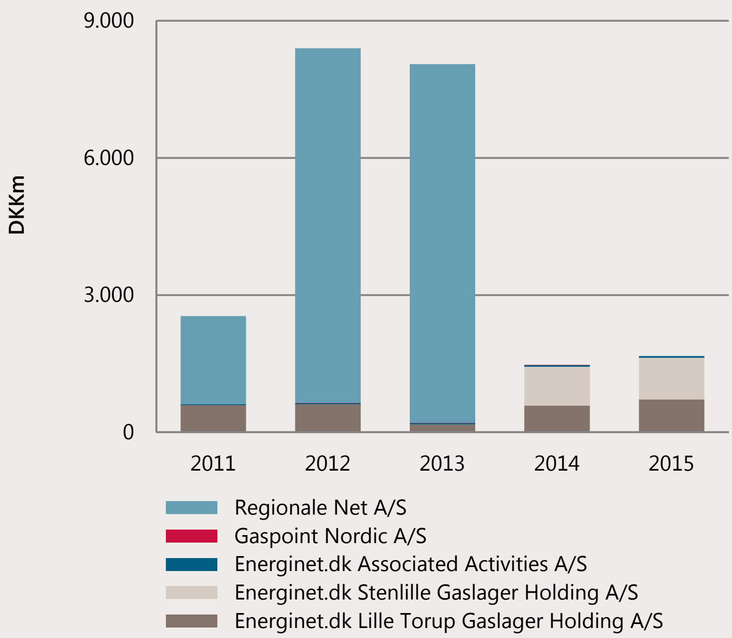
The acquisition cost for accounting purposes in 2015 was significantly affected by a downward adjustment of the decommissioning provision of DKK 1,305 million. For further information, reference is made to page 98.

The past five years have been affected by major fixed asset investments as a result of the expansion of the existing grid based on the green transition and the need to secure a high level of security of supply.

2014 was especially impacted by the merger with Regionale Net A/S according to the uniting-of-interests method.

Note 8 DKKm	Equity invest-ments in subsidiar-ies	Equity investments in associates	Other equity invest-ments	Total invest-ments
Investments				
Acquisition cost at 1 January	**1,770**	**3**	**40**	**1,813**
Additions during the year	117	4	3	124
Disposals during the year	-11	0	-2	-13
Acquisition cost at 31 December	**1,876**	**7**	**41**	**1,924**
Value adjustments at 1 January	**-292**	**0**	**0**	**-292**
Additions during the year	0	0	0	0
Disposals during the year	3	0	0	3
Net profit/loss for the year	64	0	0	64
Equity adjustments	16	0	0	16
Foreign currency translation adjustments concerning foreign entities	0	0	0	0
Value adjustments at 31 December	**-209**	**0**	**0**	**-209**
Carrying amount at 31 December	1,667	7	41	1,715

Development in equity investments in subsidiaries



Equity investments in subsidiaries primarily concern equity contributions in holding companies regarding gas storage activities.

Impairment tests are carried out of the value of the gas storage activities based on future expectations for operating profit etc.

In 2015, the test carried out did not give rise to any value adjustments. Future expectations are based on forecasts and analyses of the market for gas storage capacity.

Uncertainty about the valuation of equity investments can be attributed to the expectations for future prices and the demand for gas storage capacity as well as the prices of cushion gas in connection with the removal of installations.

Equity investments in subsidiaries 2015	Domicile	Ownership interest	Invested capital DKKm	Equity value DKKm
Energinet.dk Associated Activities A/S	Fredericia	100%	0.5	39
Energinet.dk Lille Torup Gaslager Holding A/S	Fredericia	100%	50	720
Energinet.dk Stenlille Gaslager Holding A/S	Fredericia	100%	0.5	908
Under direct ownership, total			51	1,667

Equity investments in associates 2015	Domicile	Ownership interest	Invested capital DKKm	Equity value DKKm
Gaspoint Nordic A/S	Fredericia	50%	DKK 7	4
European Market Coupling Company GmbH*	Hamburg (D)	20%	EUR 2	3
Total				7

* Being wound up Associates are recognised and measured as independent entities.

