



Annual Report 2000

Statnett will rank among Europe's leading
and most efficient transmission system operators

ELECTRICITY CANNOT BE STORED AND MUST BE USED THE MOMENT IT IS GENERATED. A transmission system operator must therefore ensure that supply and demand are in balance at all times. In Norway, Statnett is responsible for co-ordinating supply and demand in the power system. Being a transmission system operator, Statnett owns and operates large sections of the main Norwegian power grid and the Norwegian section of power lines and subsea cables to other countries. Its subsidiary, Statnett Entreprenør AS, carries out assignments in planning, construction and maintenance of Statnett's and other companies' domestic and foreign transmission facilities. Statnett owns 50 per cent of the Nordic power exchange, Nord Pool ASA. Statnett SF's operations cover large parts of Norway. Its head office is located in Oslo and its regional offices are in Alta, Sunndalsøra and Oslo. Employees' meeting points for sub-stations can also be found at various locations around the country.



Statnett's Annual Report 2000

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Highlights 2000

Events

Organisation

January Statnett's Y2K preparations proved successful. Statnett checked its own computer systems and was responsible for supervising the power supply's preparations nationwide.

April Statnett was re-organised to reflect Statnett's core processes.

June Work on ROS (Resource Optimisation in Statnett) was resumed. The primary objective is to establish IT support for Statnett's business processes.

December Statnett's Board evaluated Statnett's role and presented a statement to the Ministry of Petroleum and Energy.

Output contracts

January The plan to secure future output and power balance concluded that there was a danger of limited output. The balance of power is considered to be limited, but not critical.

February Statnett entered into an agreement with a manufacturing company concerning disconnection/reduction of consumption whereby supply of power to the company could be reduced for short periods on especially cold winter days when power consumption was particularly high.

October Statnett signed an agreement to purchase output reserves from Norwegian generators and consumers.

Power trading

May The maximum transmission capacity between southern Norway and Sweden was raised.

October Eastern Denmark became part of the Nordic power market.

November A working party consisting of representatives from Statnett, Fingrid and Svenska Kraftnät proposed that transmission capacity between Norway and Sweden be raised.

December Report no. 9 to the Storting (2000–2001) resulted in open access to the Skagerrak cables from January 2001 for players in the power market.

Licences

April Statnett applied for a licence to erect a new power line from Fardal to Mel.

September Statnett sent pre-notification to the authorities of its plans to lay a subsea cable between Norway and England.

October Statnett was granted a licence to build and operate a power line between Tonstad and Feda in the county of Vest-Agder.

December Statnett was granted a licence to build a compensator station at Feda in Kvinesdal municipality.

Statnett received a final licence to build a DC interconnector on the Norwegian side between Norway and Germany (Viking Cable). Statnett was granted a licence to build and operate a power transmission line between Verdal and Fiborgtangen.

New facilities/acquisitions/disposals

June Statnett purchased Hydro's power lines and grid infrastructure in Telemark.

October A new operations centre for Region Central Norway in Sundealsøra became operational.

December Statnett and Norsk Hydro signed an agreement whereby Statnett agreed to purchase the remainder of Hydro's power lines and grid infrastructure.

Other events

June The cable-laying vessel C/S Skagerrak was sold.

October The heavy-transport vessel M/S Elektron sustained damage in the Hebrides. The vessel is currently undergoing repairs.

Statnett SF in Figures

Main Figures and Key Ratios

MAIN FIGURES FOR STATNETT SF

Amounts in NOK million	2000	1999	1998	1997	1996
Operating revenues	3,387	3,390	3,381	3,311	3,312
Operating profit	884	765	807	690	827
Profit before tax	666	551	569	450	587
Profit for the year	477	402	389	359	467
Total assets	10,980	11,361	11,344	10,543	10,556

KEY RATIOS FOR STATNETT SF

Amounts in NOK million	2000	1999	1998	1997	1996
Return on assets before tax	9.0%	7.8%	8.1%	7.1%	8.7%
Return on equity after tax	11.4%	10.0%	10.1%	9.4%	13.0%
Equity ratio	38.4%	36.4%	34.4%	36.6%	35.5%

Definition of key ratios

Return on total assets: $\frac{\text{Operating profit} + \text{financial income}}{\text{Average total assets}}$

Return on equity: $\frac{\text{Profit for the year}}{\text{Average equity}}$

Equity ratio: $\frac{\text{Equity at 31 December}}{\text{Total assets at 31 December}}$

KEY INFORMATION

STATNETT SF

Number of employees: 520

Rating, short-term:
A-1+ (Standard & Poor's)

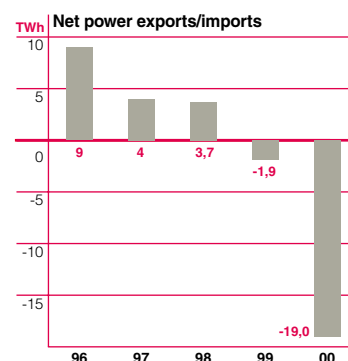
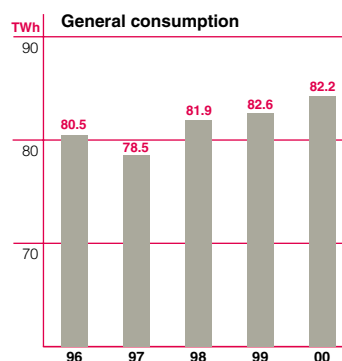
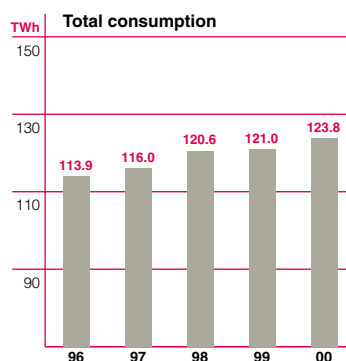
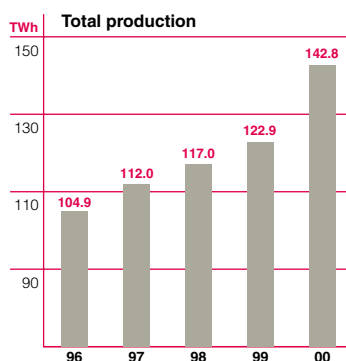
Rating, long-term:
AAA (Standard & Poor's)

Guarantee from the state:
NOK 10 billion if the value of the assets exceeds this.

Insurance valuation of our assets in the grid, at 1 April 2000:
NOK 29.4 billion.

Dividend policy 1999–2002:
Proposition no. 1 to the Storting (1999–2000) proposes a dividend of approx. 50 per cent of group profits after tax. Dividends in real terms may vary depending on National Budget dispositions.

Norway's Production, Consumption and Import/Export of Electricity



Our Goals

Primary Objectives

BRIEF HISTORY 1919–21 The Norwegian Water Resources and Energy Directorate (NVE) is founded. **1932** The co-ordination of Norway's power stations is established. **1986** The state-owned power stations, Statskraftverkene, are separated from the Norwegian Water Resources and Energy Directorate. **1991** The current Energy Act enters into force. **1992** The state-owned administration company Statkraftsverkene is divided into two independent state-owned enterprises, Statkraft SF and Statnett SF, the first of which is responsible for the competition-based generation of power (power stations), whilst the latter runs the more monopoly-based transmission of power and has national system-wide responsibility. **1993** The co-ordination of Norway's power stations is integrated in Statnett. Statnett Marked AS is formed as a wholly-owned subsidiary of Statnett and is put in charge of the Norwegian power exchange. **1996** Norway and Sweden set up a common market for power. Statnett Marked AS expands its area of operations and becomes Nord Pool ASA. Svenska Kraftnät becomes co-owner of Nord Pool ASA, which means that Statnett and Svenska Kraftnät each own 50 per cent of the Nordic power exchange, and operate a common power exchange for the Nordic region. Statnett's two vessels, C/S Skagerrak and M/S Elektron, are hived off into the wholly-owned subsidiary Statnett Rederi AS. Together with 29 other energy companies, Statnett sets up the telecommunications transmission company Enitel ASA. Statnett initially owns 30 per cent of the company, but its shareholding is later reduced to 11 per cent. **1997** Statnett's Construction and Maintenance division is hived off from Statnett SF to become the wholly-owned subsidiary Statnett Entreprenør AS. **1998** Finland becomes part of the Nordic power market. **1999** The first phase of Statnett's internal program of rationalisation "Statnett 2000" is started. Western Denmark becomes part of the Nordic power market. **2000** The cable-laying vessel C/S Skagerrak is sold. Report no. 9 to the Storting (2000–2001) results in free access to the Skagerrak cables for power market players from January 2001. Eastern Denmark becomes part of the Nordic power market.

Finance and capacity

OUR OBJECTIVE IS TO

- achieve a minimum 8.3 per cent return on total assets
- meet the targets of the "Statnett 2000" rationalisation programme
- increase the load limits in the Main Grid by 10 per cent and reduce the unit capacity costs in the grid by 15 per cent by 2008
- increase our holding in the Main Grid to 100 per cent and continuously adapt to developments in the Nordic grid structure

Quality and reliability

OUR OBJECTIVE IS TO

- ensure that the number of faults in the Main Grid involving disruptions to the end user do not exceed 20 and do not produce more than 1,000 MWh undelivered energy annually
- ensure that each Main Grid connection point has an acceptable voltage level and no more than one disruption per year due to faults in Statnett's own facilities

Customers and the market

OUR OBJECTIVE IS TO

- gain acceptance of our role as a transmission system operator and be the preferred owner of Main Grid installations
- ensure that our customers are satisfied with our openness and with the collaboration

Employees

OUR OBJECTIVE IS TO

- employ highly-qualified staff who are open and committed to working as part of a team
- employ managers who motivate their staff, set clear goals and follow these up
- be a workplace that boasts a minimal risk of personal injury, with an injury-absentee frequency (H-value) below 5

Environment and society

OUR OBJECTIVE IS TO

- attach as much importance to nature and the environment as to operational, technical and financial considerations
- communicate with the general public to create greater understanding of our activities
- pursue a constructive dialogue with the authorities to develop our general and business economic framework conditions

system operators.

The rational and creative expansion of the infrastructure will yield satisfactory delivery quality and a smooth-running market.

Developing Networks

About Statnett

Statnett owns key sections of the Norwegian transmission system for power and ensures that production and consumption are in balance at all times. With Statnett as owner, all players are guaranteed equal access to this transmission system, which is also the physical marketplace for electric power. A steady increase in power consumption without a corresponding increase in output will pose great challenges in the years ahead in respect of ensuring that supply and demand are in balance and that the transmission grid continues to be developed.

Electricity has become a necessity in our lives and a key element in developing Norwegian society. It is therefore vital to have good and secure transmission systems for electric power from producer to consumer. The transmission system consists of lines and cables that carry the power in Norway and abroad. This transmission system is built up on three levels. The Main Grid is the electricity supply's "highways", the regional grid facilities can be likened to county roads while the distribution grid resembles the local roads. Statnett owns some regional transmission grids and 84 per cent of the Main Grid,

which as of 1 January 2001 also includes subsea cables to other countries. At 1 January 2001, this amounted to almost 10,000 kilometres of lines and almost 90 substations, switching stations and compensator stations.

Statnett's shall develop and operate the Main Grid in Norway and all our foreign interconnectors. At the same time Statnett shall be operational coordinator at a national level. Through Statnett's National Control Centre, all players of importance to the Main Grid are coordinated to ensure maximum exploitation of the total reserves.

To ensure a secure supply of

power in a free power market, it is important that one body has responsibility for supervising that the production and consumption of electric power are in balance.

Statnett has this role in Norway. Equality and neutrality are fundamental principles governing Statnett's operations as a transmission system operator.

Statnett owns 50 per cent of the Nordic power exchange, Nord Pool ASA. Ownership of the marketplace is important since it ensures that coordination of the power system takes place in accordance with market principles.

Total consumption of electric power continues to increase, while output capacity in Norway and the Nordic market is developing less rapidly. For Statnett it is therefore important to find new ways of ensuring that the generation and consumption of power are in balance, and to ensure necessary transmission capacity in a power market with ever increasing sales.



Well-Prepared for Exciting Challenges

The President and CEO's Comments

On Monday 5 February 2001, between 9.00 a.m. and 10.00 a.m., Norway's power consumption reached record levels. Of the 23,054 MW of electric power we consumed, Norwegian power stations generated 21,950 MW, while 1,104 MW were imported. We managed to meet peak demand this time, but it is quite clear that we're approaching a level where there is not enough generation capacity to meet demand on cold winter days.

Statnett's business concept is that the rational and creative expansion of the infrastructure will yield satisfactory delivery quality and a smooth-running market, even in situations with rising power consumption. When the electricity power market in California encountered problems in the autumn of 2000, however, we were reminded that this is not something we should take for granted.

Power consumption in the winter of 2000–2001 did not cause the same problems for us as it did for California. Neither Norway nor any of the other Nordic countries experienced problems, despite the fact that power consumption reached record levels. However, we are approaching the maximum level of

consumption it is possible to meet with power generated by the Norwegian power system.

With the rising consumption we've seen in recent years, the maximum load will increase by approx. 300 MW per year given otherwise similar temperature conditions. This will result in a need for new initiatives. Measures must be implemented to not only reduce the maximum load, but also to increase capacity in the Norwegian generation system.

Transmission System Operator

Statnett is a Transmission System Operator (TSO). The fact that Statnett both has system-wide responsibility and its own grid means that the company has a broad range of instruments to choose from in the both the short and long term. This, in turn, means that we have so far been able to increase transmission capacity in the existing grid by making small investments. We have now reached a situation, however, where we will need to make investments in several areas, in new primary facilities, lines and transformer stations, to ensure the smooth-running flow of electric power and thus a well-functioning market. We will attach importance to choosing the

alternative that gives the market the best solution in financial terms.

Statnett is joint owner of the Nordic Power Exchange, Nord Pool. Coordination of trading on the power exchange and harmonization of the generation and consumption of power are essential to ensuring an efficient electric power system and power market. Here at Statnett we are working to develop our expertise as a transmission system operator.

Nordic cooperation

On 1 October 2000, the Zealand area of Denmark was integrated in the Nordic power market, which means that the four Nordic countries in mainland Europe now form one free trade area for electric power. This is one of the challenges facing the Nordic transmission system operators.

Cooperation between these companies is currently organised through Nordel. In the summer of 2000, Nordel was reorganised, and is now only an organisation for transmission system operators. The companies' coordination through Nordel is a natural consequence of this change.

To meet market demands, it is necessary to step up this collaboration.



An increasing need for imports

The Norwegian Water Resources and Energy Directorate (NVE) has calculated that the Norwegian power generation system has an average annual output of 118 TWh. This represents a slight increase in relation to previous calculations. Just as important as it is to measure average output, however, is the need to register how power generation has varied over the last ten years. Whereas only 98 TWh of electric power was generated in Norwegian power stations in the twelve-month period between the spring of 1996 and the spring of 1997, a full 142 TWh was generated in 2000. These large variations in the production capacity of Norwegian hydropower stations place great demands on the flexibility of the transmission system since the system needs to be dimensioned to tackle extremes.

In the year 2000, consumption approached 124 TWh, and the trend is an increase of approx. 1.5–2 per cent each year. Growing consumption means our need to import power will increase in the future. This need will vary according to precipitation levels each year, but unless more electric power is generated in Norway, increasing imports will be a clear trend.

Adapting the grid to transmission needs

Never before in the space of one year have so many kilowatt hours of electric power been transported over the grid as in 2000. We shall meet this increasing need for power transmission in the best way possible in an economic and risk-free perspective. For this reason, we are focusing, among other things, on maximum exploitation of existing facilities, and to this end, a technical-economical risk policy is currently being drafted.

The growing need for transmission is also reflected in our plan to increase the capacity of electric power in the longer term. This plan includes the need for subsea cables for the exchange of power with other countries.

Subsea cables to other countries

Statnett plans to lay cables to the European Continent in collaboration with foreign partners. Cable connections to Germany and the Netherlands will primarily exploit the market differences between the Norwegian and continental market. The increasing demand for imported power also increases the need for transmission capacity, particularly in years where there is little precipi-

tation. The cable agreements are currently (spring 2001) pending approval by the European Commission in Brussels. It is highly important for Statnett that these agreements receive approval, so that production of the actual cables may begin in 2001.

Structural changes

Our industry is undergoing significant structural changes, both in Norway and Europe. This gives us extra challenges and opportunities as a transmission system operator.

In Norway we see a trend developing in the direction of larger operations and ownership across former divisions. Large companies are growing; they have ownership shares in each other as well as in smaller companies. Large power generators are becoming owners of grid companies. In recent years foreign players have also begun to acquire equity shares. In this equation it is important that Statnett is a strong, neutral body in order to ensure that the market continues to run smoothly.

