

Research Update:

Norwegian TSO Statnett 'A+/A-1' Ratings Affirmed; Outlook Stable

October 3, 2025

Rating Action Overview

- We expect Statnett to report stable revenue, but that congestion income will continue to lead to volatility of reported revenue.
- We view assets under construction currently not entering the regulated asset base (RAB) until completed as a weakness in the framework, although we expect changes in this regulation to occur over the next few months.
- Norway's regulatory framework for power transmission activities is supportive, thanks to the stable and predictable framework and fair remuneration that is higher than peers', but Statnett's smaller scale relative to peers puts it in the low end of our excellent business risk profile category. We therefore revised our guidance for our 'bbb' stand-alone credit profile (SACP) on Statnett to around 7% from above 6%.
- Norway is very likely to provide support to Statnett in a stress scenario and we therefore affirmed our 'A+/A-1' long- and short-term ratings on Statnett.
- The stable outlook indicates that we expect Statnett's underlying metrics to remain at about 7.5%-8.5% on average.

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Rating Action Rationale

We view Norwegian transmission system operator (TSO) Statnett's scale as smaller than that of peers. Statnett is smaller than most of its peers, with about €850 million-€900 million EBITDA generation expected by 2027 which compares favorably with Finnish Fingrid's €400 million expected but remains behind Belgian ETB's €1 billion expected, German eurogrid's €2 billion expected, and, as of 2024, TenneT Netherlands' EBITDA of about €1 billion. Statnett's €7 billion RAB at year-end 2024 is in line with that of ETB €6.9 billion but higher than Fingrid's €3.6 billion. However, it remains well below other western European peers such as eurogrid's €11.6 billion and TenneT Netherlands' €8.8 billion.

Congestion income will continue to bring volatility to reported numbers under International Financial Reporting Standards. Statnett recorded Norwegian krone (NOK) 11 billion of congestion income in 2024, resulting in an accumulated revenue balance of NOK4.5 billion as of end-2024. We forecast Statnett will continue receiving a large amount of congestion income in 2025 (€774 million as of Aug. 31, 2025) further increasing the balance of accumulated higher income to our expectation of about NOK7.0 billion as of end-2025. It also increases the company's need to return the congestion income to consumers by annually applying lower tariffs than what the regulatory framework allows for or through direct payment to distribution system operators. We expect Statnett's five-year average reported funds from operations (FFO) to debt and underlying FFO to debt will average 7.5%-8.5%, which is well within our 7%-10% threshold for Statnett's 'bbb' SACP.

We view the Norwegian regulatory framework for Statnett as supportive, although slightly weaker than some of the frameworks in Western Europe. The current regulation for power transmission activities in Norway follows a revenue cap methodology with an annually adjusted pre-tax nominal weighted average cost of capital (WACC) applied to the RAB. In 2025, the pre-tax nominal WACC is expected to reach 7.4%, the highest nominal WACC among Western European peers. Although there are no set regulatory periods, which is a key difference to the rest of Western Europe, we view positively that all major regulatory pillars must remain in place for at least five years and that there is track record that the framework is stable and predictable. Similar to most of its peers, the framework allows for operating cost and volume recovery, although with a two-year lag, which is longer than in Italy and the U.K. However, and compared with most peers with an assessment of strong, assets under construction do not enter the RAB until completed, which we view as a weakness. However, we view the following as positive:

- A completed asset not yet operating can be included in the RAB considering a full year of completion.
- Interconnectors enter the RAB once Statnett has finished the construction, even if the counterpart has not yet finished its side.

We also note that the Norwegian Energy Regulatory Authority is working on compensation for assets under construction, which we expect to be implemented over the coming months. Should it not occur, we would revise our base case.

We revised our rating threshold because of our updated view of the Norwegian regulatory framework, Statnett's scale compared to peers and volatility inherent to congestion income. We now view Statnett's business risk profile in the low end of the excellent category, which led us to revise upward our threshold for the 'bbb' SACP to around 7% from above 6%. Our view of the low business risk profile is, however, somewhat mitigated by

- The lack of affordability pressure in Norway coming from both large inflows of congestion income providing liquidity buffer to Statnett; and
- A lower capital expenditure (capex) program compared with peers', which mitigates execution risks.