Other equity investments 2015	Domicile	Ownership interest	Invested capital DKKm	Cost DKKm
Nord Pool AS	Oslo (N)	18.8%	NOK 286	36
Dansk Gasteknisk Center A/S	Hørsholm	15.6%	DKK 11	1
TSCNET Services GmbH	Munich (D)	7.7%	EUR 2	3
PRISMA European Capacity Platform GmbH	Leipzig (D)	6.9%	EUR 0	0
Joint Allocation Office S.A.**	Luxembourg (L)	5.0%	EUR 4	1
Total				41

** Company established in 2015 in connection with the merger between the companies Capacity Allocation Service Company.eu S.A. and Central Allocation Office GmbH.

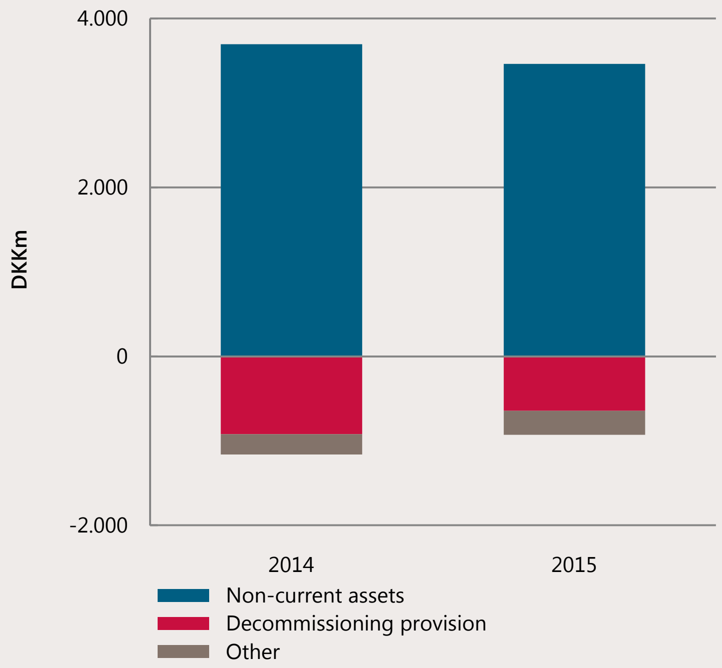
Total investments	1,715

Note 9

DKKm	2015	2014
Deferred tax liabilities		
Deferred tax at 1 January	2,534	2,507
Additions relating to merger	0	0
Adjustment in respect of previous years	-2	26
Deferred tax relating to reduction of corporation tax rate	0	0
Change in deferred tax concerning the profit/loss for the year	1	1
Change concerning hedging instruments	0	0
Total	2,533	2,534

A tax rate of 22% has been applied.

Specification of deferred tax



Deferred tax in 2015 remained unchanged compared to 2014.

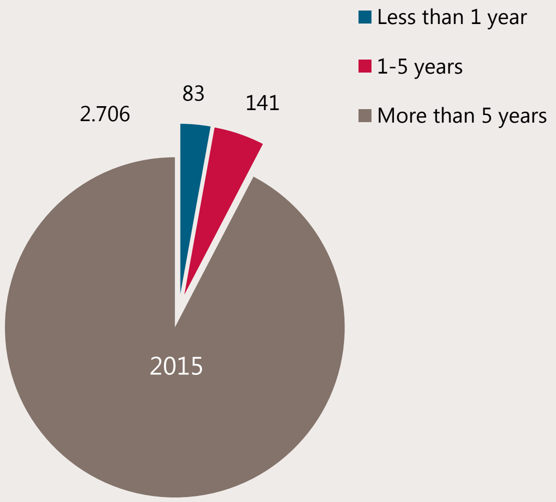
Deferred tax is mainly based on tangible fixed assets, primarily due to deviations between the depreciation of non-current assets for accounting and tax purposes. The decommissioning provisions involve a deferred tax asset, since tax deduction is only obtained as decommissioning costs are incurred.