At the same time the European electric power market is undergoing major changes in that an increasing number of countries have opened for liberalisation in the

generation and trading of electric power. This frees up some output capacity that could be traded on our Nordic power exchange and would help to meet our rising demand for power.

The best of both worlds?

Most Norwegians want electricity. We want an increasing amount of good quality electricity – at all times – and at the lowest transmission price possible. Most people, however, would prefer not to be confronted with power stations and transmission lines. Together with major structural changes both in Norway and in Europe, this gives Statnett exciting challenges for the future. We are well prepared to meet these challenges. We have the human resources, the motivation, the plans and the financial basis. Electricity will continue to be supplied in an environmentally friendly, efficient and secure manner in a smooth-running market.



Solving Tasks Professionally

Report of the Board

Statnett is the transmission system operator in Norway, with its head office in Oslo. Through the rational development of the infrastructure, the company will optimise conditions on the power market and ensure the reliable transmission of electric power.

Developments in the electricity market, both physical and structural, received a lot of attention in 2000. Never before has the Norwegian power system had to deal with such high levels of generation, consumption and export of electricity. At the same time the electricity market has undergone considerable structural change. In this connection, the role of Statnett has come under focus. The Board notes that last year Statnett resolved these extraordinarily great challenges in a positive manner.

Sufficient availability of electricity, coupled with a high quality and low-cost transmission service, is a constant focus area for the Board of Statnett. The Board is therefore very pleased with the company's ongoing rationalisation programme. The rate of return has been maintained at the same level as earlier, and the authorities have made a considerable downward adjustment in the company's revenue ceiling. This rationalisation has been achieved in partnership with Statnett's employees.

- Statnett's core operations shall
- ensure quality in the long term through the development of the Main Grid
 - ensure quality in the short term by coordinating the generation and consumption of electricity
 - offer access to the transmission grid to all parties on equal terms by managing the Main Grid Commercial Agreement
 - ensure available transmission routes through good maintenance

Statnett also has the wholly-owned subsidiaries Statnett Entreprenør AS, Statnett Forsikring AS and Statnett Rederi AS. In addition, Statnett owns 50 per cent of the Nordic power exchange Nord Pool ASA, while Svenska Kraftnät owns the other half.

Statnett's financial situation

Financial performance

The Statnett group recorded a profit after tax of NOK 581 million in 2000, against NOK 415 million in 1999. The sale of the cable-laying vessel C/S Skagerrak, the rationalisation programme, gains on the sale of shares and higher sales of services have had a positive effect on profits. On the other hand, costs related to coordination of the power system have been considerably higher than expected, and depreciations have increased as a result of investments in grid facilities.

The parent company achieved a turnover of NOK 3,387 million and recorded a profit before tax of NOK 666 million, up NOK 115 million on the previous year.

The Engineering and Construction operation is divided into two companies: Statnett Entreprenør AS and Statnett Rederi AS.

Statnett Entreprenør AS had a turnover of NOK 305 million and a loss before tax of NOK 1 million, NOK 13 million lower than in 1999.

Statnett Rederi AS had revenues of NOK 54 million excluding gains from the sale of the cable-laying vessel C/S Skagerrak. The profit in 2000 was NOK 10 million before tax, against NOK –59 million in 1999. This improvement is due to the sale of C/S Skagerrak. Statnett Rederi's other vessel, the heavy-transport vessel M/S Elektron, sustained damage in the autumn of 2000, and there has therefore been minimal activity in the company following this incident. The heavy-transport vessel will be in operation again in March 2001.

Nord Pool ASA (Statnett's ownership share of 50 per cent) yielded a profit of NOK 29 million before tax, which is higher than anticipated and NOK 6 million better than in 1999. Based on the company's understanding of the regulations governing the calculation of the actual increase in supplied energy, Statnett has an estimated accumulated

shortfall in the revenue ceiling of almost NOK 400 million distributed over the years 1998–2000. For this to be taken to income and recorded in the balance sheet in the regulation period, which lasts until the end of 2001, a special resolution is required from the Norwegian Water Resources and Energy Directorate (NVE) in connection with determining the adjusted revenue ceiling. NVE's method of calculating the actual development in supplied energy is still being clarified and there is therefore a degree of uncertainty surrounding the size of the amount. This amount has not been included in the accounts.

Statnett has sound finances and good prospects. The accounts are therefore presented on the assumption of continued operation.

Other tasks

Statnett is responsible for the Main Grid Cooperation Agreement, which gave higher revenues of NOK 231 million in 2000. The Main Grid accounts are to break even over time. Deviations from this are recorded as higher or lower revenues and are normally incorporated in the following year's budget in the form of higher or lower prices for energy transmission. At the beginning of the year, the agreement's accumulated lower revenues were NOK 291 million, while these were down to NOK 60 million by the end of the year.

Balance sheet

Statnett SF has good capital strength. The company's equity totalled NOK 4,218 million, giving an equity ratio of 38.4 per cent compared with 36.4 per cent at the end of 1999. At the end of the year, Statnett SF's total assets were NOK 10,980 million, compared with NOK 11,361 million the year before. At year-end the company's liquid reserves totalled NOK 1,011 million.

The Norwegian state guarantees as owner for the company's liabilities within set limits. The company's lending limit was NOK 10 billion at year-end. This, combined with solid finances, means that the company has a very good credit rating from international rating agencies. Standard & Poor's Rating Services have maintained their AAA rating of Statnett, which is the highest possible credit rating a company can

achieve. This rating gives the company good borrowing terms.

Low risk

Statnett's core operations are not exposed to competition. The company has been assigned a revenue ceiling by the regulator (NVE) and is required to adapt its activities and costs accordingly. NVE requires that the company be operated efficiently.

To control financial risk, fluctuations in interest rates and currencies on loans and investments are financially secured.

Socio-economic profitability

Statnett seeks socio-economically profitable solutions to its tasks, whilst at the same time conducting its operations according to commercial principles. Commercial profitability will also depend on the general framework conditions achieved by the company and the revenue system set up by the Norwegian Water Resources and Energy Directorate for the grid companies. Statnett therefore aims to implement socio-economically profitable projects and at the same time be instrumental in ensuring that the framework terms and conditions are formulated with the greatest possible degree of harmony between socio-economic and business-economic profitability.

Rationalisation

Increasing efficiency has been a priority area for Statnett for several years. In its rationalisation programme "Statnett 2000" the company has set itself the goal of reducing annual operating costs and investments. These costs shall be NOK 200 million lower in 2002 than they were in 1997. The programme is currently ahead of its target.

Statnett's role

During the Norwegian Storting's (parliament) consideration of the revised National Budget for 2000, it was decided to request the Ministry of Energy and Petroleum for an evaluation of Statnett's role. During discussion of the National Budget for 2001, the Standing Committee on Energy and the Environment requested that a more precise mandate for the User Council's operations be drawn up. This mandate shall have as its basis that Statnett's users may be given insight into the

company's monopoly activities, though not in matters of a more competitive nature.

In a statement to the Ministry of Energy and Petroleum dated November 2000, Statnett presented its assessment and recommendations concerning the role of the company. The Board stresses that the Norwegian electric power system would benefit from the continued organisation of the company as an integrated, transmission system operator. This ensures the efficient solution of tasks, the power to implement measures and guarantees system security. One important reason for this is that as an integrated company Statnett has access to the necessary instruments – e.g. system services, implementation of new technology or investments in new capacity in the form of power lines or substations.

Further development of Statnett's current role as an integrated, transmission system operator will, among other things, further ensure that both system-wide responsibility and grid operations will be exercised in a neutral manner in respect of all market players.

Energy and output balance

Generation and consumption

The year 2000 was a wet year in many parts of Norway. For the Norwegian electricity system, which is based on hydropower, it was also a year for records. The total amount of power generated by Norwegian power stations was 142.8 TWh (billion kilowatt hours), which is 16.5 per cent higher than the total amount of power generated in 1999. Total consumption was 123.8 TWh, two per cent higher than in 1999, and 5.8 TWh higher than the production capacity of Norwegian power stations in a year with normal precipitation levels (based on NVE's newly adjusted figures for production capacity). In addition, Norway also achieved record net exports of 19 TWh, 15 TWh of which was exported to Sweden.

Output reserves

To operate the electric power system safely at times of peak consumption, Statnett has signed agreements with manufacturers and major consumers concerning output reserves. These agreements concern the reservation of production capacity from the mar-

ket and the opportunity to reduce power consumption. During 2000, several such agreements (of three and twelve-month duration) have been entered into.

On 5 February 2001, a new maximum load was registered in the Norwegian system (23,054 MW). This is close to the maximum amount of power the Norwegian electric power system can meet without using output reserves. Continued rising power consumption will demand higher generation of power, increased capacity to import power and more flexible consumption.

Tariff changes

The cost of using the nationwide Main Grid for the transmission of power shall cover total leasing costs for this transmission capacity. For the year 2001, a change in the distribution of these costs between users has been implemented. While generators and consumers have in recent years covered virtually equal shares of the costs through the tariff's capacity element (output element), consumers will in reality cover approximately 60 per cent of costs from 2001. This change will make it more profitable for generators to increase their production capacity in order to meet demand on cold winter days. Furthermore, consumers are more dependent on high delivery quality and should therefore pay a higher share than the generators. The purpose of the tariff change is also to contribute to the harmonisation of tariffs in the Nordic countries, which represent one electricity market.

The Federation of Norwegian Process Industries (PIL) has lodged a complaint with the authorities in respect of these tariff changes. The matter is currently under consideration by the Ministry of Energy and Petroleum.

Transmission facilities

Acquisition of transmission facilities

Statnett has over the last year entered into an agreement concerning the acquisition of almost 600 km of power lines from Norsk Hydro ASA, including transformer stations and connector facilities. The agreement is based on an understanding of principles between the parties that Statnett shall supply all network services relating to Hydro's industrial facilities.

Most of the facilities Statnett has



Odd Håkon Hoelsæter, President & CEO

Jan Eskedal

Anne Kverneland Bogsnes

Sverre Aam

Elisabeth Wille

acquired from Norsk Hydro are located in the counties of Telemark, Rogaland and Sogn og Fjordane. Statnett has also acquired Statkraft's Main Grid facility in Aura. Following this acquisition, Statnett now owns 84 per cent of the Main Grid, calculated on the basis of the revenue ceilings.

The Skagerrak cables become part of the Main Grid

The subsea cables for the transmission of electric power between Norway and Denmark (the Skagerrak cables) were made available for all market players from January 2001. This connection has a capacity of 1,050 MW.

Enitel

The value of shares in Enitel ASA has fluctuated strongly and has at times after year-end 2000 been lower than the book value recorded in the accounts for the Statnett group. The Board is of the opinion that the long-term value of these shares will at least correspond to their book value.

In March 2001, Enitel announced a major equity placement. Statnett is part of the underwriting syndicate for this placement.

The environment

In its environmental policy, Statnett attaches importance to the efficient and environmentally-friendly devel-

opment and utilisation of the electric power system. Examples of this include various measures to increase utilisation of the grid, which has deferred and reduced the need for new lines and stations – and thus too the need for land. In total, Statnett's power lines lay claim to just over 360 million square metres. Around half of this land is forested areas. The company strives to take aesthetic considerations into account when choosing routes, pylons and lines.

Environmentally-harmful substances are disposed of in accordance with the authorities' requirements and guidelines.

Statnett takes very seriously the issue of the possible health hazards of electric and magnetic fields surrounding power lines. The company has adopted a "moderate policy of caution" when choosing routes for new power lines. At the same time Statnett keeps up-to-date with ongoing research, and supports research in independent institutions.

For further information on the environment, see pages 46 to 47.

Organisational matters

Reorganisation

The internal organisation of Statnett SF was changed on 1 May 2000.

The purpose of this reorganisation has been to solve Statnett's tasks in a more coordinated and rational

manner, with a focus on common goals and clarification of the role of the enterprise.

Employees

At the turn of the year 2000–2001, there were 520 permanent employees in Statnett SF, compared with 611 employees the previous year. The Statnett Group had 785 permanent employees compared with 903 at the end of 1999. This reduction is primarily due to the rationalisation programme "Statnett 2000". The Board notes with satisfaction that this process of rationalisation has occurred in close collaboration with the employees, without the need for redundancies and with no increase in the level of absence due to illness.

Absence due to illness in Statnett SF was 3.3 per cent in 2000, down from 3.9 per cent in 1999. In the Statnett Group, total absence due to illness was 4.8 per cent, which is also slightly lower than the year before. The injury-absentee frequency (H-value) was 6.7 for Statnett SF and 17.9 for Statnett Entreprenør. For the latter, the H-value was slightly higher in 2000 than in 1999.

Prospects

Continued development of the power market

International comparisons show that Statnett is among the most efficient transmission system operators in

Europe. At the same time Statnett plays an active role in formulating solutions for the continued development of the market for electric power in the Nordic countries and also in establishing a deregulated power market on the Continent.

Development projects in Norway

Elkem Aluminium Mosjøen has presented plans for the conversion and extension of existing facilities, as has Hydro Aluminium Sunndalsøra. This requires reinforcements of substations and power lines to these areas. Hydro's plans also require the building of a new power line of approx. 130 km from Trondheim to Sunndalsøra.

Increasing capacity between Norway and Sweden

Primarily as a result of the extremely high level of power generated in Norway in 2000, the transmission requirement was also very high. This resulted in several, longer-lasting bottlenecks than earlier. Statnett, Svenska Kraftnät and Fingrid therefore recommend several measures designed to increase the opportunity for transmission of power between the Nordic countries, particularly between Norway and Sweden. Over a three-year period these measures will increase capacity between Norway and Sweden from 3000 MW to 3500–4000 MW and thus contribute



Grete Faremo, Chairman of the Board Kjell Olav Kristiansen, Deputy Chairman Jonfinn Fløtre Rolf Magne Nyheim Ole Bjørn Kirstihagen

to a reduction in congestion between the two countries.

Viking Cable, NorNed Kabel and North Sea Interconnector

Statnett is planning, together with Norwegian and foreign partners, to construct three subsea cables for the exchange of electricity.

The Viking Cable project, which will be laid on the bed of the North Sea between Norway and Germany, received the Norwegian construction licence in 2000. The licensing process is somewhat delayed on the German side, and these licences are not expected to be issued until the spring of 2001 at the earliest.

As regards the planned NorNed cable project between Norway and the Netherlands, all construction licences have been received. Project progress has been slow, however, owing to the introduction of new energy legislation and a restructuring process in the Netherlands.

The competition authorities in the EU have been notified of agreements concerning the exchange of power over these cables, since they are based on long-term contracts for the exclusive use of the cables.

The possibility of constructing a subsea cable between Norway and the UK, the North Sea Interconnector, with a capacity of 1000–1400

MW is being investigated, and the licensing process has already begun in both the UK and Norway.

Considerable investments

In the coming years Statnett faces considerable investments in the form of transmission capacity both in Norway and between Norway and other countries. Statnett's aim is that these investments will be implemented at the same time as the return on investments is maintained at the current level.

Allocation of profits

In autumn 1999, the Norwegian Storting (parliament) resolved that

the Norwegian state, as owner of Statnett, should require a dividend of 50 per cent of profits after tax for the years 1999–2002.