We indeed expect Statnett to invest up to NOK40 billion (€3.5 billion equivalent) over 2025-2027 which compares favorably with ETB's €5.5 billion-€6.0 billion and eurogrid's €14 billion investment programs.

However, we expect capex to increase more than RAB and to be mostly debt funded. The investment program of about NOK15 billion-NOK20 billion annually over the next 10 years is underpinned by the requirement for Statnett to strengthen and expand the Norwegian grid as part of the government's electrification plan. This highlights Statnett's important position in Norway, since the TSO is required to facilitate electrification needed to lower national carbon dioxide emissions. It includes strengthening the grid to accommodate electrification of most domestic industries. Investments will be mainly debt funded, leading to a material debt build-up of about 75% to NOK110 billion-NOK120 billion in 2029 from NOK66 billion in 2024. We expect the RAB used in the regulatory formula to increase 40% to NOK120-NOK125 billion in 2029 from NOK73.4 billion in 2024. At the same time, we expect RAB under construction (currently excluded from the formula) to increase to NOK26 billion in 2029 from NOK8 billion in 2024. This will lead to total RAB almost doubling to NOK150 billion in 2029, up from NOK82 billion in 2024. Over our forecast period (2025-2029), we expect permitted revenue to increase to about NOK20 billion-NOK30 billion, supported by the high level of historical costs and RAB growth. We therefore expect underlying EBITDA to increase 55% to NOK12 billion-NOK13 billion in 2029 from NOK 8.1 billion in 2024, supporting the 'bbb' SACP.

The company is fully owned by the government and an essential part of the national infrastructure. Our 'A+' rating on Statnett benefits from four notches of uplift for government support. We do not expect a change in the ownership support, given the importance of Statnett to the country's electrification and carbon neutrality target, as demonstrated in historical equity injections and the lowering of dividends to allow for higher investments. In addition, and as per law, only the government can own Statnett. We do not expect any changes to such conditions.

Outlook

The stable outlook reflects our expectation that Norway's stable and predictable regulatory framework will continue to support Statnett's cash flow so that Statnett's underlying FFO to debt remains around 7.5%-8.5% over our forecast horizon.

Downside scenario

We would consider a downgrade to 'A' should the SACP decrease to 'bbb-'. That could occur if underlying FFO to debt fails to remain around 7%.

In addition, we could lower the rating if our assessment of the likelihood of extraordinary government support for Statnett weakens.

Upside scenario

We could raise the rating if Statnett's financial risk profile strengthens compared with our forecasts. This could result from a deleveraging plan or scaling down of its investment plan combined with a commitment to stronger credit metrics, with underlying FFO to debt around 10%.

Company Description

Statnett is Norway's national electricity TSO and owner of the Norwegian power transmission grid. It owns and operates the Norwegian power transmission network across Norway's five price

zones and connects the power system to neighboring countries Sweden, Denmark, Germany, the Netherlands, and the U.K.

Statnett is fully owned by the Norwegian government through the Ministry of Energy. In 2024, Statnett reported EBITDA of NOK8.1 billion.

Our Base-Case Scenario

Assumptions

- Inflation in Norway of about 2.3% in 2025, 1.9% in 2026, 1.7% in 2027, and 1.6% in 2028.
- Congestion income of €1.2 billion expected in 2025; of which €774 million had been received as of Aug.31, 2025 (equivalent to NOK14 billion).
- Statnett's efficiency score at about 100% over the forecast period.
- Average interest rates of 3.0%-3.5% over 2025-2029.
- A corporation tax of 22% with no tax payment expected over our forecast horizon, as approved by the state and as directed by the corporate law.
- Investments increasing toward NOK18 billion-NOK20 billion from 2027 and thereafter from NOK15 billion in 2026, NOK10 billion in 2025, and NOK8 billion in 2024.
- RAB includes assets that are ready to operate, but excludes assets under construction. RAB in operation to grow toward NOK100 billion by end-2028 from NOK73 billion in 2024.
- Flat dividends of 50% of profits based on underlying profits.

