

# Eidsiva Energi AS

Kingdom of Norway, Utilities

## Rating composition

Business risk profile		A+	A
Industry risk profile			
Competitive position		A	
Financial risk profile		BBB-	BBB-
Credit metrics			
Cash flow generation	Moderate		
Liquidity	+/-0 notches	BBB+	BBB+
Standalone credit assessment			
Supplementary rating drivers		+1 notch	+1 notch
Financial policy	+/-0 notches		
Governance & structure	+/-0 notches		
Parent/government support	+1 notch		
Peer context	+/-0 notches	A-	A-
Issuer rating			

## Key metrics

	Scope estimates			
Scope credit ratios*	2023	2024	2025E	2026E
EBITDA interest cover	8.5x	5.5x	5.0x	4.9x
Debt/EBITDA	3.6x	4.2x	4.7x	4.9x
Free operating cash flow/debt	5%	1%	-1%	-3%
Liquidity	>200%	>200%	>200%	190%

## Rating sensitivities

### The upside scenario for the ratings and Outlook:

- Leverage below 3.0x on a sustained basis

### The downside scenarios for the ratings and Outlook (individually):

- Leverage above 5.0x or EBITDA interest cover weakening below 5.0x on a sustained basis
- Loss of government-related entity status, which is deemed remote

\*All credit metrics refer to Scope-adjusted figures.

Issuer

A-

Outlook

Stable

Short-term debt

S-1

Senior unsecured debt

A-

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### Related methodologies

[General Corporate Rating Methodology](#), Feb 2025

[European Utilities Rating Methodology](#), Jun 2025

[Government Related Entity Rating Methodology](#), Sep 2025

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## 1. Key rating drivers

Positive rating drivers	Negative rating drivers
<ul style="list-style-type: none"> <li>High share of EBITDA from power distribution, benefitting from a natural monopoly and robust regulatory framework</li> <li>Ownership of robust telecoms and district heating infrastructure</li> <li>Strong merit order position and clean carbon footprint of Hafslund Kraft's power generation portfolio (ESG factor)</li> <li>A major part of capex plans focus on supporting electrification and climate goals with a large share allocated to power distribution, which involves low risks</li> <li>Good interest cover</li> <li>Long-term municipal owners, which likely could provide extraordinary financial support if needed</li> </ul>	<ul style="list-style-type: none"> <li>Cash flow from Hafslund Kraft and district heating are subject to volatile operating conditions, including reliance on spot power prices</li> <li>Moderate leverage</li> <li>Expected increase in capex and sustained dividend payments puts pressure on cash flows</li> <li>Limited geographical diversification, solely operating in Norway</li> </ul>

## 2. Rating Outlook

The **Stable Outlook** reflects our view that EBITDA growth from expected capex will result in credit metrics remaining within the rating sensitivities, e.g. debt/EBITDA within a range of 4.5x and 5.0x, despite increasing debt from negative free operating cash flows and the maintenance of shareholder remuneration. The Outlook also assumes that the quality of cash flows will remain stable, with a high share of regulated activities, supported by Elvia being the main capex driver.

## 3. Corporate profile

Eidsiva Energi AS (Eidsiva) is a Norwegian utility focused on southeast Norway. Its largest activity is the ownership and operation of regulated power distribution grids through its subsidiary Elvia, which serves about one million customers in the (capital) city of Oslo and the counties of Innlandet, Akershus and Østfold through more than 70,000 km of grids. It also engage in district heating, renewable energy generation through its 43.5% ownership in Hafslund Kraft, as well as telecoms including fibre networks and broadband services.

Norwegian utility focused on southeast Norway

Eidsiva operates in four reporting segments: Elvia, Bioenergy, Digital and Other. The Other segment mainly comprise the ownership in Hafslund Kraft, as well as various new activities, such as development of wind power.