For the accounting year 2000, the Storting has nevertheless stipulated a dividend of NOK 390 million, corresponding to just over 67 per cent of the group's profit after tax. Statnett SF will cover this dividend in its entirety. The Board therefore proposes that the profit in Statnett SF be allocated as follows:

<i>(Amounts in NOK million)</i>	
Dividend	390
Retained profits	87
Total	477

Oslo, 16 March 2001

Grete Faremo
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Chairman of the Board

Anne Kverneland Bogstnes
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Kjell Olav Kristiansen
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Deputy Chairman

Elisabeth Wille
Elisabeth Wille

Sverre Aam
Sverre Aam

Jonfinn Fløtre
Jonfinn Fløtre

Ole B. Kirstihagen
Ole Bjørn Kirstihagen

Jan Eskedal
Jan Eskedal

Rolf Magne Nyheim
Rolf Magne Nyheim

Odd Håkon Hoelsæter
Odd Håkon Hoelsæter
President & CEO

Profit & Loss Account

– including the Main Grid Commercial Agreement

PARENT COMPANY					GROUP		
2000	1999	1998	<i>Amounts in NOK million</i>	Notes	2000	1999	1998
OPERATING INCOME							
2,565	2,467	2,465	Power transport	4, 22, 23	2,565	2,467	2,442
735	831	850	Power sales	4	6,177	5,199	4,243
87	92	66	Other operating income	4	537	308	259
3,387	3,390	3,381	Total operating income		9,279	7,974	6,944
OPERATING COSTS							
823	880	899	Power purchases and system services	5	6,358	5,337	4,359
236	170	209	Transmission losses		143	81	118
357	352	360	Leasing of transmission facilities		357	352	360
99	134	112	Materials and subcontractors	6	138	112	72
201	197	275	Wages and social security costs	6, 7, 8	314	304	356
522	484	455	Depreciation	9	532	494	464
20	107	–	Write-downs	6	21	107	–
245	301	264	Other operating costs	6	386	387	354
2,503	2,625	2,574	Total operating costs		8,249	7,174	6,083
884	765	807	OPERATING PROFIT		1,030	800	861
123	127	82	Financial income	10	128	117	120
341	341	320	Financial costs	10	343	342	320
218	214	238	Net financial items		215	225	200
666	551	569	Profit before tax		815	575	661
189	149	180	Tax	17	234	160	186
477	402	389	PROFIT		581	415	475
Information on allocations:							
390	208	350	Dividend		390	208	350
6	23	16	Group contributions made after tax		–	–	–
10	–	–	Group contributions received after tax		–	–	–

Balance Sheet

– including the Main Grid Commercial Agreement

PARENT COMPANY						GROUP		
2000	1999	1998	<i>Amounts in NOK million</i>	Notes	2000	1999	1998	
ASSETS								
INTANGIBLE ASSETS								
141	54	49	Deferred tax benefit	17	136	84	83	
FIXED ASSETS								
8,785	8,926	8,367	Tangible fixed assets	9	8,829	8,965	8,407	
295	313	551	Plant under construction	6	379	362	630	
130	126	103	Investment in group companies	11	30	30	30	
163	142	158	Investment in other shares and holdings	11	208	178	201	
90	191	237	Loans to group companies	16	–	–	–	
4	49	–	Other long-term receivables	12	5	60	–	
25	5	–	Pension funds	8	25	5	–	
9,492	9,752	9,416	Total fixed assets		9,476	9,600	9,268	
CURRENT ASSETS								
278	640	864	Trade accounts receivable	12	767	910	1,058	
18	18	52	Intercompany accounts receivable	16	–	–	–	
40	14	64	Other short-term receivables	12	52	37	69	
897	783	803	Investment in market-based securities	13	897	783	803	
114	100	96	Liquid assets		383	204	290	
1,347	1,555	1,879	Total current assets		2,099	1,934	2,220	
10,980	11,361	11,344	Total assets		11,711	11,618	11,571	

PARENT COMPANY			Amounts in NOK million	Notes	GROUP		
2000	1999	1998			2000	1999	1998
LIABILITIES AND EQUITY							
EQUITY							
2,700	2,700	2,700	Contributed capital		2,700	2,700	2,700
1,518	1,431	1,237	Other equity		1,640	1,449	1,243
4,218	4,131	3,937	Total equity	18	4,340	4,149	3,943
ALLOCATIONS FOR LIABILITIES							
98	93	104	Pension liabilities	8	128	126	137
LONG-TERM LIABILITIES							
2,402	2,540	1,800	Bond issue	14	2,402	2,540	1,800
1,601	2,001	2,401	Governmental loans	14	1,601	2,001	2,401
1,294	1,396	1,695	Loans from financial institutions	14	1,295	1,396	1,695
53	54	58	Other long-term liabilities	15	59	66	70
5,350	5,991	5,954	Total long-term liabilities		5,357	6,003	5,966
CURRENT LIABILITIES							
214	341	325	Trade accounts payable		788	584	591
120	147	143	Intercompany accounts payable	16	-	-	-
273	149	180	Tax payable	17	282	165	185
119	113	96	Tax payable, holiday allowances		149	127	116
390	208	350	Dividend allocated		390	208	350
198	188	255	Other current liabilities		277	256	283
1,314	1,146	1,349	Total current liabilities		1,886	1,340	1,525
10,980	11,361	11,344	Total liabilities and equity		11,711	11,618	11,571
11	1	1	Secured liabilities, guarantees	19	11	1	1
			Financial derivatives	2			

Oslo, 16 March 2001



Grete Faremo
Chairman of the Board



Anne Kverneland Bogsnes



Kjell Olav Kristiansen
Deputy Chairman



Elisabeth Wille



Sverre Aam



Jonfinn Fløtre



Ole Bjørn Kirstihagen



Jan Eskedal



Rolf Magne Nyheim



Odd Håkon Hoelsæter
President & CEO

Cash Flow Statement

PARENT COMPANY				GROUP		
2000	1999	1998	<i>Amounts in NOK million</i>	2000	1999	1998
CASH FLOW FROM OPERATIONS						
666	551	389	Profit before tax	815	575	475
-46	-51	6	Profit (-)/loss from sale of fixed assets	-171	-30	4
522	484	455	Ordinary depreciation	532	494	464
235	240	-502	Change in trade receivables/payables	347	141	-453
-202	-201	-196	Change in other accrual items	-171	-202	-213
1,175	1,023	152	Net cash flow from operations	1,352	978	277
CASH FLOW FROM INVESTMENTS						
28	36	55	Receipts from sale of fixed assets	155	38	61
-398	-1,058	-364	Payments from purchase of fixed assets	-413	-1,067	-375
18	238	-232	Change in stocks, plant under construction	-17	268	-250
164	31	2	Change in long-term borrowings	60	-60	-
-10	23	-162	Change in share investments	3	46	-195
-198	-730	-701	Net cash flow from investments	-212	-775	-759
CASH FLOW FROM FINANCING ACTIVITIES						
1,385	1,550	1,070	Receipts from new long-term loans	1,387	1,550	1,070
-2,026	-1,509	-400	Repayments of long-term debt	-2,026	-1,509	-400
-208	-350	-196	Dividends paid	-208	-350	-196
-849	-309	474	Net cash flow from financing activities	-847	-309	474
128	-16	-75	Net cash flow for period	293	-106	-8
883	899	974	Cash and cash equivalents at beginning of period	987	1,093	1,101
1,011	883	899	Cash and cash equivalents at end of period	1,280	987	1,093

NOTE 1 Accounting principles

General

The accounts for the parent company and the Group have been prepared in accordance with the Norwegian Act of 17 July 1998 regarding annual accounts as well as generally accepted accounting standards, including the recommendations of the separate accounting memorandum for power companies issued by the Oslo Stock Exchange.

Basis of consolidation

Consolidated companies

The consolidated accounts include the parent company and the wholly-owned subsidiaries Statnett Entreprenør AS and Statnett Rederi AS in addition to Statnett Skagerrak AS which is wholly owned by Statnett Rederi AS.

The wholly-owned subsidiary Statnett Forsikring AS is not included in the consolidated accounts as the company's operations differ substantially from those of the rest of the Group. As a matter of form, it should be mentioned that Statnetts Pensjonskasse is not part of the Group either.

In addition, the three jointly-controlled companies mentioned below, in which Statnett has a 50 per cent shareholding and a majority controlling interest, are included.

Investments in jointly-controlled companies

The parent company owns 50 per cent of Nord Pool ASA, Viking Cable AS and EuroKabel AS.

Investments in jointly-controlled companies are dealt with using the cost method in the parent company accounts and the gross method in the consolidated accounts. Statnett Entreprenør AS acquired 50 per cent of Statnett Optocomm AS with accounting effect from 1 January 2000. (The company's turnover in 1998 and 1999 was so low that no comparative figures for previous years have been drawn up.)

Elimination of internal transactions

All transactions and outstanding items between the companies in the Group have been eliminated.

Elimination of shares in subsidiary companies

Shares in subsidiaries have been eliminated in accordance with the purchase method. The wholly-owned subsidiaries have been formed by the parent company.

Investments in associated companies

Investments in associated companies in which the Group holds between 15 and 50 per cent of the voting shares and where the company has a substantial controlling interest (associated company) are dealt with using the cost method in the parent company accounts and the equity method in the consolidated accounts.

Investments in other companies

Investments in companies in which the Group owns less than 15 per cent of the voting shares are dealt with using the cost method.

Principles for the recording of income and expenses in the accounts

Income/expenses are charged as they are earned/incurred.

Main Grid Commercial Agreement (power transmission)

Power transmission revenues

The input and withdrawal of power from the Main Grid is invoiced to consumers in accordance with the stipulated price system.

The price system consists of a fixed element and a variable element (amount of electricity x price of electricity). The fixed element is recorded as revenue at regular intervals during the period, while the variable elements are recorded according to the rate of input or withdrawal of electricity from the grid.

Price regulation

The Main Grid Commercial Agreement shall break even over time. Any higher/lower revenues from the operation of the Main Grid are calculated into and recouped/covered through prices in subsequent years. Higher/lower revenues have been included in the accounts on the accruals basis as trade accounts payable and trade accounts receivable respectively.

Leasing of Main Grid facilities

Statnett owns most of the overall Main Grid. The remainder is leased from other owners. The leasing costs are recorded in the accounts as a separate item under operating costs.

The leasing of Statnett's Main Grid facilities has been eliminated in the parent company accounts.

Common regional grids

These are dealt with in the accounts in the same manner as the Main Grid Commercial Agreement.

Systems operations

Revenues

Up until November 1999 Statnett had a separate revenue ceiling for systems operation. The Norwegian Water Resources and Energy Directorate (NVE) then passed a new resolution regarding Statnett's revenue ceilings, whereby a separate revenue ceiling was stipulated for transmission losses in the Main Grid. The rest of the systems operations ceiling was merged with Statnett's revenue ceiling as grid owner. The revenue ceiling for transmission losses is adjusted at year-end in accordance with the actual spot price for electricity over the year. This correction is calculated and included in the accounts.

The revenue ceilings for systems operations is a corresponding cost in the Main Grid Commercial Agreement and common regional grids. This has been eliminated in the financial accounts.

Pursuant to the guidelines, the difference between the revenue ceiling for transmission losses and the actual costs shall be divided between the owners of the installations in the common grids. In the accounts, it is assumed that other owners of Main Grid installations will cover a share according to their revenue ceiling for 2000.

Transmission losses (power purchases)

Expenses are charged in line with the measured difference between the input and withdrawal of electricity in the Main Grid.

The amount of loss per hour will vary inter alia according to temperature, load on the grid and the price of electricity.

Losses in conjunction with power transmission on the Main Grid and the common regional grid are covered by the system operator and recorded in the accounts as an ordinary operating cost.

Leasing of the grid

Recording of revenue

As of 1997, NVE has introduced a new regulatory system whereby grid revenues are regulated by means of a stipulated revenue ceiling. The revenue ceiling for 2000 is based on the cost levels in 1994/1995, adjusted for inflation, an increase in energy transmission in the grid and an efficiency factor. For the year 2000, the efficiency factor is 3.82 per cent compared to 3.91 per cent in 1999. Grid Owner's average return for 1997–2001 must be between 2 per cent and 15 per cent. Earnings above this maximum level shall be refunded to customers, while earnings below the minimum level can be charged to customers.

Statnett's facilities are divided into the following grid levels: The Main Grid, regional grids and the cables to the Continent. The revenue ceiling was divided by Statnett between these grid levels (accounts appear under Statnett's business areas). In 1999 the cables to the Continent were excluded from monopoly regulation, and the share of the original ceiling was separated with effect from 1997. From 2001 the cables to the Continent are included as part of the Main Grid and will thus be subject to monopoly control.

Revenues are recorded in the accounts as they are earned. In the case of the Main Grid and regional grids, 1/12 of the revenue ceiling is recorded in the accounts every month. Revenues from the cables to the Continent are based on contracts.

Higher/lower revenues for the Main Grid and regional grid facilities are dealt with separately in accordance with guidelines from NVE. At the end of 2000, the grid operator had no higher/lower revenues from Main Grid facilities. (See note 22: Disputes and note 23: Unresolved matters).

For regional grid facilities, invoiced revenues have been in accordance with leasing rates which, taken as a whole, have been lower than the revenue ceiling. Accumulated lower revenues for regional grid facilities at the end of 2000 total NOK 7 million. The difference is recorded as an accrued revenue and appears in the balance sheet as a trade account receivable, and will be charged to customers in subsequent years.

Power sales/purchases

Revenues/costs are recorded as they are earned/accrued, i.e. at the time of delivery.

Customer projects

Revenues from projects are recorded on an ongoing basis. This means that they are recorded in the accounts as the work is performed according to the degree of completion, i.e. the share that has built up on the project's estimated earnings is treated as revenue. The degree of completion is determined on the basis of the production carried out.

For projects which are expected to run at a loss, the whole of the estimated loss is charged as a cost. Guarantee liabilities are charged as a cost.

Maintenance/upgrades

Maintenance costs are recorded as they are incurred. Provisions have only been made for periodic maintenance of the Group's vessels.

Costs that substantially extend the life of the facility and/or increase its capacity are recorded as investments.

Compensation

On-going compensation paid in connection with the acquisition of land etc. is charged in the year in which the liability is incurred. Lump sum compensation payments are included in the cost price of the operating asset.

Interest income/costs

Interest income/costs are recorded as they are earned/incurred.

Profit/loss on securities

Profit/loss relating to securities trading are recorded at the time of realisation since under the accounting rules the portfolio cannot be regarded as a customer portfolio.

Taxes

As of 1997, the parent company and the jointly-controlled companies have been subject to standard taxation.

The opening balances for taxation purposes of fixed assets are the book values at 1 January 1997.

Income tax is charged in the taxation year, but paid in arrears.

Property taxes are charged and paid in the taxation year. These are classified under other operating costs.

Securities

Bonds and certificates are classified as current assets. Securities are managed as a portfolio and valued according to the portfolio method. The portfolio is valued at cost price or actual value (market value), whichever is lower, on the balance sheet date. Net unrealised losses on portfolio trading are recorded as costs under financial items, while net unrealised gains are recorded as income (reversed) against previously charged losses. Realised profits/losses from securities trading are recorded net under the same item.

Shares classified as fixed assets are valued at cost price, or actual value if the reduction in value is not of a temporary nature.

Trade accounts receivable

Trade accounts receivable are valued at face value with deductions for estimated losses.

Supplies and bunkers

Stocks of supplies and bunkers on board the Group's two special-purpose vessels are valued at acquisition cost or actual value, whichever is lower, and are included in other short-term receivables.

Own investment work

The construction of new power lines and facilities by our own engineering and construction operations constitutes a significant part of the investments.

Own investment work in the parent company is capitalised at the estimated full cost.

Preliminary projects

Engineering costs in connection with investments in the cable company Viking Cable AS and the collaborative project NorNed, in which Statnett has a 50 per cent participation, are recorded in the balance sheet as plant under construction. The same applies to the North Sea Interconnector (NSI) cable project, in which Statnett is collaborating with The National Grid Company plc. The question of whether licensing conditions or other circumstances demand the complete or partial write-down of the costs of preliminary projects is subject to continuous evaluation.

Interest during the construction period

Interest on construction loans associated with own plant under construction is capitalised. The interest is calculated from an average rate of interest as well as the extent of the investment, as the financing is not specifically identified with individual projects.

Tangible fixed assets/depreciation

Tangible fixed assets are valued at cost price with a deduction for ordinary depreciation and write-downs.

Ordinary depreciation is made from the time the asset was put into normal operation and is calculated on the basis of the useful life of the asset. The same applies to operating assets acquired from other system operators. The basis for determining the useful life is based on recommendations from EBL's publication "Depreciation in the Power Supply Industry" and NVE guidelines for the determination of transmission tariffs.

Spare parts are capitalised with the associated operating asset, and are depreciated at the same rate.

Gains/losses from the sale of operating assets are entered as ordinary operating revenue.

Financial leasing

The co-operation agreement regarding investments in fibre-optic cables and leasing for use in commercial telecommunications is treated as financial leasing. Annual payments are recorded as income for the period.

Foreign currency receivables and debts

Liquid assets denominated in foreign currencies are translated at exchange rates on the balance sheet date.

Other current assets and liabilities, which have not been hedged or swapped to NOK, are recorded at the lower or higher rates on the transaction date and the balance sheet date respectively. Unrealised losses are recorded as costs, while unrealised gains are only taken to income to the extent that they are used to cover unrealised losses in the same currency.

Long-term borrowing in foreign currencies is linked to swaps and treated as borrowing in NOK.

Financial instruments

Financial instruments comprise securities, loans from the government and financial institutions and derivatives. Financial derivatives are agreements that are made with financial institutions for the determination of future interest terms and/or exchange rates. See note 2 for further details on the various types of financial derivatives used by the parent company.