Key metrics

Statnett SF--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. NOK)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
Regulatory accounting in forecasts								
IFRS in historicals								
EBITDA	8,018	11,510	1,758	8,145	5,801	8,425	10,229	11,275
Funds from operations (FFO)	7,378	10,441	(478)	5,314	3,002	5,553	6,936	7,266
Capital expenditure (capex)	6,533	4,926	5,527	7,506	10,099	14,260	17,319	17,655
Discretionary cash flow (DCF)	569	3,442	(5,830)	(2,295)	(1,261)	(9,190)	(12,088)	(12,744)
Debt	46,774	42,760	48,016	51,249	54,456	63,886	76,306	89,480
Adjusted ratios								
Debt/EBITDA (x)	5.8	3.7	27.3	6.3	9.4	7.6	7.5	7.9
FFO/debt (%)	15.8	24.4	(1.0)	10.4	5.5	8.7	9.1	8.1

Statnett SF--Forecast summary

DCF/debt (%)	1.2	8.0	(12.1)	(4.5)	(2.3)	(14.4)	(15.8)	(14.2)
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All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. NOK--Norwegian krone.

Liquidity

We assess Statnett's liquidity as adequate. This is supported by our view of available liquidity resources--including cash, FFO, available credit facilities, and our expectation of congestion income to be received--which we estimate will cover expected cash outflows by 2.1x over the 12 months from Jun. 30, 2025. Should we exclude our expectation of congestion income to be received, we expect sources to cover uses by about 1.3x; which is in line with our expectation of an adequate liquidity.

We also incorporate in our liquidity assessment our expectation that liquidity sources will exceed uses even if EBITDA were to drop by 10%, and that Statnett has solid relationships with banks and high standing in the credit markets due to its position as the sole government-owned TSO in Norway. As of June 30, 2025, we estimate the following principal liquidity sources and uses:

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none">NOK9.4 billion in unrestricted cash including cash received from congestion income in the first half of 2025.Access to undrawn committed revolving credit facilities totaling NOK8 billion.FFO of about NOK4 billion.Our expectation of about NOK12 billion of congestion income to be received over the next 12 months.	<ul style="list-style-type: none">Debt of NOK4.7 billion maturing over the next 12 months.Annual investments of about NOK12.5 billion.Dividends of about NOK350 million in line with the financial policy.

Rating Component Scores

Rating Component Scores

Component	
Foreign currency issuer credit rating	A+/Stable/A-1
Local currency issuer credit rating	A+/Stable/A-1
Business risk	Excellent
Country risk	Very low risk
Industry risk	Very low risk
Competitive position	Strong
Financial risk	Aggressive
Cash flow/leverage	Aggressive
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Neutral
Stand-alone credit profile	bbb

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013

- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011
- [General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating](#), Oct. 1, 2010

Related Research

- [Elia Group 'BBB/A-2' Ratings Affirmed, Outlook Stable](#), Sept. 30, 2025
- [German TSO Eurogrid 'BBB/A-2' Ratings Affirmed; Outlook Stable](#), Sept. 30, 2025
- [Belgian TSO Elia Transmission Belgium 'BBB+/A-2' Ratings Affirmed; Outlook Stable](#), Sept. 30, 2025
- [Norwegian Electricity Distribution And Transmission Regulatory Framework: Very Supportive](#), April 28, 2025
- [Norway-Based Statnett SF 'A+/A-1' Ratings Affirmed Amid Increasing Investment Needs; Outlook Stable](#), April 28, 2025
- [Industry Credit Outlook 2025: EMEA Utilities](#), Jan. 14, 2025

Ratings List

Ratings List	
Ratings Affirmed	
Statnett SF	
Issuer Credit Rating	A+/Stable/A-1
Senior Unsecured	A+

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