As of 2013, deferred tax is recognised at a tax rate of 22%, corresponding to the actual tax rate in 2016.

Note 10

DKKm	2015	2014
Decommissioning provisions		
Expected maturity of decommissioning provisions:		
Less than 1 year	83	45
1-5 years	141	130
More than 5 years	2,706	4,017
Total	2,930	4,192

Expected maturity of provisions



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

In connection with the determination of the decommissioning provisions, Energinet.dk has calculated the expenses of dismantling and removing the non-current assets concerned on a disaggregated basis. The expense per disaggregated unit is stated in 2015 prices. 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, after which it is discounted to present value.

In 2015, the costs incurred for the decommissioning of discontinued overhead lines amounted to DKK 84 million.

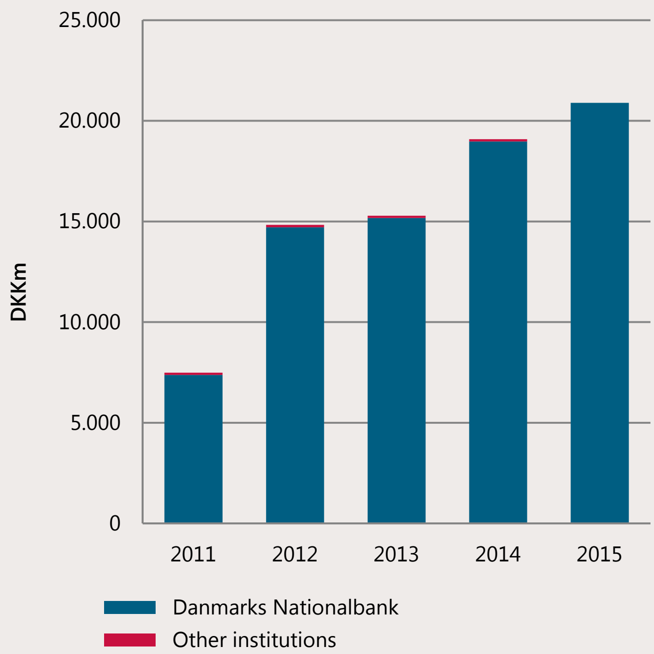
The preconditions and estimates are reassessed once a year. In 2015, a change took place in the decommissioning provision of DKK 1,305 million.

This was due to several factors. Among other things, a decline in interest rates has affected the discounting, and, furthermore, much effort has gone into achieving a more accurate compilation than previously of the technical data on the individual installations on a disaggregated basis. This work has been carried out as part of Energinet.dk's asset management work and means that the uncertainty in terms of accounting, which the item naturally involves, is less than in previous years.

Note 11

DKKm	2015	2014
Payables to credit institutions and mortgage debt		
Less than 1 year	0	1,146
1-5 years	2,074	2,096
More than 5 years	18,909	15,843
Total	20,983	19,085

Payables to credit institutions



Interest-bearing debt in Energinet.dk increased from DKK 19,085 million in 2014 to DKK 20,983 million in 2015. The increase is mainly attributable to the significant fixed asset investments made by Energinet.dk.

Interest-bearing debt rose over the entire period due to the fixed asset investments made and the acquisition of enterprises.

Energinet.dk mainly obtains loans from Danmarks Nationalbank. Loans are obtained as fixed-rate loans with a long time to maturity.