Financial derivatives are classified when entered into either as hedging transactions or trading transactions. Classification is decided by the intention of the transaction when it is made. Hedging transactions consist of contracts intended to neutralise an existing or anticipated interest risk and/or exchange risk in the balance sheet.

The accounting treatment of financial instruments follows from the reason for entering into the contract.

Hedging instruments only affect the profit and loss account on realisation. Gains/losses on such transactions are accounted for on an accruals basis together with the underlying object.

Hedge accounting

The aim of the parent company is to guard against losses in the following situations:

1. *Losses on liabilities as a result of changes in interest rates.*
2. *Losses from purchase/sales contracts in foreign currencies as a result of changes in exchange rates.*

Hedge accounting means that changes in the value of a hedge object and the hedging transaction will be recorded in the same period. The parent company adopts hedge accounting when the following three criteria are met simultaneously:

1. *The object or object group which is to be hedged (hedge object) must be identified specifically, and it must expose the parent company to a potential reduction in equity through changes in interest rates and/or exchange rates.*
2. *The instrument(s) used must be specifically designated as hedging.*
3. *It is highly likely that there will be a high degree of negative correlation in the real value of the hedging instrument and the object which is to be hedged.*

The instruments used by the parent company to guard against losses are described in more detail in note 2 on financial market risk.

Pension costs and pension liabilities

The parent company and the subsidiaries have pension schemes entitling the employees to future benefits (benefit plans). The benefits are based on the number of years of service and the wage level at retirement age.

Pension rights earned are primarily ensured through pension schemes in Statnett SF's Pension Fund and the Norwegian Public Services Pension Fund. In addition, the parent company has early-retirement obligations which are covered by its operations.

Contributions to the pension fund are made in accordance with the actuarial calculation method. The funds in the pension fund are primarily invested in securities.

Pension liabilities are calculated according to NRS' provisional Norwegian Accounting Standard on pension costs.

Pension costs are valued at the present value of the future retirement benefits which have accrued on the balance sheet date and which are to be covered by our own pension fund or financed by operations.

Estimated pension liabilities, less the estimated value of pension funds at 31 December, are included in the balance sheet under long-term liabilities and pension funds.

The net pension cost for the year is included in salaries in the profit and loss account. Premiums that have been paid are treated as investments in pension funds.

NOTE 2 Financial market risk

Interest rate and currency swaps

These are agreements whereby the contracting parties exchange currency and/or interest rate terms for an agreed amount over a defined future period.

The agreements below have been entered into for the existing balance sheet liabilities.

<i>Amounts in million</i>	Principal Lending	Principal Borrowing	Interest rate terms Statnett receives	Statnett pays
Maturity:				
2001	NOK 350	NOK 350	Nibor 6 months	Nibor 6 months
2001	NOK 1,080	NOK 1,080	Nibor 6 months	Fixed
2001	NOK 555	NOK 555	Fixed	Nibor 6 months
2002	NOK 400	NOK 400	Variable*	Fixed
2002	USD 11	NOK 85	Fixed USD	Nibor 3 months
2006	NOK 400	NOK 400	Fast	Nibor 6 months
2006	NOK 200	NOK 200	Nibor 6 months	Fixed
2008	NOK 800	NOK 800	Fixed	Nibor 6 months
2008	USD 67	NOK 500	Fixed USD	Nibor 6 months
2010	JPY 1,000	NOK 87	Fixed JPY	Nibor 6 months
2013	JPY 1,500	NOK 92	Fixed JPY/USD**	Nibor 6 months

* Government certificate interest rate ** Contracting party has an annual call option

The overview above shows the gross amount of interest rate swaps entered into. Many of the swaps will «eliminate each other» and the net amount will not be exposed to interest rate changes.

Interest rate swaps with start in the future:

<i>Amounts in million</i>	Principal Lending	Principal Borrowing	Interest rate terms Statnett receives	Statnett pays
Start – maturity:				
2001–2004	JPY 1,000	NOK 87	Nibor 6 months	Fixed
2003–2006	NOK 200	NOK 200	Nibor 6 months	Fixed
2001–2006	NOK 438	NOK 438	Nibor 6 months	Fixed

Interest rate options

These are agreements whereby one has a right but not an obligation to pay (Call)/receive (Put) a given rate of interest

on a given amount at a given time or within a given period of time. The following contracts have been entered into:

Amounts in million

Maturity:	Amount	Instrument	Bought/sold
2003	NOK 200	Call	Bought
2003	NOK 200	Put	Sold

Currency futures:

Currency futures are entered into to hedge short-term investments or currency loans. The maturity of the futures corresponds with the maturity of the loans. Unrealised gains are recorded when they are realised.

At 31 December 2000 the company had 14 currency futures, all of which were sales of Euro, totalling EUR 52

million, against purchases of NOK. All of the contracts were entered into on behalf of Viking Cable AS, and with a guarantee from them to the parent company.

Unrealised gains from these currency futures were NOK 16 million at 31 December 2000.

NOTE 3 Information on business areas

	Statnett's operations ¹⁾	Engineering & construction ²⁾	Power exchange ³⁾	Other tasks ⁴⁾	Other/ elim.	Total group
2000 Amounts in NOK million						
Operating revenues	2,372	385	5,662	2,438	-1,578	9,279
Operating costs	-1,493	-378	-5,641	-2,085	1,348	-8,249
Operating profit/loss	879	7	21	353	-230	1,030
Net financial items		3	8	-6	-220	-215
Tax					-234	-234
Profit/loss	879	10	29	347	-684	581
Fixed assets	9,492	72	19	-	-107	9,476
Investments for period	398	12	3	-	-	413
1999 Amounts in NOK million						
Operating revenues	2,272	349	4,561	2,288	-1,496	7,974
Operating costs	-1,517	-394	-4,543	-2,036	1,316	-7,174
Operating profit/loss	755	-45	18	252	-180	800
Net financial items	-	-3	5	-12	-215	-225
Tax					-160	-160
Profit/loss	755	-48	23	240	-555	415
Fixed assets	9,112	182	8	-	298	9,600
Investments for period	1,054	6	3	-	4	1,067

	Statnett's operations ¹⁾	Engineering & construction ²⁾	Power exchange ³⁾	Other tasks ⁴⁾	Other/ elim.	Total group
1998 Amounts in NOK million						
Operating revenues	2,501	339	3,568	2,550	-2,014	6,944
Operating costs	-1,694	-295	-3,560	-2,993	2,459	-6 083
Operating profit/loss	807	44	8	-443	445	861
Net financial items	-1	-3	5	-	-201	-200
Tax	-	-	-	-	-186	-186
Profit/loss	806	41	13	-443	58	475
Fixed assets	8,788	244	7	-	229	9,268
Investments for period	347	5	6	-	17	375

¹⁾ Statnett's business activities.

²⁾ Comprises Statnett Entreprenør AS, Statnett Rederi AS, Statnett Skagerrak AS and 50 per cent of Statnett Optocomm AS.

³⁾ Comprises 50 per cent of Nord Pool ASA.

⁴⁾ Comprises the Main Grid Commercial Agreement, one common regional grid, balance accounting and foreign trading.

NOTE 4 Operating revenues

PARENT COMPANY			Amounts in NOK million	GROUP		
2000	1999	1998		2000	1999	1998
POWER TRANSMISSION						
2,277	2,155	1,609	Tariff revenues	2,277	2,155	1,586
			Higher/lower revenue Main Grid and common regional grid for the year			
-235	-155	450		-235	-155	450
358	310	292	Leasing regional grid facilities	358	310	292
-	-	2	Lower earnings regional grid facilities	-	-	2
165	157	112	Leasing cables to other countries	165	157	112
2,565	2,467	2,465	Total transmission revenues	2,565	2,467	2,442
POWER SALES						
640	713	733	Sales – spot and regulating power	6,083	5,082	4,126
95	118	117	Sales – operations coordination	94	117	117
735	831	850	Total power sales	6,177	5,199	4,243
OTHER OPERATING REVENUES						
13	11	4	Fees	130	105	80
40	44	32	External contracts	237	156	155
34	37	30	Other operating revenues	170	47	24
87	92	66	Total other operating revenues	537	308	259

Power transmission

Prices (tariffs) for input and use of electricity from the Main Grid and common regional grids are charged to users in accordance with a set price system. Leasing of regional grid facilities includes services which are not included in the Main Grid Commercial Agreement or common regional grids.

Disputes and Unresolved matters

See note 22 (Disputes), and note 23 (Unresolved matters).

Power sales

On 1 January 1996 Norway and Sweden established a joint power market and a joint exchange based on Nord Pool ASA. Finland became a separate bidding area as of the summer of 1998.

The western parts of Denmark (Funen and Jutland) were established as a separate pricing area in this market as of 1 July 1999. Eastern Denmark was established as a separate pricing area as of 1 October 2000.

Gross sales Amounts in NOK million

	2000	1999	1998
Spot market	11,071	8,916	6,970
Regulating power*	846	944	888
Total	11,917	9,860	7,858

Sales in TWh

	2000	1999	1998
Spot market	96.9	75.9	56.7
Futures market (trading)**	358.9	215.9	89.1
Regulating power*	8.4	8.1	7.6
Total trading in TWh	464.2	299.9	153.4

	2000	1999	1998
Clearing of bilateral contracts in TWh**	1,179.5	683.6	373.4

* Regulating power is cleared by Statnett SF

** In 2000, sales in the financial market amounted to NOK 43.3 billion, compared to NOK 27.6 billion in 1999.

*** In 2000, sales in clearing (NEC) amounted to NOK 122.5 billion, compared to NOK 87.7 billion in 1999.

Nord Pool ASA manages sales in the organised markets in accordance with its licence, which was granted on 2 December 1994.

On 10 February 1995 Nord Pool ASA was granted a licence to purchase and sell short-term electricity to export markets. This activity is carried out on behalf of and for the account of Statnett.

External contracts

External contracts are channelled primarily via Statnett Entreprenør AS and Statnett Rederi AS. Statnett has also supplied engineering services for the planning of the cable project in Viking Cable AS.

NOTE 5 Power purchases and system service

PARENT COMPANY			Amounts in NOK million	GROUP		
2000	1999	1998		2000	1999	1998
			Purchase electricity spot and regulating power	6,193	5,234	4,204
658	777	744	Purchase operations coordinator	165	103	155
165	103	155				
823	880	899	Total power purchases and system services	6,358	5,337	4,359

NOTE 6 Plant under construction

PARENT COMPANY			Amounts in NOK million	GROUP		
2000	1999	1998		2000	1999	1998
313	551	319	Acquisition cost 1 January	362	630	380
-	-75	-	Transferred to Enitel ASA	-	-75	-
-278	-437	-360	Transferred investments	-278	-438	-360
280	381	592	Change in stocks	316	402	610
315	420	551	Acquisition cost 31 December	400	519	630
-20	-107	-	Write-downs	-21	-107	-
-	-	-	Reclassified to long-term receivables	-	-50	-
295	313	551	Book value 31 December	379	362	630

The year's change in stocks can be broken down as follows:

PARENT COMPANY			Amounts in NOK million	GROUP		
2000	1999	1998		2000	1999	1998
123	204	413	Materials and subcontractors	103	153	351
69	60	58	Wages, social security costs	92	96	107
66	103	97	Other operating costs	100	138	127
258	367	568	Total operating costs	295	387	585
22	14	24	Construction loan interest	22	15	25
280	381	592	Total	317	402	610

The change in stocks has been recorded as a reduction of the relevant items in the profit and loss account.

Write-downs

Write-downs relate to cable projects to the Continent and associated grid reinforcements on land. Changes to implementation plans, progress and the design of installations and also uncertainty surrounding a number of projects

resulted in a NOK 20 million write-down of plant under construction in 2000 compared to a write-down of NOK 107 million in 1999.

Statnett's costs relating to pre-engineering in EuroKabel AS have been settled by the owners of EuroKraft Norge AS.

NOTE 7 Wages, employees, remuneration

PARENT COMPANY			Amounts in NOK million	GROUP		
2000	1999	1998		2000	1999	1998
185	187	202	Wages	295	305	310
34	32	34	National Insurance contributions	50	46	48
32	20	63	Pension costs	40	27	69
19	18	34	Other benefits	21	22	36
270	257	333	Total wage costs	406	400	463
-69	-60	-58	Of which own investment projects	-92	-96	-107
201	197	275	Net wage costs	314	304	356

The average number of man-years in the parent company and group is 503 and 820 for the year 2000.

Benefits to senior persons Amounts in NOK

	President and CEO	The Board
Salaries/directors' fees	1,111,040	1,016,000
Pension expenditure	*	
Other remuneration	104,020	-
Total benefits	1,215,060	1,016,000

* The President and CEO is included in Statnett SF's ordinary pension scheme. In February 2000, a new agreement was entered into concerning pension rights for the President and CEO from the age of 60. Retirement age for the President and CEO is 65 years.

Auditor

Total remuneration for the auditor for 2000 is NOK 710,025 of which NOK 410,025 comprises consultancy services.

NOTE 8 Pensions and pension liabilities

PARENT COMPANY			Amounts in NOK million	GROUP		
2000	1999	1998		2000	1999	1998
Benefit plans						
14	14	13	Present value of current year's pension contributions	19	19	17
16	14	13	Interest cost of pension liabilities	21	18	16
-18	-15	-15	Yield on pension funds	-22	-19	-18
12	13	11	Net pension costs	18	18	15
20	7	52	Early retirement pens. and other pension liabilities	22	9	54
32	20	63	Net accrued pension cost	40	27	69

PARENT COMPANY			Amounts in NOK million	GROUP		
2000	1999	1998		2000	1999	1998
Benefit plans						
250	228	205	Accrued pension liabilities	330	286	257
37	37	35	Estimated effect of future wage adjustments	49	47	44
287	265	240	Estimated pension liabilities	379	333	301
-284	-242	-236	Pension funds at market value	-359	-295	-282
-28	-32	1	Changes in estimates not recorded in accounts	-36	-37	-1
Net pension liabilities fund-financed						
-25	-9	5	benefit plan	-16	1	18
98	93	99	Early retirement pens. and other pens. schemes	119	116	119
73	84	104	Accrued pension liabilities	103	117	137

Pension liabilities of NOK 98 million are included in the balance sheet as allocation for liabilities, as are pension funds of NOK 25 million and prepaid contractual pensions

to NAVO of NOK 4 million, which are included in other longterm receivables.