Government-related entity

We classify Eidsiva as a government-related entity based on its full municipal ownership and the essential public services it provides. It is 50% owned by Hafslund AS ([A/Stable](#); fully owned by the city of Oslo) as well as Innlandet Energi Holding AS<sup>1</sup> and Åmot municipality with 49.4% and 0.6%, respectively.

## 4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
20 Jan 2026	Affirmation	A-/Stable
23 Jan 2025	Affirmation	A-/Stable
24 Jan 2024	Affirmation	A-/Stable

<sup>1</sup> An intermediary holding company owned by Innlandet county and an association of 27 local municipalities within Innlandet county, which through the holding company act jointly regarding their ownership in Eidsiva

## 5. Financial overview (financial data in NOK m)

					Scope estimates		
Scope credit ratios	2022	2023	2024	2025E	2026E	2027E	
EBITDA interest cover	10.9x	8.5x	5.5x	5.0x	4.9x	5.1x	
Debt/EBITDA	3.8x	3.6x	4.2x	4.7x	4.9x	4.7x	
Free operating cash flow/debt	8%	5%	1%	-1%	-3%	-2%	
Liquidity	>200%	>200%	>200%	>200%	190%	193%	
<b>Other ratios</b>							
EBITDA margin	30%	42%	34%	35%	36%	36%	
EBITDA margin adjusted for excess and deficit tariff revenues in Elvia	32%	39%	33%	38%	39%	36%	
<b>EBITDA</b>							
Reported EBITDA <sup>2</sup>	3,297	4,053	3,440	3,316	3,664	4,184	
add: recurring dividends from associates	1,194	722	994	979	900	900	
<b>EBITDA</b>	<b>4,491</b>	<b>4,775</b>	<b>4,434</b>	<b>4,295</b>	<b>4,564</b>	<b>5,084</b>	
<b>Funds from operations</b>							
EBITDA	4,491	4,775	4,434	4,295	4,564	5,084	
less: interest	(413)	(559)	(803)	(866)	(932)	(1,005)	
less: cash tax paid	35	(37)	(172)	(88)	(177)	(220)	
Other items	(90)	(279)	(50)	-	-	-	
<b>Funds from operations</b>	<b>4,023</b>	<b>3,900</b>	<b>3,409</b>	<b>3,341</b>	<b>3,455</b>	<b>3,859</b>	
<b>Free operating cash flow</b>							
Funds from operations	4,023	3,900	3,409	3,341	3,455	3,859	
Change in working capital	131	(148)	(383)	(33)	(34)	(34)	
less: capital expenditures (net)	(2,635)	(2,812)	(2,787)	(3,375)	(4,025)	(4,100)	
less: lease amortisation	(106)	(116)	(103)	(105)	(107)	(109)	
<b>Free operating cash flow</b>	<b>1,413</b>	<b>824</b>	<b>136</b>	<b>(172)</b>	<b>(711)</b>	<b>(385)</b>	
<b>Interest</b>							
Net cash interest per cash flow statement	413	559	803	866	932	1,005	
<b>Interest</b>	<b>413</b>	<b>559</b>	<b>803</b>	<b>866</b>	<b>932</b>	<b>1,005</b>	
<b>Debt</b>							
Reported financial (senior) debt	19,447	19,763	20,879	22,312	24,364	26,136	
less: cash and cash equivalents	(2,673)	(2,876)	(2,220)	(2,031)	(2,047)	(2,084)	
add: non-accessible cash	88	70	80	80	80	80	
<b>Debt</b>	<b>16,862</b>	<b>16,957</b>	<b>18,739</b>	<b>20,361</b>	<b>22,397</b>	<b>24,132</b>	

<sup>2</sup> Excludes share of results in associates.

## 6. Environmental, social and governance (ESG) profile<sup>3</sup>

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency) 	Labour management	Management and supervision (supervisory boards and key person risk) 
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate) 
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity) 
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests) 

ESG factors:  credit-positive  credit-negative  credit-neutral

Eidsiva derives a high share of its cash flow from activities that align with the EU taxonomy, mainly power distribution and renewable energy generation. We believe this business mix reduces the risk of long-term headwinds related to ESG developments.