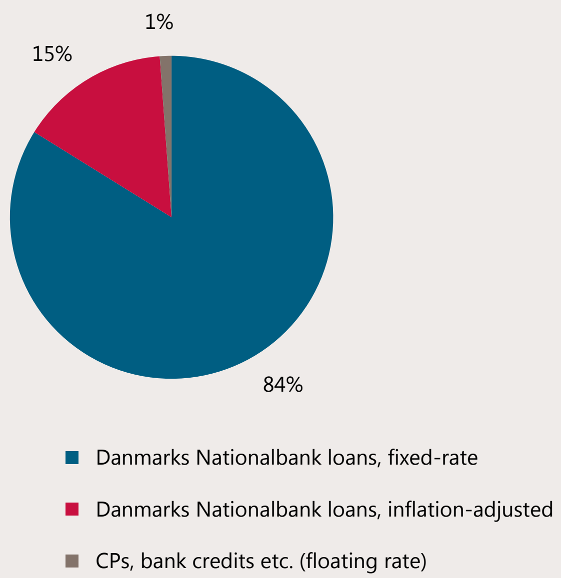
Note 12
DKKm

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. Moreover, interest rate swap agreements have been entered into with a view to managing the interest rate risk attaching to the loan portfolio.

Currency risks in connection with contracts	Currency contract	Date of maturity	Contract in DKK	Date of maturity in DKK	Market value	Expiry
EUR	-37	37	-275	261	-14	2016-2019
SEK	-572	572	-447	456	9	2016-2019
USD	-1	1	-6	6	0	2016-2019
Total	-610	610	-728	723	-5	

Distribution of interest-bearing loans in 2015



The market value of financial instruments amounts to DKK 375 million, with DKK 574 million under 'Other receivables' and DKK -199 million under 'Other payables'. The majority of the market value of financial instruments can thus be attributed to the market value of interest rate swaps. The value adjustment is offset by translation adjustments of the underlying interest-bearing debt.

The majority of the interest-bearing debt is fixed-rate debt with Danmarks Nationalbank. The debt is recognised in the financial statements at amortised cost.

Furthermore, part of the interest-bearing debt is adjusted for inflation and indexed continuously in line with the development in the Danish consumer price index.

A minor part of the interest-bearing debt is floating-rate debt (commercial papers), short-term bank credits etc.

Note	DKKm	2015	2014
13	**Other receivables**		
	Less than 1 year	1,240	1,074
	1-5 years	26	36
	More than 5 years	542	595
	Total	1,808	1,705

Other receivables comprise the market value of financial instruments, receivables from tariff collections, state and EU grants as well as other receivables.

Note	DKKm	2015	2014
14	**Prepayments (assets)**		
	Less than 1 year	9	390
	1-5 years	29	0
	More than 5 years	0	0
	Total	38	390

Prepayments comprise EU grants related to construction projects as well as prepaid expenses incurred. EU grants are recognised in the income statement and await payment by the EU.

Note	DKKm	2015	2014
15	**Deferred income (liabilities)**		
	Less than 1 year	74	10
	1-5 years	172	176
	More than 5 years	203	153
	Total	449	339

Deferred income comprises prepayments received in relation to income to be deferred to subsequent years and EU grants received for construction projects. The grants are recognised in the income statement as depreciation is provided for the installations to which the grants relate.

Note	DKKm	2015	2014
16	**Lease commitment**		
	Less than 1 year	6	6
	1-5 years	25	26
	More than 5 years	20	26
	Total	51	58

Note	DKKm
17	**Contingent liabilities and other financial liabilities**
	Reference is made to note 20 in the consolidated financial statements.
18	**Fees to external and internal auditors**
	Reference is made to note 21 in the consolidated financial statements.
19	**Related parties**
	Reference is made to note 22 in the consolidated financial statements.

Accounting policies for the parent

The annual report of the independent public enterprise Energinet.dk for the period 1 January - 31 December 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act 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.

Reference is made to page 71 where the accounting policies applied by the Energinet.dk Group are described. Deviations from group policies are described below.

Regionale Net A/S is only included in the information in figures under notes as from the year of merger 2014.