SPECIFICATION OF ESTIMATED PENSION FUNDS IN THE PENSION FUND:

Amounts in NOK million	PARENT COMPANY		GROUP
Premium reserve	218		273
Premium fund	35		45
Additional allocations	11		13
Added value financial investments	5		6
Total actual pension funds at 31 December 2000	269		337

Extent of pension scheme at 31 December 2000

Members of pension fund	765	1 068
Of which pensioners	170	190
No. of persons with pension agreements	595	878

FINANCIAL/ACTUARIAL FACTORS:

	2000	1999	1998
Discount interest rate	6%	6%	6%
Expected yield	7%	7%	7%
Expected wage adjustments	2.50%	2.50%	2.50%
Expected pension adjustment	2.50%	2.50%	2.50%
Expected government NI multiplier adjustment	2.50%	2.50%	2.50%
Remaining earning period	15 years	15 years	15 years

NOTE 9 Tangible fixed assets *Amounts in NOK million*

GROUP	Electrotechnical equipment	Telematic equipment	Buildings/land	Other operating movables	Total
Acquisition cost 1 January	10,967	393	746	187	12,293
Additions acquisition cost	255	100	13	45	413
Disposals acquisition cost	-4	-9	-15	-1	-29
Acquisition cost 31 December	11,218	484	744	231	12,677
Ordinary depreciation 1 January	2,918	158	113	139	3,328
Ordinary depreciation	439	41	22	30	532
Disposals ordinary depreciation	-2	-8		-2	-12
Ordinary depreciation 31 December	3,355	191	135	167	3,848
Book value 31 December	7,863	293	609	64	8,829
Depreciation rates in per cent	2.5 – 6.6	6.6 – 12.5	0 – 2	10 – 33	

GROUP	Investment						Sales			
	2000	1999	1998	1997	1996	2000	1999	1998	1997	1996
<i>Amounts in NOK million</i>										
Electrotechnical equipment	255	950	248	140	132	2	-	-	1	-
Telematic equipment	100	78	65	93	39	-	-	41	-	-
Buildings, land	13	24	33	51	21	26	36	15	12	21
Other operating movables	45	15	29	42	34	127	2	5	28	2
Total	413	1,067	375	326	226	155	38	61	41	23

PARENT COMPANY	Electrotechnical equipment	Telematic equipment	Buildings/land	Other operating movables	Total
<i>Amounts in NOK million</i>					
Acquisition cost 1 January	10,967	393	717	153	12,230
Additions acquisition cost		255	100	13	398
Disposals acquisition cost		-4	-9	-14	-29
Acquisition cost 31 December		11,218	484	716	12,599
Ordinary depreciation 1 January		2,918	158	112	3,304
Ordinary depreciation		439	41	22	522
Disposals ordinary depreciation		-1	-8	-1	-12
Ordinary depreciation 31 December		3,356	191	133	3,814
Book value 31 December		7,862	293	583	8,785

Depreciation rates in per cent 2.5 – 6.6 6.6 – 12.5 0 – 2 10 – 33

PARENT COMPANY	Investment						Sales			
	2000	1999	1998	1997	1996	2000	1999	1998	1997	1996
<i>Amounts in NOK million</i>										
Electrotechnical equipment	255	950	248	140	132	2	-	-	1	-
Telematic equipment	100	78	65	93	39	-	-	41	-	-
Buildings, land	13	23	32	22	21	25	34	13	33	21
Other operating movables	30	7	19	32	30	1	-	1	27	210
Total	398	1,058	364	287	222	28	34	55	61	231

NOTE 10 Financial items

PARENT COMPANY				GROUP		
2000	1999	1998	<i>Amounts in NOK million</i>	2000	1999	1998
Financial income						
4	5	4	Income from investment in subsidiary	-	-	-
35	30	-	Income from investment in associated company etc.	33	24	42
8	15	12	Interest from subsidiaries and jointly-controlled companies	-	-	-
72	74	76	Other interest income	89	89	88
2	-	1	Other financial income	2	1	1
2	3	-11	Change in value of market-based financial current assets	4	3	-11
123	127	82	Total financial income	128	117	120
Financial costs						
359	351	344	Interest costs	359	351	344
-22	-14	-25	Capitalised construction loan interest	-22	-14	-25
4	4	1	Other financial costs	6	5	1
341	341	320	Total financial costs	343	342	320

NOTE 11 Shares and ownership

Company	Type	Year of acquisition	Registered office	Shareh.	Voting rights	Acquisition cost	Book value
<i>Amounts in NOK 1 000</i>							
Statnett Entreprenør AS	Subsidiary	1994	Oslo	100.0%	100.0%	60,000	71,160
Statnett Rederi AS	Subsidiary	1996	Oslo	100.0%	100.0%	50	8,478
Statnett Forsikring AS	Subsidiary	1998	Oslo	100.0%	100.0%	30,200	30,200
Nord Pool ASA	Jointly-controlled	1992	Bærum	50.0%	50.0%	2,500	2,500
Viking Cable AS	Jointly-controlled	1994	Oslo	50.0%	50.0%	17,250	17,750
EuroKabel AS	Jointly-controlled	1995	Oslo	50.0%	50.0%	16,250	0
Total subsidiaries and jointly controlled companies						126,250	130,088
Enitel ASA	Deposits	1996	Bærum	11.8%	11.8%	144,245	144,245
Nord Pool Consulting AS	Deposits	1998	Bærum	33.3%	33.3%	2,000	2,000
Norwegian Pipelines AS	Deposits	1993	Stavanger	4.1%	4.1%	70	0
Stri AB	Deposits	1998	Sweden	12.5%	12.5%	1,407	1,407
Statnett SFs Pensjonsk.	Deposits	1993	Oslo	100.0%	100.0%	15,000	15,000
Total other shares etc.						162,722	162,652
Total shares and ownership						288,972	292,740

Subsidiaries and jointly-controlled companies are recorded in the accounts using the cost method adjusted for group contribution made (net after tax).

Enitel ASA increased the share capital through an equity offering in 1999 without Statnett's participation. Until 30 September 1999 Enitel ASA was defined as an associated company.

After this date, the ownership is regarded as an investment in other shares, since Statnett's holding was reduced to less than 15 per cent.

The book value of the shares in 1999 was equal to Statnett's portion of Enitel's equity at 30 September 1999. Statnett participated in a private placement in January 2000 and sold a corresponding number of shares. Other share capital increases in the company have been without Statnett's participation.

The book value of the shares in the consolidated accounts is calculated as follows:

Book value, Enitel shares	<i>Amounts in NOK 1,000</i>	2000	1999
Book value 1 January 2000		158,468	180,866
Share of loss for the year to 30 Sept. 1999			-13,054
Change in cost price from purchase/sale		21,312	-16,250
Gain from capital increase July 1999			6,906
Loss from lack of participation in share capital increases		-2,111	
Book value 31 Dec. 2000		177,669	158,468
Market value 31 Dec. 2000		201,028	607,680

Shares owned by subsidiaries and jointly-controlled companies:

Company	Year of acquisition	Registered office	Share-holders	Voting rights	Acquisition cost value	Book
<i>Amounts in NOK 1,000</i>						
Statnett Skagerrak AS	1998	Oslo	100.0%	100.0%	100	100
Statnett Optocomm AS	2000	Oslo	50.0%	50.0%	3,500	696
Nord Pool Consulting AS	1998	Bærum	16.7%	16.7%	1,000	1,000
Nordic Electricity Clearing House AS	1998	Bærum	50.0%	50.0%	25	25
LPX Leipzig Power Exchange GmbH	2000	Germany	17.4%	17.4%	11,339	11,339

NOTE 12 Receivables due more than one year

PARENT COMPANY				GROUP		
2000	1999	1998	<i>Amounts in NOK million</i>	2000	1999	1998
82	184	205	Loans to companies in the same group	-	-	-
3	48	-	Other long-term receivables	3	58	-
-	12	182	Trade accounts receivable	-	12	182
85	244	387	Total	3	70	182

Loans to companies in the same group comprise subsidiaries and jointly-controlled companies.

Trade accounts receivable due in more than one year comprise lower revenues in the Main Grid Commercial

Arrangement, a common regional grid and leasing of components in regional grids. In accordance with NVE's regulations, lower revenues can be recouped through tariffs/leasing rates in subsequent years.

NOTE 13 Market value current assets

Amounts in NOK million

Certificates	Acquisition cost	Value entered in balance sheet	Market value	Interest rate	Interest rate regulation
Norsk Stat	32	32	32	6.65%	fixed
Norske Skog	20	20	20	7.21%	fixed
BKK	20	20	20	7.66%	fixed
Oslo Sporveier	20	20	20	7.76%	fixed
Landkreditt	30	30	30	7.66%	fixed
Narvesen	20	20	20	7.92%	fixed
Sparebanken Nord-Norge	15	15	15	7.77%	fixed
Nordlandsbanken	35	35	35	7.68%	fixed
Oslo Kommune	10	10	10	7.55%	fixed
Total certificates	202	202	202		

Bonds	Acquisition cost	Value entered in balance sheet	Market value	Interest rate	Interest rate regulation
Sparebanken Vest	50	50	50	6.97%	quarterly
Kreditkassen	200	200	200	6.29%	half-yearly
BN-Bank	200	200	200	6.33%	half-yearly
Norsk Stat	10	10	10	9.50%	fixed
Norsk Stat	20	20	20	5.75%	fixed
Norsk Stat	14	14	14	5.50%	fixed
Kommunalbanken	10	10	10	5.55%	fixed
Oslo Energi	49	49	49	5.15%	fixed
Norgeskreditt	10	10	10	6.60%	half-yearly
Vestenfjeldske	20	20	20	6.10%	fixed
Sparebankkreditt	10	10	10	6.75%	half-yearly
Elkem	10	10	10	8.90%	fixed
Sparebanken Møre	50	50	50	7.00%	quarterly
Norske Skog	10	10	10	6.50%	fixed
Orkla	10	10	10	6.10%	fixed
Total bonds	673	673	673		

The face value of all bonds owned by Statnett is in NOK.

Shares	Acquisition cost	Value entered in balance sheet	Market value
Portfolio of current assets, shares	22	22	22
Total market value of securities		897	

The company values securities according to the portfolio method, certificates, bonds and shares individually. Rounding off gives the some amount in all columns.

NOTE 14 Loans from the government and other financial institutions

Borrowing and guarantee limit

A state-owned enterprise's total loans and guarantees must be kept within a specified total limit (cf. section 5 of the State Enterprises Act). The total limit is set as the total assets or the stipulated limit of NOK 10 billion, whichever is

the lower. Pursuant to the State Enterprises Act, lenders are ensured full cover for their claims within the total limit.

The remaining unutilised borrowing limit is NOK 4 billion.

Debts falling due more than five years following the end of the accounting year:

<i>Amounts in NOK million</i>	2000	1999	1998
Bond issue	1,500	1,350	800
Loans from the Government	400	800	800
Loans from financial institutions	367	700	405
Total	2,267	2,850	2,005

The company has no convertible loans.

Information on bond issues, government loans and loans from financial institutions.

Currency <i>Amounts in NOK million</i>	Average interest rate	¹⁾ Loan amount in foreign currency	Loan amount in NOK
NOK	6.6%	4,533	4,533
USD	5.9%	77	585
JPY	7.2%	2,500	179
Total			5,297

¹⁾ All loans in foreign currencies are converted into NOK through currency and interest rate swaps. The average interest rate for the loans includes swaps.

Repayment schedule

<i>Amounts in NOK million</i>						
2001	2002	2003	2004	2005	Thereafter	TOTAL
1,632	612	261	62	463	2,267	5,297

Own holding of bonds:

Statnett SF has a holding of NOK 101 million in bonds which mature in 2003.

The loan amount due for payment this year has therefore been reduced by a corresponding amount.

NOTE 15 Other long-term liabilities

PARENT COMPANY			<i>Amounts in NOK million</i>	GROUP		
2000	1999	1998		2000	1999	1998
39	41	43	Pre-paid revenues	39	41	43
-	-	-	Allocation periodic maintenance	2	7	8
14	13	15	Other long-term liabilities	18	18	19
53	54	58	Total other long-term liabilities	59	66	70

Pre-paid revenues relate to compensator stations for the Skagerrak cables. Revenues (including interest element) are spread over 25 years in line with the life of the assets. Other

long-term liabilities consist mainly of employers' social security contributions relating to pension provisions.

NOTE 16 Intra-group balances

<i>Amounts in NOK million</i>	Trade accounts receivable			Long-term lending		
	2000	1999	1998	2000	1999	1998
Subsidiaries	15	6	39	22	150	168
Jointly-controlled companies	3	12	13	68	41	69
Total	18	18	52	90	191	237

<i>Amounts in NOK million</i>	Trade accounts payable			Group bank accounts		
	2000	1999	1998	2000	1999	1998
Subsidiaries	23	38	60	91	109	82
Jointly-controlled companies	6	–	1	–	–	–
Total	29	38	61	91	109	82

NOTE 17 Taxes *Amounts in NOK million*

GROUP		Change	2000	1999
Summary of temporary differences		1999–2000		
Receivables		5	-1	-6
Stocks		-1	-1	–
Shares and securities		5	3	-2
Operating assets		-277	-424	-147
Provisions in accordance with good accounting practice		8	-26	-34
Pensions		19	-82	-101
Profit and loss account		54	44	-10
Total		-187	-487	-300
Loss carried forward		-1	-1	–
Basis for deferred tax in the balance sheet		-188	-488	-300

Deferred tax (DT)/deferred tax benefit (DTB) in the balance sheet	Change	2000	2000	1999	1999
	1999–2000	DTB	DT	DTB	DT
Statnett SF	87	141	–	54	–
Statnett Entreprenør AS	-3	–	3	–	–
Statnett Rederi AS	1	–	9	–	10
Statnett Skagerrak AS	–	–	–	–	–
Statnett Optocomm AS	–	–	–	–	–
Nord Pool ASA	–	1	–	1	–
Elimination	-33	4	-2	37	-2
DT offset against DTB	–	-10	-10	-8	-8
Total	52	136	0	84	0

Tax cost	Tax payable	Change	Excess/insufficient provision	Tax cost
		DTB/DT		
Statnett SF	271	-87	4	188
Statnett Entreprenør AS	–	3	–	3
Statnett Rederi AS	4	-1	–	3
Statnett Skagerrak AS	–	–	–	–
Statnett Optocomm AS	–	–	–	–
Nord Pool ASA	9	–	–	9
Elimination	-2	33	–	31
Total	282	-52	4	234

PARENT COMPANY *Amounts in NOK million***Calculation of deferred tax and change in deferred tax**
Summary of temporary changes (basis for deferred tax)

	Change 1999-2000	2000	1999	1998
Receivables	5	-	-5	-7
Shares and securities	5	3	-2	-17
Fixed assets	-359	-421	-62	18
Provisions in accordance with good accounting practice	6	-11	-17	-30
Pensions	15	-83	-98	-119
Profit and loss account	19	9	-10	-20
Basis for deferred tax in the balance sheet	-309	-503	-194	-175
Deferred tax/tax benefit	-87	-141	-54	-49

TAX PAYABLE

	2000	1999	1998
Base for tax cost and tax payable	666	551	569
Profit before tax cost	666	551	569
Permanent differences	-	2	2
Base for tax cost for the year	666	553	571
Change in temporary differences	309	19	82
Base for tax payable (in the tax cost)	975	572	653

Tax payable (in the tax cost)

28% of base for tax payable	273	159	183
Allowance for tax on dividends	-1	-1	-1
Tax payable (in the tax cost) *	272	158	182

Tax payable (in the balance sheet)

Tax payable in the tax cost	272	158	182
Tax effect of group contribution affecting tax payable	1	-9	-3
Tax payable (in the balance sheet)	273	149	179

TAX COST (SUMMARY)**Tax cost**

28% of base for tax cost for the year *	186	154	183
Allowance for tax on dividends	-1	-1	-1
Insufficient/excess provision previous years	4	-4	1
Total tax cost on ordinary profit	189	149	183

Distribution of tax cost on ordinary profit

Tax payable *	272	158	179
Change in deferred tax *	-87	-5	-
Insufficient/excess provision previous years	4	-4	1
Tax cost on ordinary profit (tax cost for the year)	189	149	180

* Base for tax payable in the tax cost in 1998 included group contribution paid. The tax cost in the profit and loss account was therefore equal to tax payable in the balance sheet in 1998. The change in deferred tax benefit was not recorded in the balance sheet and did not affect the

calculation of the tax cost for the year in 1998. The effect of recording deferred tax benefit into the balance sheet is entered directly into equity from 1 January 1999/31 December 1998.

NOTE 18 Equity**PARENT COMPANY***Amounts in NOK million*

	Invested capital	Other equity	Total
Equity at 01 January 2000	2,700	1,431	4,131
Profit for the year (after dividend and group contribution allocated)		87	87
Equity at 31 December 2000	2,700	1,518	4,218

GROUP*Amounts in NOK million*

	Invested capital	Other equity	Total
Equity at 01 January 2000	2,700	1,449	4,149
Profit for the year (after dividend allocated)		191	191
Equity at 31 December 2000	2,700	1,640	4,340

NOTE 19 Mortgages, guarantees

Neither the parent company, subsidiaries nor jointly-controlled companies have furnished any substantial guarantees. The parent company has furnished guarantees vis-à-vis third parties for a total of NOK 0.7 million on behalf of

Statnett Entreprenør AS, and a total of SEK 10 million on behalf of Stri AB. The parent company is not entitled to mortgage company assets.

NOTE 20 Insurance

Statnett Forsikring AS was formed on 1 April 1998, with Statnett SF as the sole shareholder. From this date, Statnett Forsikring AS took over the obligations and assets of Statnett's captive insurance arrangement in Norsk Energiverk Forsikring AS. The company has a licence to cover risks relating to Statnett employees and units in the Statnett Group.

The company has operated as a reinsurance company, signing insurance policies in the following areas:

- Property insurance including loss or damage due to natural disasters
- Liability insurance
- Personal insurance (occupational injury, group accident and group life)
- Special insurance

Statnett Forsikring AS noted a negative trend in damages in 2000. In particular, this concerned property insurance, where the breakdown of a transformer at Rod (T1) in Skien was the largest single incident. The damage is estimated at approx. NOK 20 million, making it the third largest transformer breakdown in the period 1998–2000.

In 2000, the Statnett Group also experienced the breakdown of the heavy-transport vessel M/S Elektron. The vessel broke down near St. Kilda, off the coast of Scotland. This had no direct consequences for Statnett Forsikring AS, however, since the vessel was insured externally.

Statnett Forsikring AS' finances are solid. The company's insurance allocations exceed the minimum requirements set by the authorities by a good margin. In addition, the Banking, Insurance and Securities Commission imposes minimum capital adequacy requirements for insurance companies, and Statnett Forsikring AS also meets these requirements.

Main figures	Amounts in NOK 1,000	2000	1999
Due premiums, gross		13,991	15,371
Profit/loss before insurance allocations		5,762	10,062
Equity		31,362	31,221
Total insurance allocations		96,849	88,801
Total assets		130,728	123,899

Statnett Forsikring AS has not been incorporated in the consolidated figures.