Sustainable business model in terms of ESG developments

We particularly highlight Eidsiva's sizeable exposure to hydropower generation, through its 43.5% stake in Hafslund Kraft, as a credit-positive environmental factor. This cost-efficient power generation portfolio with negligible emissions largely eliminates transition risks related to decarbonisation.

We also highlight Elvia's critical role in developing its grid to help achieve electrification and climate goals, which supports the continuation of a reliable regulatory framework.

We do not see detrimental factors relating to Eidsiva's corporate governance. The company applies governance principles reflective of Norwegian market standards.

Adequate governance

<sup>3</sup> These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

## 7. Business risk profile: A

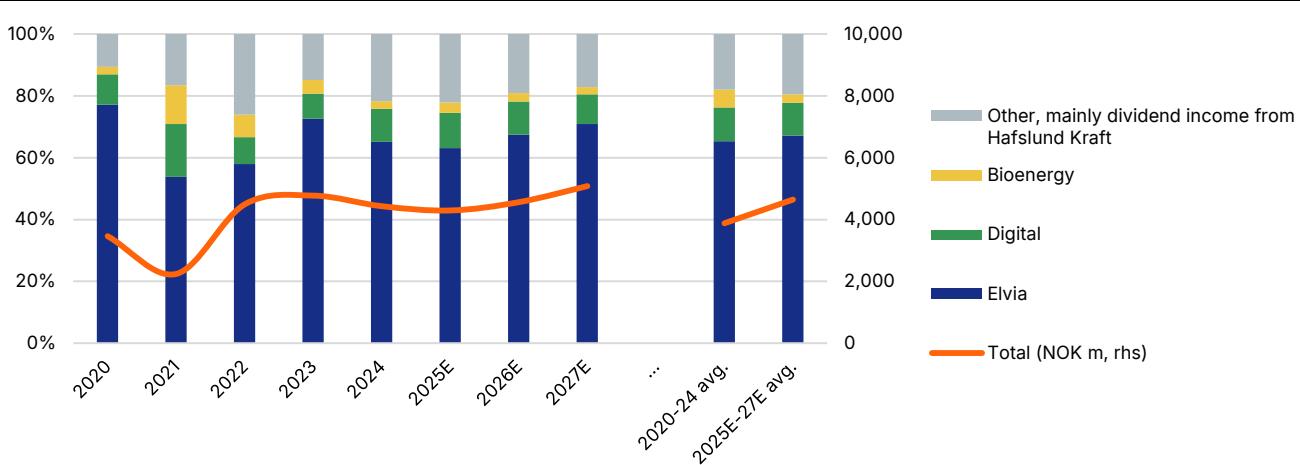
The business risk profile strongly supports Eidsiva's rating. It reflects a high share of low-risk activities and Eidsiva's position as one the leading utilities in Norway ([AAA/Stable](#)).

Strong business risk profile supported by high share of low-risk activities

We view Eidsiva's exposure to regulated power grids through Elvia and secondarily the part of the Digital segment involving the ownership of robust fibre networks as its most supportive activities. Eidsiva's remaining exposure is mainly to district heating in the Bioenergy segment and to power generation from hydro and wind power plants through dividend income from the 43.5% stake in Hafslund Kraft, which are subject to more market risks and volatility.

Our base case is that Eidsiva's regulated power grids and the Digital segment will represent about 65% and 10% of EBITDA over time, while dividend income from Hafslund Kraft and the Bioenergy segment will represent about 20% and 5%. This business mix is consistent with a strong business risk profile assessment.

**Figure 1: Business mix in terms of EBITDA<sup>4</sup>**



Source: Eidsiva, Scope estimates

Elvia represents the largest share of the business mix and benefits from its monopoly for power distribution in a service territory in the (capital) city of Oslo and the counties of Innlandet ([AAA/Stable](#)), Akershus ([AAA/Stable](#)) and Østfold. It covers about one million customers and more than one third of the Norwegian population.