Investments

In the financial statements of the parent, equity investments in subsidiaries are recognised according to the equity method, ie at the proportionate share of the carrying amount of such subsidiaries.

The share of the profit/loss in subsidiaries is recognised in the income statement of the parent.

In the parent, the total net revaluation of equity investments in the subsidiary is transferred via the distribution of net profit/loss to the reserve for net revaluation according to the equity method.

An impairment test of financial assets is carried out when there is an indication of impairment. The impairment test compares the recoverable amount and the carrying amount of the tested asset. Impairment losses are recognised when the carrying amount of an asset or cash-generating unit (CGU) exceeds the recoverable amount of the asset or cash-generating unit.

The recoverable amount of financial assets is the highest value of the assets' fair value less expected disposal costs and the present value of the expected future net cash flows (value in use).

Cash flow statement

No separate cash flow statement for the parent has been prepared in accordance with Section 86 of the Danish Financial Statements Act. Reference is made to the cash flow statement for the Group in the consolidated annual report.

Segment note

No separate segment information is provided for the parent. Reference is made to the segment note for the Group in the consolidated financial statements; see note 1, page 53

Statement by the Supervisory and Executive Boards on the annual report

The Supervisory and Executive Boards have on this day considered and adopted the annual report for 2015 for Energinet.dk.

The annual report and the management's review have been presented in accordance with the Danish Financial Statements Act 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 the annual report is adequate and the annual report therefore gives a true and fair view of the Group's and the parent's assets, liabilities and financial position at 31 December 2015, the results of the Group's and the parent's operations and the Group's cash flows for the financial year 1 January - 31 December 2015.

In our opinion, the management's review provides a fair account of the development in the Group's and the parent's operations and financial circumstances, of the results for the year and of the Group's and the parent's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent.

Furthermore, in our opinion, the business procedures and internal control established which are covered by the consolidated financial statements and the parent financial statements comply with the Danish Act on Energinet.dk and other regulations as well as agreements concluded and generally accepted accounting principles.

The annual report and proposed appropriation account are submitted for approval by the Danish Minister for Energy, Utilities and Climate.

Fredericia, 16 March 2016

Executive Board

Peder Østermark Andreasen President and CEO	Torben Thyregod Executive Vice President, CFO	Torben Glar Nielsen Executive Vice President, CTO

Supervisory Board

Niels Fog
Chairman

Birgitte Kiær Ahring

Charlotte Møller

Hanne Søndergaard

Hans Simonsen

Per Sørensen

Peter Møllgaard

Poul Erik Morthorst

Berit Schilling*

Carl Erik Madsen*

Rasmus Munch Sørensen*

* Employee-elected

Internal auditors' report

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Energinet.dk for the period 1 January - 31 December 2015, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group and the parent as well as the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are presented in accordance with the Danish Financial Statements Act and the Danish Act on Energinet.dk.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent financial statements in accordance with the Danish Financial Statements Act and the Danish Act on Energinet.dk. Management is also responsible for the internal control which Management deems to be necessary for the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error; for selecting and applying appropriate accounting policies; and for making accounting estimates that are reasonable in the circumstances.

In addition, Management is responsible for ensuring that the transactions covered by the consolidated financial statements and the parent financial statements comply with the granting of licences, laws and other regulations as well as agreements concluded and generally accepted accounting principles.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent financial statements based on our audit. We conducted our audit in accordance with international auditing standards and additional requirements set out in Danish accounting legislation and generally accepted public auditing standards; see the Danish Act on the Auditing of Governmental Accounts etc. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements and the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement in the consolidated financial statements and the parent financial statements, 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 parent financial statements 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 and the parent financial statements.

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 parent financial statements comply with the granting of licences, laws and other regulations as well as 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 parent financial statements give a true and fair view of the Group's and the parent's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the parent's operations as well as the Group's cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act and the Danish Act on Energinet.dk. Furthermore, it is our opinion that business procedures and internal control have been established which ensure that the transactions covered by the consolidated financial statements and the parent financial statements comply with the granting of licences, laws and other regulations as well as agreements concluded and generally accepted accounting principles.