NOTE 21 Related parties

The Ministry of Petroleum and Energy

As the owner of Statnett SF, the Norwegian Government represented by the Ministry of Petroleum and Energy (OED) is a closely related party. Statnett has the following relations with the OED:

Regulatory authority

The Norwegian Parliament (Storting) is the legislative authority that passes legislation based on proposals from the Government. Regulations are passed by the King in Council. OED administers its part of this and delegates (for example) the administration of the greater part of the Energy Act to NVE and others. Pursuant to the Norwegian Public Administration Act, any individual decision made by NVE can be appealed to the superior authority, i.e. the OED. See also note 22 – Disputes.

Loans

OED furnishes loans to Statnett on ordinary commercial terms and conditions. See note 14.

Foreign trade in electric power

Statnett manages the foreign power trade on behalf of OED. As an element of this, Statnett collects the priority fee and congestion revenues on power transmission to the Continent on behalf of the OED. These are not included in Statnett's accounts. A total of NOK 100 million was collected in 2000. This amount is included in the balance sheet under other current liabilities.

Other related parties are:

Subsidiaries:

The wholly-owned subsidiaries Statnett Entreprenør AS and Statnett Rederi AS, and also Statnett Skagerrak AS which is wholly owned by Statnett Rederi AS.

The jointly-controlled companies:

- Nord Pool ASA of which Statnett and Svenska Kraftnät each own 50 per cent
- Viking Cable AS of which Statnett and E-ON Energie AG (formerly PreussenElektra AG) each own 50%
- EuroKabel AS of which Statnett and EST EuroStrom Trading GmbH each own 50 per cent

Co-operating partners:

Statnett owns 11.8 per cent of Enitel ASA. Over the years Statnett has reduced its shareholding and as of 30 September 1999 the company is no longer defined as an associated company.

In association with other power companies, Statnett engages in commercial telecommunications operations through Enitel. A co-operation and development contract has been signed with Enitel relating to investments in and the use of fibre-optic cables on the electricity grid.

SEP and Statnett are constructing the NorNed cable and will each own their own section of this. As of 1 January 2001, SEP has changed its name to NEA (B.V. Nederlands Elektriciteit Administratiekantoor).

NOTE 22 Disputes

Complaints regarding revenue ceilings

At 31 December, Statnett had the following unresolved matters regarding revenue ceilings:

Matter	Time of complaint	Status 31 Dec.	NOK mill. (approx.)
Efficiency requirements for Statnett SF	Jan. 1999	With NVE	
Raised ceiling relating to Y2K supervisory function	Jan. 1999	With NVE	5
Facilities relating to cables to Denmark	Dec. 1999	With NVE	33

Efficiency requirements for Statnett SF

In a separate decision, NVE set an initial revenue ceiling for 1999 in which efficiency requirements were one of the parameters. In Statnett's view, the efficiency requirement was set too high. A 1 per cent reduction in the efficiency requirement would increase Statnett's revenues by approx. NOK 18 million each year. The matter was appealed to the OED in January 1999 via NVE but has not yet been passed on to the OED from NVE.

Raised revenue ceiling relating to the Y2K supervisory function

Statnett was given a supervisory function by NVE over other companies relating to the year 2000 problem on the basis of its system-wide responsibility.

The revenue ceiling for 1999 included a special addition to take into account increased costs relating to the year 2000 problem. In Statnett's view, this addition is intended to cover the grid companies' own costs. The cost of the supervisory function, estimated at NOK 5 million, should be added to this.

The matter was appealed to the OED in January 1999 via NVE but has not yet been passed on to the OED from NVE.

Facilities relating to the cables to Denmark

In NVE's decision concerning the adjusted revenue ceiling for 1997, the share of the revenue ceiling relating to the Skagerrak cables was eliminated. From 1998, the extent of the Main Grid was amended pursuant to a decision made by NVE. As a result of this, certain facilities that were previously considered to be part of the Skagerrak cables were then included as part of the Main Grid. In spite of this decision, NVE has not increased Statnett's revenue ceiling in relation to this matter. For the years 1998–2000, a total of NOK 11 million per year was taken to income. This matter was appealed to the OED in December 1999 via NVE but has not yet been passed on to the OED from NVE.

Concluded complaints

The OED has upheld NVE's decision in respect of the following complaints:

- Refund of reduced earnings 1992
- Raised revenue ceiling for the Kristiansand – Evje power line

These decisions have no bearing on the accounts for 2000. The former matter was recorded in the 1997 accounts, while the latter has not yet been taken to income.

Other matters

Tariffs for components in the regional grid

In September 1999, Statnett's User Council submitted a complaint to the OED regarding the decision of Statnett's board relating to tariffs for components (transformers) in the regional grid.

The matter has no bearing on Statnett's total revenues, but will affect the distribution of costs between Statnett's customers as it concerns whether components should have local tariffs according to actual costs or whether all components should have equal tariffs based on an average view of costs.

A corresponding complaint has been lodged with NVE by SFO and a number of customers. The complainees are still being treated.

NOTE 23 Unresolved matters

Application for a raised revenue ceiling

On 21 December 2000, Statnett SF applied to NVE for a raised revenue ceiling of NOK 27.7 million for the year 2000 in connection with the procurement of output reserves so that it could carry out its duty as transmission system operator. This amount has not been accounted for in the accounts.

Raised level of energy supplied

In determining the annual revenue ceiling from NVE, one of the parameters applied is an expected increase in the amount of energy supplied. According to Section 8–3, third paragraph of NVE's regulations concerning technical and financial reporting, the revenue ceiling shall be adjusted upwards each year by half of the expected increase in supplied energy in the grid company's settlement area.

In Section 11–2 of the same regulations, it is stipulated that at the end of the regulating period, NVE shall carry out a deferred settlement in which the actual development in the amount of energy supplied shall be taken into account. The result of the deferred settlement arrangement is recorded as higher or lower revenue and shall be paid out or recouped through later years' tariffs.

At year-end 2000, it was calculated that for the years 2000/1999 Statnett has an accumulated lower revenue of just under NOK 400 million based on our understanding of the rules concerning calculation of the actual increase in the amount of energy supplied. Just over half of this amount relates to last year. Taking this to income during the regulating period, which runs until the end of 2001, requires a special separate decision from NVE relating to the stipulation of an adjusted revenue ceiling. NVE's method for calculating the actual development of energy supplied is still under consideration. For this reason the size of this amount is uncertain. The lower revenue has not been recorded in the accounts.

Auditor's Report



PricewaterhouseCoopers DA
N-0245 Oslo
Telephone 23 16 00 00
Telefax 23 16 10 00

To the Enterprise Meeting of Statnett SF

Auditor's report for 2000

We have audited the annual financial statements as of December 31, 2000, showing a profit of MNOK 477 for the parent company and a profit MNOK 581 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, March 16, 2001

PricewaterhouseCoopers DA

Johnny Skjøg
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Offices: Oslo Arendal Bergen Drammen Fredrikstad Førde Hamar Kristiansand Mandal Mo i Rana Stavanger Tromsø Trondheim Tønsberg Ålesund
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Accounts for Business Areas

STATNETT BUSINESS OPERATIONS

Amounts in NOK million

	Notes	2000	1999	1998
STATNETT SF				
Revenue ceiling Statnett SF	1	1,874	1,773	1,787
Revenue ceiling losses	2	164	173	183
Leasing income Skagerrak cables	1	165	157	113
Other revenues		169	169	189
Total operating revenues		2,372	2,272	2,272
Operating costs		-544	-718	-729
Transmission losses		-239	-175	-178
System services		-90	-49	-57
Refunds other Main Grid owners	2	5	-28	13
Depreciation/write-down		-542	-472	-444
Property tax		-83	-75	-70
Total operating costs		-1,493	-1,517	-1,465
Operating profit		879	755	807
Financial income		117	139	82
Financial costs		-330	-343	-320
Net financial items		-213	-204	-238
Profit before tax		666	551	569
ENGINEERING AND CONSTRUCTION				
Operating revenues		385	349	339
Operating costs		-378	-394	-295
Profit/loss (-) before tax		7	-45	44
Net financial items		3	-3	-3
Profit/loss (-) before tax		10	-48	41
POWER EXCHANGE (NORD POOL ASA)				
Power sales		5,536	4,458	3,483
Other operating revenues		126	103	85
Total operating revenues		5,662	4,561	3,568
Power purchases		-5,536	-4,458	-3,483
Operating costs/financial items		-97	-80	-72
Total operating costs		-5,633	-4,538	-3,555
Profit before tax		29	23	13
OTHER ITEMS				
Group eliminations		110	49	38
Taxes		-234	-160	-186
Business profit		581	415	475

OTHER TASKS

Amounts in NOK million

	Notes	2000	1999	1998
POWER TRANSMISSION				
Main Grid Commercial Agreement				
Tariff revenues – fixed element	3	2,009	1,909	1,301
Tariff revenues – variable element	3	226	205	241
Total revenues		2,235	2,114	1,542
Leasing costs external installation owners		-346	-353	-400
Leasing costs Statnett facilities		-1,502	-1,334	-1,259
Reversals excess/reduced earnings installation owners	4	7	21	-29
Leasing costs installation owners		-1,841	-1,666	-1,688
Costs, transmission losses	2	-156	-281	-282
Correction previous years		-	-	-22
Total costs, Main Grid		-1,997	-1,947	-1,992
Financial items	5	-7	-12	0
Higher/lower (-) revenues	6	231	155	-450
Common regional Grids				
Tariff revenues – fixed element	3	73	68	96
Tariff revenues – variable element	3	5	5	5
Total revenues		78	73	101
Costs from overlying grid		-40	-27	-44
Leasing costs – External and Statnett facilities		-26	-37	-48
Costs, transmission losses		-8	-9	-12
Total operating costs		-74	-73	-104
Higher/lower (-) revenues		4	0	-3
BALANCE ACCOUNTING				
Fee revenues		16	20	16
Operating costs/financial items		-14	-16	-6
Higher revenues	7	2	4	10
FOREIGN TRADE				
Operating revenues		109	81	52
Operating costs		-9	-2	-1
Operating profit, transferred to the Ministry of Petroleum and Energy	8	100	79	51

Notes – Business Areas

NOTE 1 Profit/loss Statnett's Business Operations per Business area

<i>Amounts in NOK million.</i>	Grid operator	Cables to other countries	Grid losses	Other	Total Statnett SF
Revenue	1,874	–	164	–	2,038
Leasing income Skagerrak cables	–	165	–	–	165
Other revenues	84	2	–	83	169
Total operating income	1,958	167	164	83	2,372
Operating costs	-542	-18	–	-69	-629
Transmission losses	-50	–	-189	–	-239
Depreciation	-478	-47	–	-17	-542
Property tax	-79	-4	–	–	-83
Total operating costs	-1,149	-69	-189	-86	-1,493
Operating profit/loss (-)	809	98	-25	-3	879
Capital					
Capital 1 January 2000	8,397	759		83	9,239
Capital 31 December	8,278	721		81	9,080
Average capital	8,338	740	–	82	9,160
Working capital 1%	83	7	–	1	91
Calculation base for return	8,421	747	–	83	9,251
Return	9.61%	13.17%			

"Other" consists of the units for engineering and project administration for new cables to the Continent. These areas are not regulated through the revenue ceiling for Statnett SF and have been excluded from the table when calculating the return on grid capital.

These units primarily carry out internal tasks in Statnett. Internal transactions are not eliminated in the operations accounts.

Revenues – Grid

The revenue ceiling stipulated by NVE forms the basis for the recording of revenue.

Revenues – Cables to other countries

Revenues from cables to other countries are regulated by a separate agreement with the customer.

Allocation of capital and costs

Depreciation and capital are primarily allocated directly to grid level. Operating costs and indirect capital are allocated proportionally on the basis of the new price of components for the different grid levels.

NOTE 2 Revenue ceiling transmission losses

Statnett has a common revenue ceiling for all costs. Revenue ceiling transmission losses form a separate ceiling and shall cover transmission losses in the grid. The ceiling for transmission losses is adjusted according to the actual loss-weighted spot price for the year (NOK 123 per MWh) as calculated by NVE.

If the revenue ceiling does not cover the transmission losses, the shortfall is to be distributed between Main Grid owners according to the revenue ceiling they each represent. The shortfall in 2000 (for the Main Grid) was NOK 27 million.

The share charged to the other owners is NOK 5 million.

NOTE 3 Tariff revenues power transmission

The revenues are apportioned to the different tariff bases as follows:

<i>Amounts in NOK million</i>	Main Grid			Regional grid		
	2000	1999	1998	2000	1999	1998
Connection element	626	560	369	19	18	27
Power element	1,265	1,249	869	44	41	60
Reactive power output	6	9	–	–	1	–
Minimum supplement	104	88	60	10	8	8
Disconnectable consumption	4	4	6	–	–	1
Refunds non-supplied energy	–	–	-10	–	–	–
Correction previous years	4	-1	7	–	–	–
Total tariff revenues fixed element	2,009	1,909	1,301	73	68	96
Energy element	226	204	197	5	5	5
Congestion revenues	–	1	44	–	–	–
Total tariff revenues variable element	226	205	241	5	5	5
Total tariff revenues	2,235	2,114	1,542	78	73	101
Domestic tariffs		2000		1999		1998
<i>NOK 1,000/MW</i>		In/Out		In/Out		In/Out
Connection element		11.0/14.0		12.0/13.0		8.0/9.0
Power element		45.0/63.0		46.0/57.5		31.0/43.0

Congestion revenues are generated as a result of internal transmission restrictions in the electricity exchange area. Statnett, Svenska Kraftnät, Eltra and Fingrid have entered

into an agreement which regulates the apportionment of congestion revenues for 2000.

NOTE 4 Reversal of excess/reduced earnings from installation owners

The reversal of excess earnings from Main Grid owners can be broken down as follows:

<i>Amounts in NOK million</i>	2000	1999	1998
Excess earnings transferred from Statnett	–	–	-90
Other Main Grid owners	7	21	61
Total reversed excess earnings	7	21	-29

NOTE 5 Financial items Main Grid Commercial Agreement

Pursuant to guidelines issued by NVE, interest of 5.7% pa is to be charged on the average balance of higher/lower revenues. The interest cost relating to lower revenues totals NOK 10 million.

Interest received and reversed higher/lower revenues from Main Grid owners amount to a net financial income of NOK 3 million.

NOTE 6 Accumulated higher/lower revenues Main Grid Commercial Agreement

<i>Amounts in NOK million</i>	2000	1999	1998
Accumulated lower revenues 1 January	-291	-446	0
Final settlement*	–	–	4
Higher revenues for the year	231	155	-450
Accumulated lower revenues 31 December	-60	-291	-446

* Rounded off in conjunction with disbursements

NOTE 7 Balance accounting

The fee revenue shall cover administration costs over time. Accumulated higher revenues at 31 December 2000 is NOK 21 million. The higher revenue has been recorded

under current liabilities on the balance sheet in the parent company's accounts.

NOTE 8 Foreign trade

Accumulated losses from foreign trade from before 1992 were transferred to the Ministry in 1995. The profit/loss for the year is transferred to the Ministry for write-down of

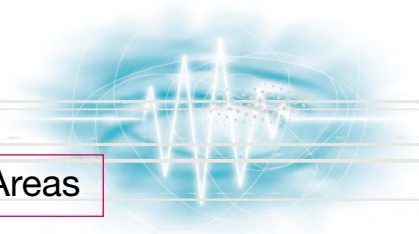
accumulated loss. The accounts for foreign trade are administered by Statnett on behalf of the Ministry and are not included in Statnett's financial accounts.

The nominal value of foreign trade is as follows:

<i>Amounts in NOK million</i>	2000	1999	1998
Accumulated loss 1 January	-117	-195	-246
Profit for the year	100	78	51
Accumulated loss 31 December (nominal)	17	-117	-195

Improved Results

Statnett's Business Areas



The Statnett Group achieved a profit before tax of NOK 815 million in 2000, compared with a profit of NOK 575 million in 1999. This improvement in profits is largely due to the rationalisation programme “Statnett 2000” and gains from the sale of the cable-laying vessel C/S Skagerrak.

Statnett has divided its business operations into three areas: Grid Operations, Engineering/ Construction and Power Exchange. In addition to its own operations, Statnett carries out several tasks on behalf of the users and the authorities: The Main Grid Commercial Agreement, common regional grids, balance accounting and foreign trade.