Elvia benefit from a monopoly and regulatory framework providing strong cash flow visibility

Elvia's activity is fully regulated under a well-defined and transparent regulatory framework governed by the Norwegian Regulatory Authority, RME. This provides strong cash flow visibility. The framework allows for cost recovery with a time lag of up to two years. We view favourably the immediate reflection and full pass-through of material and non-controllable costs (e.g. transmission) and mechanisms that result in low commodity risk and help to mitigate exposure to inflation and interest rates.

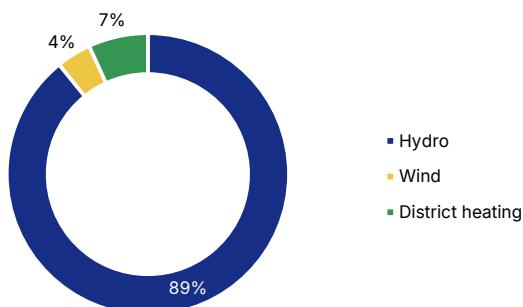
The framework grants Elvia an adequate return on its regulated asset base. The achieved return depends, however, on cost efficiency relative to domestic power distribution peers determined by benchmarking. The benchmarking creates an economic incentive to operate efficiently, ensure adequate quality and minimise the tariffs charged to society. In this context, we view Elvia's leading size among domestic peers as favourable, because it provides economies of scale, which is underpinned by its track record of above-average benchmarking results.

Elvia may overcharge or undercharge its customers in a given year, as it can be difficult to set accurate tariffs, for example if power markets are volatile with fluctuating grid losses and transmission costs. However, the grid operator must ensure that its accumulated tariff revenues

<sup>4</sup> Scope-adjusted.

over time are equal to its accumulated revenue caps. Volatility in cash flow and profitability that stems from excess or deficit tariff revenues in Elvia is therefore viewed less worrisome, since its largely a timing effect.

**Figure 2: Expected annual mean energy generation by source of Eidsiva's owned generation<sup>5</sup>**



Source: Eidsiva, Hafslund Kraft, Scope

Eidsiva's exposure to power market prices from energy generation is slightly above 7 TWh yearly, or about 25% of its business mix in terms of EBITDA. This represents significant merchant risks and increases business risks. It is mainly through the 43.5% stake in Norway's 2<sup>nd</sup> largest power generator Hafslund Kraft, whose results rely on fluctuating power market prices including spot, although long-term contracts and financial hedging mitigate some risk. Hafslund Kraft owns and operates large, mature hydropower plants as its primary activity and has some wind power activities. Its cost base is therefore low and largely fixed for a given volume, and its results depend on achieved prices for generated volumes.

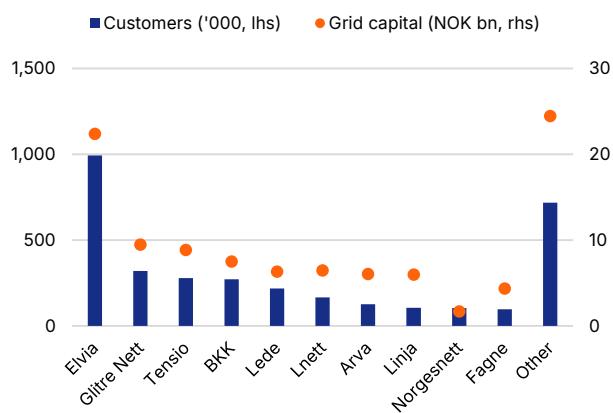
The mentioned exposure to power market prices also includes Eidsiva's district heating generation of about 0.5 TWh yearly in the Bioenergy segment. Here, revenues are tied to spot power prices and other elements comprising the power price charged to consumers, as Norwegian regulation stipulates that it should not be more expensive than heating using power. The district heating is further exposed to fluctuations in fuel costs, which cannot be passed through to customers. This creates relatively volatile operating conditions.