Statement on the management's review

We have read the management's review as required by the Danish Financial Statements Act. We have not performed any procedures additional to the completed audit of the consolidated financial statements and parent financial statements. On this basis, we believe that the information in the management's review is consistent with the consolidated financial statements and parent financial statements.

Fredericia, 16 March 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Jens Otto Damgaard State-authorised public accountant	Brian Christiansen State-authorised public accountant

External auditors' report

Report on the consolidated financial statements, parent financial statements and management's review

We have audited the consolidated financial statements, parent financial statements and management's review of Energinet.dk for the financial year 1 January - 31 December 2015. The consolidated financial statements and parent financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group and the parent as well as the consolidated cash flow statement. The consolidated financial statements, parent financial statements and management's review are presented in accordance with the Danish Financial Statements Act and the Danish Act on Energinet.dk.

With this auditors' report, we consider the audit of the annual report for 2015 as finalised. Rigsrevisionen 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 the consolidated financial statements, parent financial statements and management's review

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent financial statements in accordance with the Danish Financial Statements Act 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 parent financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. 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 and the Danish Act on Energinet.dk. In addition, Management is responsible for ensuring that the transactions covered by the consolidated financial statements and the parent financial statements comply with the granting of licences, laws and other regulations as well as 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, parent financial statements and management’s review based on our audit. We conducted our audit in accordance with generally accepted public auditing standards; see the Danish Act on the Auditing of Governmental Accounts etc. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are correct, free from material misstatement. Generally accepted auditing standards are based on the fundamental auditing practices set out in the national audit offices’ international standards (ISSAI 100-999).

This means that our audit was conducted in order to verify whether the financial statements are correct, ie free from material misstatement, and whether the transactions covered by the consolidated financial statements and parent financial statements comply with the granting of licences, laws and other regulations as well as agreements concluded and generally accepted accounting principles.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, parent financial statements and management’s review. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, the parent 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 parent 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, parent 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 parent financial statements comply with the granting of licences, laws and other regulations as well as 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.