Considerable Investments Pending

Transmission System Operator

The business area had a turnover of NOK 2,372 million in 2000 and an operating profit before tax of NOK 666 million. This applies to the business operations of the parent company, Statnett SF. One challenge currently facing Statnett is the growth in power consumption combined with the relatively weak development in the generation of power in Norway and in the Nordic market.

Operating revenues in 2000 were as expected, but the result was positively impacted by the effects of the rationalisation programme, and by the sale of Enitel shares, non-operating assets, increased sale of services and the clarification concerning disputed accounts receivable.

Physical losses through the transmission of electric power were high due to a high level of exports in a year with a great deal of precipitation.

The development of system expenses together with the development of physical grid losses will affect Statnett's future profits.

Revenues and costs

Revenues come from renting out installations to the Main Grid, regional transmission facilities and

the rental of cables between Norway and Denmark.

In addition, Statnett receives revenues relating to its tasks as coordinator for the Norwegian electric power system. These revenues are regulated by a revenue ceiling stipulated by NVE.

The system of an upper limit on permissible revenue (revenue ceilings) makes our main earnings predictable. As of 2000, Statnett has been given a common revenue ceiling for its core operations, together with a separate ceiling for physical losses on the grid.

The costs relate to the operation and depreciation of the facilities and the coordination of the Norwegian electric power system (system costs).

Grid operations, monitoring and control

Statnett has system-wide responsibility and shall ensure that the generation and consumption of power are in balance at all times.

Three operations control centres for the regions Southern, Central and Northern Norway monitor and control the grid. From Statnett's National Control Centre, all players of importance for the Main Grid in Norway are coordinated to maximise exploitation of the total resources.

Statnett has implemented several measures which may have a positive effect when the output balance is limited: The price of feeding the Main Grid has been reduced from 1 January 2001.

Contracts have been signed with power generators to "set aside" a certain amount of reserves which will only be used to tackle unforeseen situations, e.g. if consumption rises more than expected.

Contracts have also been entered into with manufacturing companies that can reduce consumption if the total consumption of power approaches the limit as to how much power can be obtained.

Another measure designed to meet peak loads during winter has been to place restrictions on the

maintenance of power facilities in the cold winter months. Statnett also takes part in research and development projects in order to help find solutions in the longer term.

Increasing capacity

Rising consumption levels both in industry and by the general public, together with the addition of a certain amount of production capacity, places demands on the continued development of the power grid and will require considerable growth in investments in coming years.

When Statnett is planning and implementing an increase in transmission capacity on the grid, consideration is given to increased exploitation of the existing grid and the need for new capacity in the grid, to ensure the most efficient operations. Important and key premises underlying these considerations are the conscious evaluation of the risk of outages and the level of quality demanded by the customer.

Statnett is conducting research into new, technical solutions for upgrading the 300 kV system to 420 kV. At the same time reserve margins in power lines and components are being mapped in order to permit short-term overcharges in erroneous situations. Realising



plans to lay subsea cables to the Continent and England is also important to the safeguarding of the Norwegian power supply.

This combined with the development of a grid that draws the Nordic market closer together will be areas of priority.

Statnett has its own centre of excellence for engineering relating to power transmission and major developments of substations, power lines and subsea cables.

Operations also include consultancy and advisory services, as well as control, follow-up and project management. Measures concerning grid operations shall be socio-economically profitable.

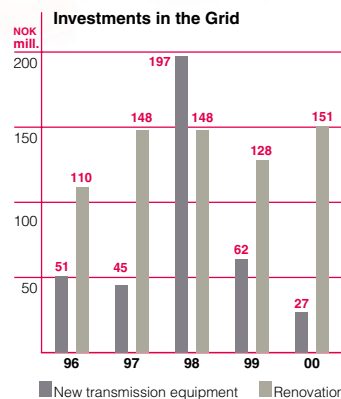
Increased demands on telematics solutions

Statnett has its own communications transmission network linking all of Statnett's stations and its established operational units. Similarly, this business area ensures that the operations centres with their complex computer systems function as they should. Increasing consumption of power and market regulated power trading leads to new demands on telecommunications and computing solutions. Combined with the demand for

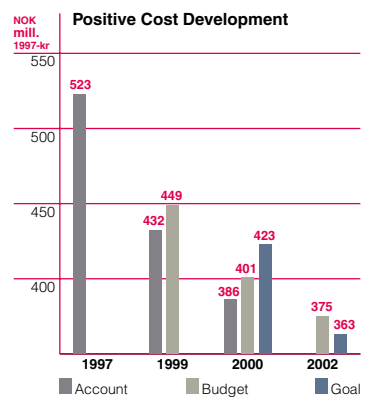
continuously improved efficiency, which leads to the automation of manual functions, there is a growing demand in respect of the security of telecoms and computer solutions.

Statnett is involved in paving the way for competition in the telecoms market by leasing out capacity in its telecommunications network, Enitel, which in turn takes care of all commercial activity. This collaboration means that Statnett has been able to upgrade and develop its telecommunications network to a standard that would otherwise have been costly to achieve.

For further information, see pages 34-37.



In 2000, Statnett has had an increase in the number of renovated plants and a decrease in new investments.



Statnett's rationalisation programme has been a success. Costs where we have direct influence are lower in 2000 than both our goals and budget objectives. For 2002, the budgeted costs are higher than the goals, but lower than the costs in 2000.

ASSETS AS PER 31 DECEMBER 2000

- 86 substations, switching stations and compensator stations or parts of these throughout Norway
- 30 km cables (underground and subsea AC cables)
- 3 subsea DC interconnectors to Denmark
- 9 474 km power lines (overhead lines), distributed between the following operating voltages:

420 kV	2,096 km
220 og 300 kV	4,328 km
132 kV	2,997 km

Per 31 December 2000 Statnett owned 82 per cent of the Main Grid. As a result of acquisitions and the inclusion of the Skagerrak cables in the Main Grid, Statnett's ownership share increased to approx. 84 per cent at 1 January 2001.



Competition

Engineering and Construction

Statnett's Engineering and Construction business recorded a turnover of NOK 385 million in 2000 and a profit of NOK 10 million before tax. Rising power consumption represents market opportunities for Statnett's Engineering and Construction operations in the future.

Statnett's Engineering and Construction business is run on a commercial basis through the wholly-owned subsidiaries Statnett Entreprenør AS and Statnett Rederi AS. Statnett Entreprenør AS has been in operation since the summer of 1997. Statnett Rederi AS was formed in 1996.

It is important that Statnett has access to specialist skills and resources so that it can carry out its engineering and construction services on an increasingly strained grid, at competitive prices. In its transition from an internal construction division to a limited company exposed to competition, Statnett Entreprenør AS has maintained and developed this specialist expertise.

Statnett Entreprenør AS

The objective of Statnett Entreprenør AS is to build and maintain transmission and telecommunication facilities in the Nordic countries and in selected international areas.

The company has approx. 275 employees and a share capital of NOK 60 million.

In order to meet market demand for electric power, Statnett will need to implement major construction and development projects in the coming years. In addition to establishing new grid and cable connections, existing grids will be subjected to a greater strain as a means of increasing capacity. All this represents exciting market opportunities for Statnett Entreprenør AS.

Statnett Entreprenør AS has expanded its expertise in the construction and operation of regional and transmission grids, by, among other things, acquiring 51 per cent of the company ELKOM Entreprenør AS in Lillehammer in January 2001.

In addition, Statnett Entreprenør AS has established itself as a major player in the telecommunications market and has secured essential expertise through its ownership

share of 50 per cent of the company Statnett Optocomm AS, and agreements with other strategic partners. The company expects to see considerable growth in the telecommunications sector.

Statnett Rederi AS

Following the sale of the cable-laying vessel C/S Skagerrak in the summer of 2000, Statnett Rederi AS now owns one vessel, the heavy transport vessel M/S Elektron. Statnett Rederi AS has no employees, and its board has signed a management agreement with Statnett Entreprenør AS.

M/S Elektron sustained damage in the autumn of 2000 and has been undergoing repairs.

The heavy transport vessel M/S Elektron serves the Norwegian power supply as a standby vessel in connection with replacements and new constructions. The vessel, which is specially constructed for functionality and strength, has served the Norwegian power supply since 1969. Around 100 ports are equipped to receive M/S Elektron.

For main figures, see pages 34-37.

For further information, see Statnett Entreprenør's own annual report.



Undergoing Constant Growth

Nord Pool ASA

Nord Pool ASA, the Nordic Power Exchange, saw growth in all its business areas in 2000. Operations contributed NOK 29 million before tax to Statnett's consolidated accounts. The power exchange helps maximise utilization of the total power resources in the Nordic countries.

Power contracts with a total value of almost NOK 177 billion were traded and cleared on the Nordic Power Exchange, Nord Pool, in 2000. Nord Pool achieved growth in all its business areas. A total of 456 TWh (billion kilowatt hours) were sold via the Power Exchange's physical and financial market, a rise of 56 per cent on the year before. Greatest growth, however, was achieved in cleared contracts from the bilateral market, where turnover reached 1,180 TWh, up 72.5 per cent on the previous year.

The spot market is important for the power supply

Statnett and the Swedish transmission system operator, Svenska Kraftnät, each own 50 per cent of the Power Exchange. Half of the profit in Nord Pool before tax, NOK 29 million, has been included in Statnett's consolidated accounts.

For Statnett as the Norwegian transmission system operator, the ownership tied to the physical spot market (Elsport) is particularly important in ensuring that the coordination of the generation and consumption of power is based on market principles.

In connection with the establishment of a common Nordic market, an instrument based on market mechanisms was also developed to tackle the situation we are currently facing with increased consumption and the danger of limited output. The power exchange helps to maximize utilization of the total resources by adapting power generation and consumption in the entire area to the market.

From the Nordic countries to Europe

Following the integration of East Denmark as a separate price area on 1 October 2000, Nord Pool has

realised its vision of becoming a Nordic power exchange.

Nord Pool wishes to be a motivating force in helping other European countries to choose the Nordic model for a power exchange based on free competition.

When the first power exchange in Germany, Leipzig Power Exchange (LPX), was opened in June 2000, Nord Pool was an active partner and a role model. Nord Pool, which also wishes to establish industrial co-ownership in power exchanges outside the Nordic countries, has a 35 per cent shareholding in LPX.

Improved framework conditions

A new Stock Exchange Act was adopted in Norway in 2000 which opens for the granting of a licence for marketplaces for commodity derivatives. This means that Nord Pool can be a proper stock exchange. Once the regulation governing commodity derivatives has been adopted, Nord Pool will apply for a stock exchange licence.

For main figures, see pages 34-37.

For further information on Nord Pool, see the company's own annual report.

Power Transmission Yielded Higher

Other Tasks

The Main Grid Commercial Agreement had an accumulated deficit of NOK 60 million at year-end 2000. The regional grid for which Statnett is operator recorded accumulated surplus revenues of NOK 1 million at the end of 2000. In 2000, the balance accounting posted accumulated higher revenues of NOK 21 million. At year-end 2000, the nominal deficit from foreign trade was NOK 17 million.

As well as its own business areas, Statnett carries out other tasks on behalf of users and the authorities. Statnett is responsible for rating, measuring and settlement, as well as being responsible for following up rental contracts, transport contracts and connection contracts in addition to foreign trade.

The Main Grid Commercial Agreement

The Main Grid consists of transmission lines and transformer stations of importance to one or more regions or to the entire country. Each year, Statnett fixes the prices (tariffs) for using the Main Grid and this makes up the Main Grid Commercial Agreement's revenues. Work on the principles governing the Main Grid tariff resulted in a cer-

tain restructuring of the fixed element of tariff revenues. Power consumed from the Main Grid will be charged at approximately 60 per cent compared with 50 per cent earlier, i.e. Main Grid input now covers 40 per cent of expenses, as against 50 per cent earlier.

The expenses consist of rental costs for stations and power lines that are included in the Arrangement, as well as costs relating to the actual running of the Arrangement, such as system services, energy losses on the grid and administration costs. The expenses are regulated through the revenue ceilings set by the Norwegian Water Resources and Energy Directorate (NVE).

Losses are regulated by a revenue ceiling based on a fixed amount of energy multiplied by a price stipulated by NVE. Record power output in 2000 resulted in strained transmission conditions and thus higher physical power losses in the Norwegian Main Grid. Expenses incurred by the Main Grid were considerably higher than that covered by NVE's allocated revenue ceiling. This deficit is distributed proportionately among the various installation owners in the grid, which means that the majority of this deficit is covered by Statnett.

On an annual basis, variances will always arise between actual revenues and the fixed expenses in the Arrangement. This variance is referred to as higher or lower revenues.

The Main Grid Commercial Arrangement must break even over time. Annual deviations from break-even are either repaid or recovered through the following years' transmission prices (tariffs).

The Main Grid Commercial Agreement had an accumulated deficit of NOK 60 million at the end of 2000.

The regional grids

Regional grids are power transmission grids that are important to large regions, e.g. parts of one county. These power lines normally have a voltage of 132 kV and 66 kV. Statnett owns such grids all over Norway, and these grids are organized in different tariff zones. Statnett is the operator for one common regional grid, namely the Rana grid in Nordland county. At the end of 2000, Rana grid had accumulated surplus revenues of NOK 1 million.

Regulating power and balance accounting

As a system operator with system-

Revenues

wide responsibility in Norway, Statnett is responsible for the regulating power system. This means that Statnett is responsible for regulating the power system to ensure that consumption and output are in balance at all times.

In the electric power system, the generation of power is regulated by consumption, which, in turn, will vary according to such things as temperature. For this reason, there will always be a certain deficit or surplus of power consumption in relation to agreed volumes.

Statnett compares measured/estimated hourly values and agreed values, and calculates the difference in accordance with the price in the regulating power market. Statnett's balance accounting can be divided into three stages: Calculation of the supplier's imbalance, pricing of this imbalance in the regulating market for power, and settlement in respect of suppliers.

Balance accounting is financed through a fee (volume charge) on all regulating power, in addition to an annual fee (component fee per contract between two parties). Revenues shall cover the administration costs of this system.

Balance accounting had surplus revenues of NOK 2 million in 2000.

This settlement gives an accumulated surplus of NOK 21 million, which will be offset against subsequent years' prices.

Foreign trade

On 28 February 1996, the Ministry of Petroleum and Energy (MPE) took over the current deficit on foreign trading, approximately NOK 393 million, by way of the enterprise having a corresponding amount erased from its debt to the Norwegian state. As a result, Statnett is obliged to transfer all profits on foreign trade to the Ministry until the deficit has been repaid.

The revenues come from so-called bottlenecks that may arise when transmission restrictions are placed on power trading between Norway and Sweden and between Norway and Russia. In 1999, Statnett and the other Nordic grid companies with system-wide responsibility reached agreement regarding the distribution of these cross-border "congestion revenues".

When the negative balance on foreign trade has been repaid in 2001, revenues will contribute to reducing tariffs in the Main Grid.

At year-end 2000, the nominal deficit on foreign trade was NOK 17 million.

For further information on these accounts, see pages 34-37.



Statnett Will Focus on Environmentally-

Growing power consumption demands an increasingly higher level of transmission capacity in the power grid. In meeting these demands, Statnett will endeavour to utilize environmentally-friendly solutions.

Statnett will attach as much importance to nature and the environment as to operational, technical and financial considerations. This requires that environmental considerations be incorporated into routines, objectives and obligations.

By 2001 Statnett owns almost 10,000 kilometres of power lines, and these lay claim to an area of approx. 360 million square metres. The transmission grid changes the landscape and our experience of nature.

Ambitions and challenges

The requirements in the standard for environmental control, ISO 14001, were included in Statnett's quality assurance system in 2000, and a common tool "Environmental Management at Statnett" has been produced. The quality assurance system is based on a total quality management approach (TQM).

An important part of this work consists in setting environmental

goals for all sections of operations that have an impact on nature and environmental matters. Environmental considerations will be implemented in Statnett's NS – EN ISO 9001– certified quality assurance system following re-certification in the spring of 2001.

Limiting the strain on the environment

Statnett wishes to instigate measures that will improve the efficiency of grid operations and thereby limit the need for new power lines. The following measures are currently being implemented:

- A grid development plan is being drawn up to ensure optimum development of the grid.
- Consideration is being given to increasing the capacity of the existing transmission grid without negatively impacting delivery quality to any great degree.
- Upgrading work is being carried out to enable extra short-term loads on power lines and components. Upgrading of the present 300 kV grid to 420 kV voltage will increase transmission capacity by 40 per cent. An

extensive research project in this area spanning several years is currently being carried out at Statnett.

- The establishment of grid protection measures in which any overload would be countered by pre-arranged short-term disconnection.

Increasing grid exploitation without increasing transmission losses represents a challenge. For the Main Grid, transmission losses amounted to approx. 1.5 – 2 TWh in the year 2000.