While Eidsiva's diversification benefits from exposure to non-correlated utility areas and relatively stable telecoms activities in the Digital segment, we note certain concentration risks. These include its sole focus on Norway and major exposure to changes in the country's regulatory framework for power distribution. Outreach in terms of customers across its business segments is also weaker than that of larger European peers.

We forecast that EBITDA will increase to over NOK 5bn in 2027. This reflects our assumption of growing capex, with above NOK 3bn in 2025 and about NOK 4bn yearly in 2026-2027, as compared to NOK 2.8bn each year in 2023 and 2024. Elvia is the main capex driver given its need to strengthen and expand its grid as part of ongoing electrification efforts in Norway and climate targets. We therefore believe that its regulated asset base and depreciation will steadily increase, resulting in EBITDA growth and a business mix with at least 65% of EBITDA from regulated power distribution grids. We assess most of the expected capex as carrying relatively low risk, because an estimated 80% will be in Elvia.

We have not factored in notable EBITDA growth in Eidsiva's Digital and Bioenergy segments. In Digital, we foresee some uncertainty around future growth from the expected opening of its fibre

**Figure 3: Norwegian power distribution system operators by customers<sup>6</sup>, 2024**



Source: RME, Scope

Exposure to power market prices, which can fluctuate significantly

Certain concentration risks

EBITDA growth to be supported by increasing capex in Elvia

<sup>5</sup> Reflects Eidsiva's share of the power generation portfolio in Hafslund Kraft and its consolidated district heating.

<sup>6</sup> All operators are solely active in Norway with customers reflecting domestic grid connections. Tensio reflects Tensio Ts and Tensio Tn.

networks for third-party access amid pressure from the regulator, the Norwegian Communications Authority, which is intended to increase competition for broadband services. We expect dividend income from Hafslund Kraft at slightly below NOK 1bn yearly given the current market environment for power generation. This reflects futures that indicate average power prices in southeast and west Norway (NO1 and NO5 bidding zones), which is where Hafslund Kraft mainly operates, of about EUR 45-50/MWh in 2026-2027.

## 8. Financial risk profile: BBB-

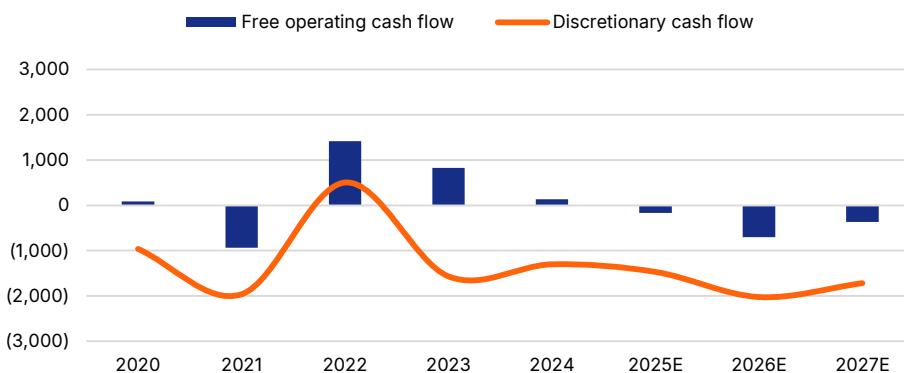
The main rating constraint remains Eidsiva's financial risk profile, which is burdened by cash outflows for capex and dividends. It reflects moderate cash flow generation and leverage, good interest cover and adequate liquidity.

We expect higher capex to result in negative free operating cash flow in 2025-2027. Combined with maintenance of the dividend policy, we expect this to increase debt to above NOK 24bn at end-2027, up from NOK 18.7bn at end-2024. This is indicated by the negative expected discretionary cash flow.