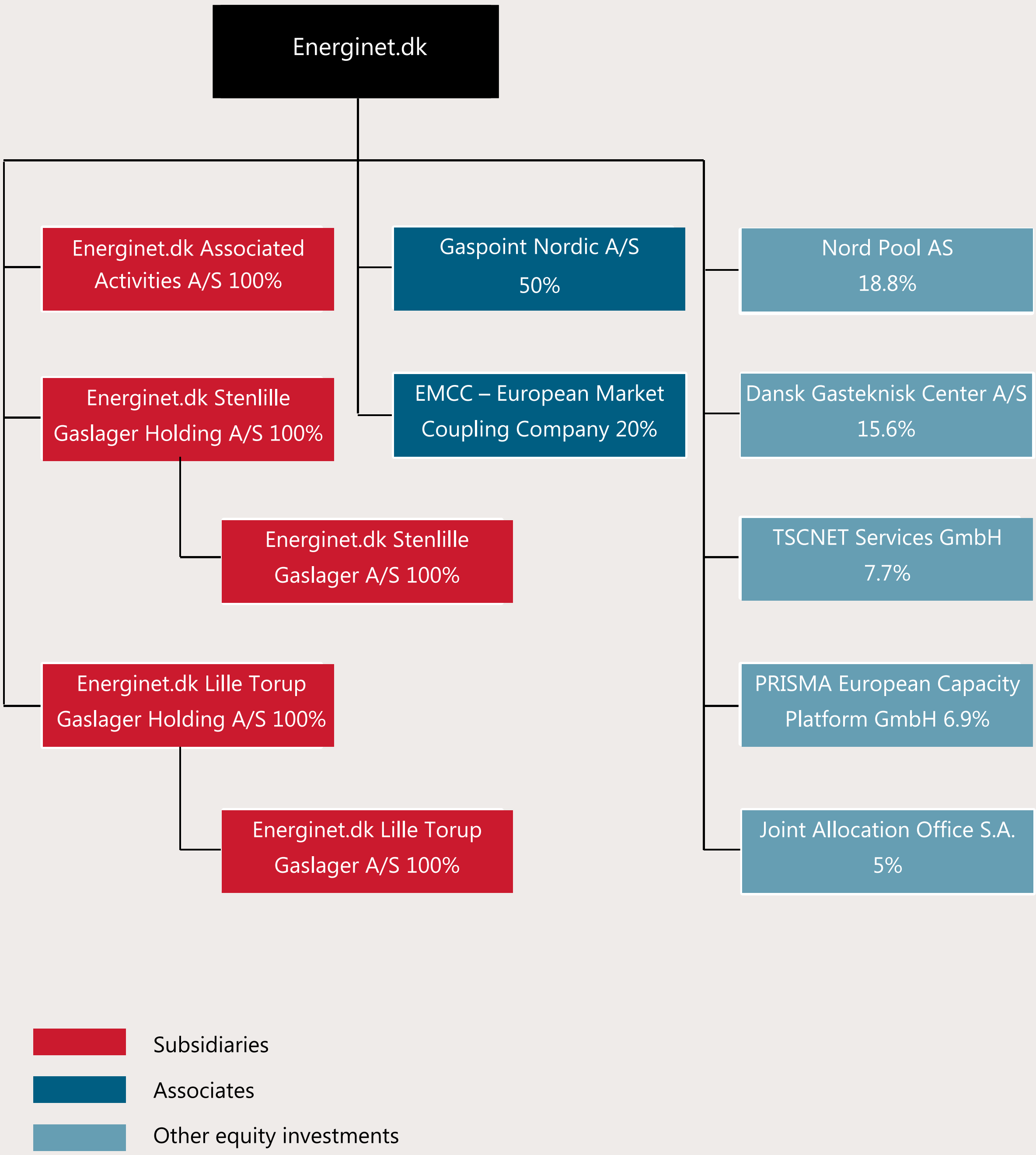
Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the parent's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the parent's operations as well as the Group's cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act and the Danish Act on Energinet.dk, and the management's review includes a fair account in accordance with the Danish Financial Statements Act and the Danish Act on Energinet.dk. Furthermore, it is our opinion that business procedures and internal control have been established which ensure that the transactions covered by the consolidated financial statements and the parent financial statements comply with the granting of licences, laws and other regulations as well as agreements concluded and generally accepted accounting principles.

Fredericia, 16 March 2016
Rigsrevisionen

Lone Strøm Auditor General	Morten Brædstrup-Holm Director

The Group at 31 December 2015



Key figures and ratios

DKKm	2015	2014	2013	2012	2011
Income statement					
Revenue	12,364	10,431	9,481	9,441	6,783
Excess revenue/deficit for the year*	489	777	-196	-988	530
EBITDA	1,878	1,659	1,956	1,579	1,615
Profit/loss before net financials	419	289	46	620	749
Net financials	-481	-434	-429	-269	-342
Net profit/loss for the year	-54	-125	37	261	128
Strengthening of contributed capital	41	-4	0	116	176
Balance sheet					
Non-current assets	35,031	35,787	31,714	29,628	19,052
Balance sheet total	39,140	39,017	34,737	32,320	22,227
Current assets	4,109	3,230	3,023	2,692	3,175
Net interest-bearing debt	22,404	21,792	18,367	16,424	10,006
Equity	5,830	5,870	5,998	5,961	5,669
Cash flows					
Operating activities	1,298	1,120	1,094	1,686	101
Investing activities	-2,066	-4,623	-3,239	-8,202	-2,025
of which investment in tangible fixed assets	-1,860	-2,173	-3,237	-2,731	-2,166
Financing activities	1,290	4,262	1,512	6,683	1,110
Cash and cash equivalents, end of year, net	671	149	-610	13	-154
Key ratios					
Solvency ratio (%)	15	15	17	18	26
Credit rating, Standard & Poors	AA-	AA	AA	AA	AA
Price-index regulation announced by the Danish Energy Regulatory Authority (%)	1.3	-0.4	0	3.6	5.5
Rate of cost, operating expenses (%)	2.3	2.1	2.3	3.2	3.8
EBITDA margin (%)	15.2	15.9	20.6	16.7	23.8
Operating cash flow/debt (%)	5.8	5.1	6.0	10.3	1.0
Human resources					
No. of occupational injuries, own staff (per million working hours)	2.5	0.7	1.6	0.0	2.2
Absence due to illness (%)	2.0	1.6	1.7	1.7	2.1
Employee turnover (%)	11.8	11.0	10.1	10.6	9.4
Total number of employees	834	738	680	618	572