Clearing of forest corridors underneath power lines

Approx. 50 per cent of Statnett's power lines pass through forested areas, and a total of approx. 10 million square metres are cleared each year. Out of consideration for aesthetic values and animal life, such clearing should be done selectively and carefully so as to retain some vegetation.

A number of incidents of breakdown in recent years owing to flashover when trees touch power lines, and increasing demands for efficiency and cost savings has led to a tendency to close-crop forest corridors. One principal challenge will therefore be to implement a



Friendly Solutions

Nature and the Environment

more environmentally-friendly silviculture and clearing of forests.

Wild reindeer

It is uncertain how power lines affect the wild reindeer's use of its habitat. Statnett is therefore taking part in a major research project spanning several years on the subject of power lines and wild reindeer. The project will be concluded with a report during 2001.

Electromagnetic fields

Many people are concerned about whether living near power lines poses a threat to their health. In spite of considerable research, there is still a lot of uncertainty as to whether electromagnetic fields and power lines can have a detrimental effect on health. Recent research indicates, however, that the possible effects may be moderate. Statnett follows and provides funding for research in this field.

Pollution

Statnett attaches importance to the proper handling of hazardous substances. Focus has been given to the following matters:

- Developing oil contingency plans

to prevent the leaking of transformer oil in the event of accidents. In the next few years, Statnett will have instigated measures designed to improve oil preparedness at all our transformer stations. In 2000, measures were implemented at a total of 11 stations.

- Measuring transformers containing PCB will be forbidden from 2010. As per 2000, Statnett has replaced 33 of a total of its 75 remaining measuring transformers of which 6 were replaced in 2000.
- SF₆ gas is a greenhouse gas and annual emissions of SF₆ gas from Statnett's facilities are estimated to be a maximum of one per cent of total gas emissions. This amounts to approx. 350 kg.
- Because chlorine can be formed in electrode systems, the sediment around the Skagerrak electrode was analysed for environmental toxins in 1999–2000. No hazardous amounts of chlorine or bromorganic compounds were discovered.
- Requirements concerning maximum noise levels will be included during project planning and in the

technical specifications of new substations.

Health, safety and the environment (HSE)

Safety is an area of priority at Statnett. The management of personnel safety (operational safety) has been integrated into the maintenance processes. Increased efficiency in the transmission grid requires a higher level of skills and preparedness in order to ensure personal and component safety.

There has been a reduction in the number of injuries resulting in absence from work over the last year. A total of 16 injuries were registered in the Group in 2000, yielding an injury-absence frequency (H-value) of 11.0. Corresponding

figures for 1999 were 20 injuries and an H-value of 13.4. Absence due to illness was 4.8 per cent, which is somewhat lower than in 1999.

For further information on Statnett's status in environmental issues, see www.statnett.no

SUCCESS IN OIL CONTINGENCY

In May 2000, a transformer station at Rod broke down. During the subsequent fire, 66,000 litres of transformer oil leaked and were ignited. During this incident, booms were quickly installed and pumping vehicles were deployed. This prevented a major discharge of oil into the Hoppestad River, which runs through the town of Skien. Accounts show that approx. 54,000 litres of oil were collected, while around 10,000 litres were probably ignited. Much of the rest evaporated with no significant damage to the environment. This is an example of the importance of Statnett's environmental contingency plans.



Power Terminology

Key Terms

Balance accounting

is a key comparison of planned consumption, generation and bilateral trade and actual consumption and generation for all companies trading in electricity in the wholesale market in Norway. The difference that arises between planned and actual generation and consumption is regulating power. The balance accounting gives buyers and sellers access to all transmission grids and thus enables free trade of electricity.

Balance power

is the discrepancy between planned and actual power exchange between Norway and Sweden (“Cross-border regulating power”).

Balance responsible party

Buyers and sellers of power in the physical power markets are responsible for their own overall power balance. The difference that arises between planned and actual generation and consumption is regulating power. Statnett’s balance accounting (see above) uncovers this imbalance through its comparisons, whilst Statnett’s National Control Centre secures the overall power balance by

increasing and decreasing production/consumption (regulating power service, see above).

Balancing service

In Sweden, the term balancing service is used to describe the same function as the regulating power system in Norway. (See below for the definition of regulating power system.)

Bilateral contracts

are power contracts entered into directly by two contractual parties in the wholesale market.

Clearing

By means of its clearing function, the Nordic Power Exchange (Nord Pool) reduces the financial risk for those trading in power contracts. Nord Pool is a party to all trading and notified contracts, thereby taking over other-party liability both in relation to the buyer and seller. As the legal other contractual party, Nord Pool always guarantees correct settlement and delivery.

Common grids

are common grid arrangements, for example at regional grid level. The owners of power lines and stations rent out their installations to a

shared grid. The shared grid has a common operator and common power transmission prices for customers.

The distribution network

is a network for distributing power all the way to the consumers (high-voltage networks of up to 22 kV, low-voltage networks of 230 and 400 V).

Elspot

is the name of Nord Pool’s spot market (the physical delivery of power on the next day, hourly contracts).

Eltermin

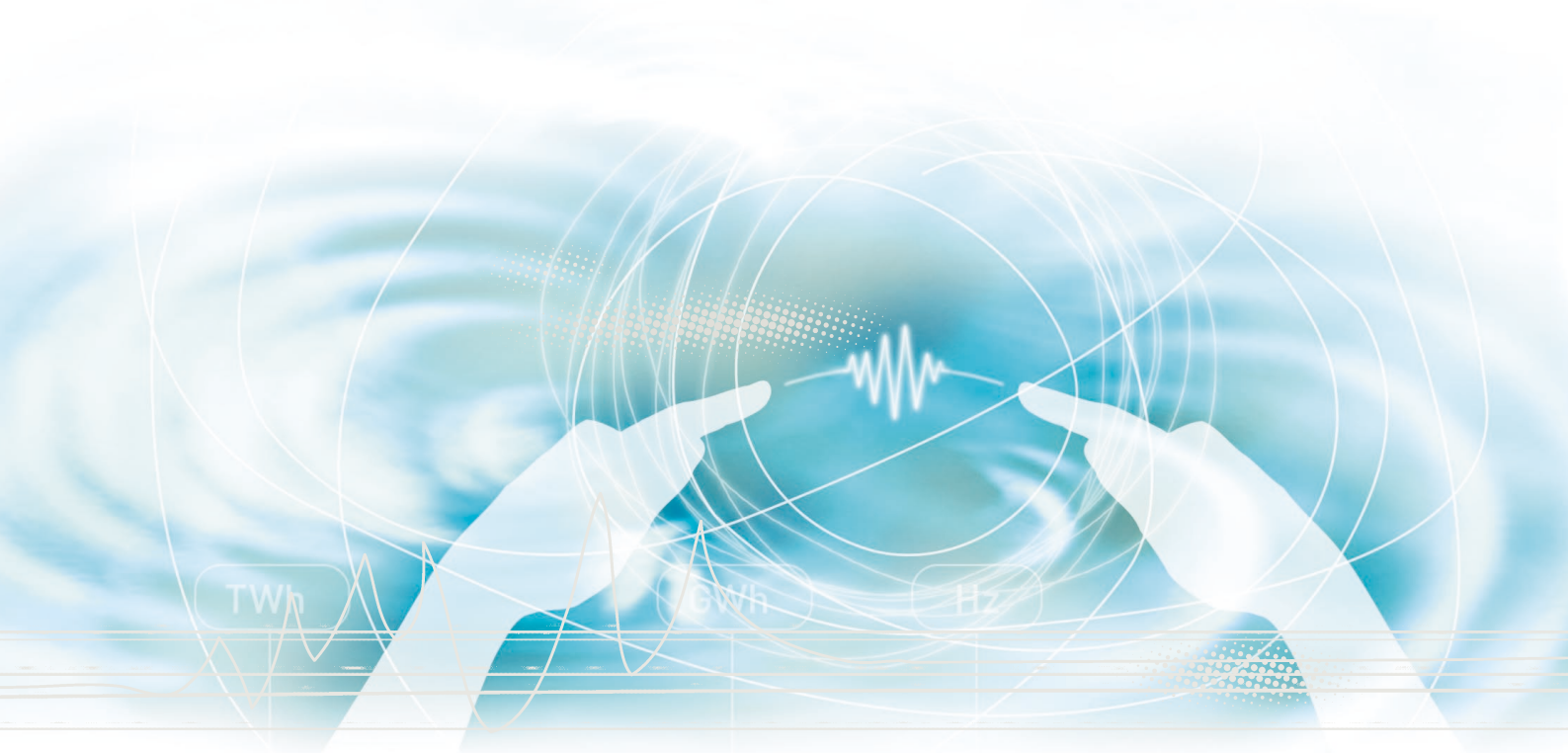
is the name of Nord Pool’s futures market – financial contracts for delivery up to three years ahead.

Energy balance

is the balance between production capacity and energy consumption over time.

Higher and lower revenues

are deviations from a break-even result. The terms are used in conjunction with the services that must break even over time, such as the Main Grid Commercial Arrangement, power transmission in shared regional grids and the bal-



ance accounting. If, one year, the arrangements' revenues are higher than their costs, this surplus must be returned to the customers in the form of lower prices in following years. Correspondingly, a negative result (lower revenues) can be recouped by subsequent years' prices.

Load
is the sum of the output that is consumed or generated.

The Main Grid
is the main section of the power grid with the highest voltages (mainly over 200 kV). It is part of a system that has common settlement of transmission services, the Main Grid Commercial Arrangement. The Main Grid consists of power lines and stations that are important to a single region, several regions or the whole country. Statnett owns most of the Main Grid installations and administers the Main Grid Commercial Arrangement.

Marginal losses
are changes in energy losses on the grid as a result of changes in generation and /or consumption.

Output
is consumption or produced energy at a given point of time.

Output balance
is the momentary balance between production and consumption. (Momentary is often used to mean average output over time MWh/h.)

Output reserve
Reserve production capacity and agreements to reduce consumption to obtain balance in the power system.

The power exchange
or electricity exchange is a marketplace for the organised trade of electricity. Nord Pool ASA, in which Statnett and Svenska Kraftnät each own a 50 per cent stake, runs the Norwegian-Swedish power exchange.

Power units
V = volt (voltage)
kV = kilovolt (1,000 volts)
A = ampère (current)
W = watt (output)
kW = kilowatt (1,000 watts)
kWh = kilowatt hour (energy)
MW = megawatt (1,000 kW)
MWh = megawatt hour (1,000 kWh)
GW = gigawatt (1,000,000 kW)

GWh = gigawatt hour (1 million kWh)
TW = terawatt (1,000,000,000 kW)
TWh = terawatt hour (1 billion kWh)

Regional grids
or main distribution grids are grids that are important to large regions – e.g. parts of one or more counties (normally power lines with voltages of 132 kV and 66 kV).

The regulating power system
is a system whereby operators quote a price to reduce or increase generation and/or consumption. The regulating power system is used to regulate the power system so that consumption and generation are always in balance.

The revenue ceiling
is the revenue limit allowed by the authorities for monopolies. The Norwegian Water Resources and Energy Directorate (NVE) sets an upper limit on the revenues that grid companies can earn from their monopoly-based operations.

System-wide responsibility
is the overall responsibility for coordinating and operating the entire power system. Statnett is the Transmission System Operator of Norway, with system-wide responsibility.

Governing Bodies

The General Meeting

Statnett SF is a state-owned enterprise administered by the Norwegian Ministry of Petroleum and Energy. Its supreme authority is the general meeting, i.e. the Minister of Petroleum and Energy.

The Board

Pursuant to the decision of the General Meeting, the board shall consist of between seven and nine members, one of which must be a representative of the power supply industry. Two or three members of the board must be elected by and among Statnett's employees.

The Board has had the following members since May 2000:

Grete Faremo (Chairman)
Kjell Olav Kristiansen (Deputy Chairman)
Anne Kverneland Bogsnes
Elisabeth Wille
Jonfinn Fløtre
Sverre Aam
Elected by the employees:
Rolf M. Nyheim (Kari Celius, Deputy Member)
Jan Eskedal (Halvard D. Thommessen, Deputy Member)
Ole Bjørn Kirstihagen (Bjørn Solberg, Deputy Member)

Auditor

PricewaterhouseCoopers DA, represented by State authorised public accountant Johnny Skaug, has been elected Statnett's auditor.

The User Council

Statnett's Memorandum and Articles of Association stipulate that it shall have a User Council. The purpose of the User Council is to contribute to the efficient control of the power grid enterprise's affairs. The Council, in which the most important Main Grid users' groups are represented, has the right to make proposals and recommendations to Statnett's governing bodies. The

User Council shall comprise five members, to be appointed by the General Meeting. The User Council has had the following members since May 2000:
Chairman, Odd Øygarden, *appointed by SFO (The Federation of Statnett Customers)*
Deputy Chairman, Håkon Egeland, *appointed by EBL (Norwegian Electricity Industry Association)*
Egil Arntsen, *appointed by EBL (Norwegian Electricity Industry Association)*
Helge Stanghelle, *appointed by NHO (Confederation of Norwegian Business and Industry)*
Karstein Sandvik, *appointed by the Consumer Council of Norway.*

Key Documents

Concerning the reorganisation of the state-administration company Statkraft into the State-Owned Enterprises Statnett SF and Statkraft SF per 1 January 1992

- Proposition no. 32 to the Odelssting (1990–91)
- Proposition no. 100 to the Storting (1990–91)
- Recommendation no. 28 to the Storting (1991–92)
- Minutes of Discussion in the Storting (Norwegian parliament) of 8 November 1991

Act no. 71 of 30 August 1991 relating to State-Owned Enterprises

- NOU 1991:8
- Proposition no. 32 to the Odelssting (1990–91)
- Recommendation no. 67 to the Odelsting (1990–91)

Act no. 50 of 29 June 1990 relating to energy (Energy Act)

- NOU 1985:9 Energy legislation
- Regulation no. 959 of 7 December 1990 under the Energy Act
- Amendment to regulation, 10 December 1993
- Amendment to regulation, Royal Decree 18 February 1999
- Proposition no. 43 to the Odelssting (1989–90)
- Proposition no. 60 to the Odelssting (1992–93) Concerning emergency-response

- Proposition no. 35 to the Odelssting (2000–2001) Changes in energy legislation

System responsibility

- Guidelines for systemwide responsibility in the power system (NVE August 1999, in force from 1 October 1999)

The organisation of foreign trade in electricity

- Proposition no. 81 to the Storting (1991–92)
- Recommendation no. 178 to the Storting (1991–92)
- Report no. 46 to the Storting (1992–93)
- Report no. 11 to the Storting (1995–96) Organisation of power trade with Sweden
- Recommendation no. 97 to the Storting (1995–96) Power trade with Sweden
- Report no. 9 to the Storting (2000–2001) Power trading between Norway and Denmark
- Recommendation no. 93 to the Storting (2000–2001) Power trading with Denmark

The taxation of power companies

- Regulation regarding supplementation and implementation, etc. of Act no. 14 of 26 March 1999 regarding taxation (Section 18–8)

- Interest rate provisions for taxation of power companies (with a statutory basis in Section 18–2, fourth paragraph, Section 18–3, third paragraph, litra b and sixth paragraph, litra a, Section 18–4, second paragraph and Section 18–5, sixth paragraph)
- Proposition no. 23 to the Odelssting (1995–96)
- Proposition no. 47 to the Odelssting (1999–2000)

Electromagnetic fields and health hazards

- Proposal for a management strategy. NOU 1995:20

Energy and power balance towards the year 2020

- NOU 1998:11

Concerning energy policies

- Report no. 29 to the Storting (1998–99)

Income regulation

- Regulation concerning the measurement, settlement and coordinated action in power trading and the invoicing of power grid services (MPE, 11 March 1999, no. 301)
- Regulation concerning technical reporting, revenue ceiling for power grid operations and transmission tariffs (MPE, 11 March 1999, no. 302)

THOUGHTS AT LAKE SJODAL

Was it the mountain-horn played by the waterfalls
that once taught the skalds how to sing
and gave birth to the words in *Hávamál*
and put magic in the stories of trolls?

No country I know of
has heard so many trumpets and harps.
In every valley, down every cliff
the notes go ringing through your temples –
water that sings and calls and
lures you to dreams.

Now most of it's been run into pipes
so the music is gone, but I guess
it's just like with us:
something's got to be tamed and turned into power and spi-
rit
but something's got to flow free,
like the song from the Gjende Rapids over there
and in our blood,
the one that rejuvenates the world.

ROLF JACOBSEN

Translated by Roger Greenwald, from *Did I Know You?*
(Gyldendal, 1997)



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