



# Sustainable electricity networks a prerequisite for Sweden's climate transition.

**Modern, flexible electricity networks are crucial if Sweden is to manage the energy transition and achieve its climate targets. We at Ellevio are prepared to make the major investments that are required, but we also need a network regulation that is sustainable in the long term and that promotes investment.**

The pandemic year of 2020 was a special time for us all. As an electricity network owner, Ellevio is responsible for critical infrastructure, meaning crisis preparedness is an important part of our mission. Our own pandemic action plan came into effect in February, even before the authorities issued their recommendations. We activated our crisis organisation, which focuses on our own strict guidelines and compliance with the authorities' recommendations, to protect the health of our employees and guarantee an uninterrupted supply of electricity to our customers.

I can say that our proactiveness has paid off. Thanks to our prompt actions and hard work, we have so far succeeded in maintaining a low level of sickness absence and in guaranteeing uninterrupted operations.'

I would like to extend a big thank you to all employees, partners and suppliers who have

shown great responsibility and flexibility. Thanks to you, our operations and fault repair process have proceeded without interruption and our investment projects have been able to continue as planned.

## **Committed employees – our main resource**

Our ability to manage the challenges facing us during the pandemic year in 2020 are clear proof of the huge commitment among our employees. I am also pleased that the employee surveys conducted indicate a continued high level of commitment.

Another metric we follow closely is the number of women employed at our organisation, and we achieved a record-high score in this area. It is very pleasing to see that our systematic gender-equality initiatives within operations

and the recruitment process have really made a difference.

Safety for all those who work for Ellevio, our own employees, contractors and sub-contractors, has always been our highest priority. In 2020 we reduced the number of accidents, which shows that our efforts to create a strong safety culture are yielding results.

## **Several new items in our customer offering**

During the year we began the installation of new smart electricity meters for our customers. In total, nearly one million customers will receive new meters. The smart electricity meters are a vital component of the smart electricity networks of the future. They are adapted for solar panels, offer customers the opportunity to connect

new services and will contribute to fewer and shorter outages.

Digitalisation of our services is a priority in Ellevio's business strategy, and we have made important progress in this area during the year. For example, we developed an app that will make it easier for our customers to track and understand their electricity consumption and environmental impact, as well as compare their consumption to others. The app will be launched in 2021.

We also implemented several other improvements for our customers in 2020. We now offer installation of solar panels and charging wall boxes for electric vehicles to private customers; we launched charging solutions for companies, properties and housing associations; and we are continuing to offer smart solutions for the



establishment of charging streets in Stockholm, in collaboration with the City of Stockholm.

### The opportunity to invest in climate adaptation is now – not later

Over the past year the political agenda has – naturally – been dominated by the Covid-19 crisis. As we look ahead to a post-Covid world, there is a unique opportunity to focus on the biggest future issue of our time: the climate. The opportunity to invest in sustainable development and climate adaptation is now, not later.

Swedenenergy has produced calculations of the extent to which Sweden's electricity needs will increase by 2045, which is the target year for Sweden becoming the world's first fossil-free country. Previous calculations indicated an increase of 50 TWh per year, corresponding to 1.5 times Denmark's entire electricity consumption, to 190 TWh/year by 2045. In 2020 new information provided by industry has led to the increase in all likelihood being considerably larger, perhaps double this or more. This means that the SEK 500 billion in electricity network investments required by 2045 will also increase.

We at Ellevio have the skills and preparedness required for Sweden to manage the energy transition and achieve its climate targets. This is why we are working to ensure Sweden has a sustainable network regulation over the long term that enables us to attract the capital needed to make these important investments in the future.

### Dialogue concerning future regulation

The Government entered into a dialogue in 2020 between politicians and electricity market operators concerning the future regu-

lation. It is very positive that we are involving a broad range of participants to discuss how the regulation should be designed in the long term; the current situation with drawn-out court cases is not sustainable. I am essentially hopeful; an increased understanding of what is required, as well as greater understanding of the various stakeholders' conditions will increase the chances of bringing about a cross-party agreement on stable rules.

We also welcome the fact that the Government will draw up a national strategy for electrification. It is positive that a comprehensive approach is being taken to provide the conditions for electrification of transportation and industries. With respect to Ellevio, we have long warned that capacity on the electricity network represents a bottleneck for growth, electrification and connection of new solar and wind power.

### Greatest need yet for investment in the electricity network

In the autumn of 2020, it became clear that we would be forced to say no to any new, major electricity production in Värmland in the future. The decision was a result of Svenska kraftnät being unable to connect more production to the national grid. This was not a pleasant announcement to make to our customers. From Ellevio's perspective, we want to see the electricity network expanded so that it can become an enabler of the transition towards a fossil-free society.

The need for investment in the electricity network has never been greater, which is why it was very unfortunate that the much less beneficial regulation for the period 2020–2023 has

led to us needing to reduce our investments by some 40 percent compared to our original plan. Due to the already planned and ordered investments, however, 2020 was yet another year with some of the highest levels of investment ever. In contrast, we will already need to reduce our investments in 2021. It is extremely unfortunate that this is happening at a time when Sweden needs an expanded electricity network and new, green jobs more than ever before.

### Major interest in green bond

In 2020 Ellevio took its first loan on the bond market within our framework for green bonds. The issuance was earmarked for our investments in smart electricity meters. As there was such huge interest in investing in the bond, we decided to extend the issuance to include investments enabling more connection of wind power.

Before the issuance, we had a certification institute analyse our entire operations based on their environmental benefit. The conclusion was that Ellevio's operations can be classified as "Dark Green", which is the term used for operations that offer a clearly positive contribution to the green transition. It feels positive that we thus have a testament to the fact that the capital our owners and creditors invest is making a difference to sustainable development.

### Sustainable development contributions

This year's annual and sustainability report serves as our Communication on Progress report in line with the UN Global Compact. I can confirm our continued support for this initiative.



I am proud of the great results we have achieved over the past year. Moving forward, focus will be placed on our increasingly important role in the climate transition and we will continue to work towards a regulation that supports sustained investment in the electricity network of the future. We will also invest even more in digitalisation of services that enable our customers to be a part of the journey towards a fossil-free society. Naturally, we will also continue our efforts to constantly improve in terms of safety so that everyone who works with us feels safe and secure.

Johan Lindehag  
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