*) + = deficit, – = excess revenue

For a definition of key figures and ratios, please see the accounting policies in the consolidated financial statements.

By segment (DKKm)		2015	2014	2013	2012	2011
Electricity system						
Income statement:	Revenue	3,077	2,974	3,219	3,680	3,391
	Excess revenue/deficit for the year*	209	187	-150	-487	-13
	Operating profit/loss	232	144	362	228	340
	Net financials	-357	-309	-358	-143	-155
	Net profit/loss for the year	105	-138	219	65	-36
Balance sheet:	Non-current assets	25,477	25,750	24,602	22,053	12,082
	Balance sheet total	27,107	26,739	25,896	23,236	13,753
Tariffs:	Grid tariff (DKK 0.01 per kWh)	4.2	2.8	2.8	4.2	4.5
	System tariff (DKK 0.01 per kWh)	2.9	4.1	4.1	3.4	2.9
Environmentally friendly energy – PSO						
Income statement:	Revenue	8,404	6,908	5,734	5,121	2,601
	Excess revenue/deficit for the year*	103	413	-143	-466	696
Balance sheet:	Non-current assets	329	405	436	466	503
	Balance sheet total	2,346	1,931	1,875	1,494	1,853
Tariffs:	PSO tariff (DKK 0.01 per kWh)	22.5	21.6	17.4	15.5	7.7
Gas system						
Income statement:	Revenue	584	415	408	477	628
	Excess revenue/deficit for the year*	177	177	97	-35	-153
	Operating profit/loss	55	88	230	303	274
	Net financials	-79	-84	-120	-51	-88
	Net profit/loss for the year	-13	2	169	192	146
Balance sheet:	Non-current assets	5,022	5,366	5,400	5,169	4,260
	Balance sheet total	5,426	5,977	6,198	5,625	4,691
Tariffs:	Capacity payments (DKK/kWh/h/year)	9.45	6.83	8.13	9.48	10.54
	Volume payments (DKK 0.01 per kWh)	0.259	0.213	0.261	0.109	0.122
	Emergency supply payments (DKK 0.01 per kWh)					0.360
	- Protected customers	0.129	0.019	0.067	0.237	
	- Non-protected customers	0.083	0.012	0.045	0.127	
Commercial activities						
Income statement:	Revenue	338	168	179	208	249
	Operating profit/loss	122	52	-571	68	99
	Net financials	-35	-36	74	-54	-63
	Net profit/loss for the year	64	11	-351	4	18
Balance sheet:	Non-current assets	4,203	4,266	1,473	2,150	2,207
	Balance sheet total	4,261	4,370	1,488	2,175	2,210

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Energinet.dk's annual report is only published in an electronic version.

In case of discrepancies between the original Danish text and the English translation of the annual report, the Danish version prevails.

The report can be downloaded in Danish at:
www.energinet.dk/aarsrapport-2015

The report can be downloaded in English at:
www.energinet.dk/annual-report-2015

ENERGINET.DK