Financial risk profile is the main rating constraint

Debt to increase

**Figure 4: Cash flows, NOK m**

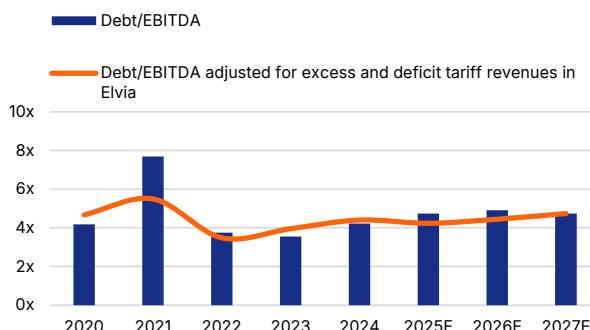


Source: Eidsiva, Scope estimates

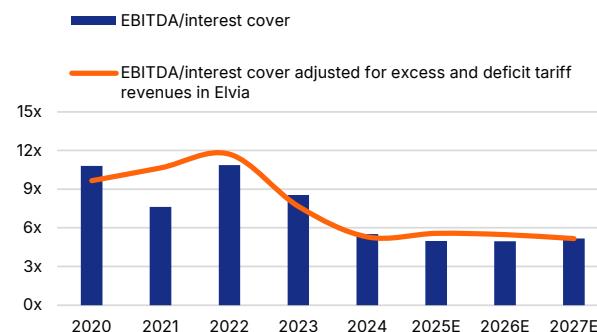
We expect leverage to settle between 4.5x and 5.0x in the next few years and debt protection between 5.0x and 5.5x. These levels represent a slight weakening compared to 2024, when leverage was 4.2x and debt protection 5.5x. We still consider credit metrics to be consistent with the current rating, but with limited headroom for underperformance relative to forecasted levels. We could lower the rating based on higher financial risks if leverage weakened above 5x or if debt protection fell below 5x on a sustained basis.

Credit metrics to remain consistent with the rating

We expect that Elvia will aim to reduce its balance of accumulated tariff revenues towards zero in 2025 and 2026. We have reflected this in our forecast through reduced EBITDA of slightly above NOK 0.4bn in each of these years, incorporating tariff revenues that are lower than the estimated revenue caps. We therefore also emphasise values adjusted for these timing effects in our assessment of sustained credit metrics.

**Figure 5: Leverage**

Source: Eidsiva, Scope estimates

**Figure 6: Debt protection**

Source: Eidsiva, Scope estimates

Eidsiva's liquidity is adequate. We forecast that liquidity sources will exceed uses in 2026-2027 by well over 110%. This assessment is supported by the company's substantial amount of unrestricted cash and cash equivalents of above NOK 3bn at end-September 2025, as well as its committed revolving credit facility of NOK 2.5bn, which matures in June 2028. The revolving credit facility can be extended for another two years through options. We also believe that Eidsiva has prudent policies in place to ensure adequate liquidity.

Adequate liquidity

Eidsiva's proven access to capital markets financing and good relationships with multiple banks also support our assessment. We view this as particularly important as we expect the company to need external financing to fund part of its upcoming capex and dividend payments.

**Table 1: Liquidity sources and uses, NOK m**

	2024	2025E	2026E	2027E
Unrestricted cash and cash equivalents (t-1)	2,806	2,140	1,951	1,967
Open committed credit lines (t-1)	3,500	2,500	2,500	2,500
Free operating cash flow (t)	136	(172)	(711)	(385)
Short-term debt (t-1)	1,815	1,517	1,628	1,928
<b>Liquidity</b>	<b>&gt;200%</b>	<b>&gt;200%</b>	<b>190%</b>	<b>193%</b>

Source: Eidsiva, Scope estimates

Eidsiva's financial liabilities mainly include senior unsecured bonds, loans from the Nordic Investment Bank and lease liabilities. We expect the company to maintain a relatively balanced debt maturity profile.

**Table 2: Debt maturity profile excluding lease liabilities on 30 September 2025, NOK m**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Bonds	900	1,500	1,800	1,700	1,500	2,700	1,100	1,000	1,600	900	500	15,200
Loans from Nordic Investment Bank	23	128	128	101	901	601	1,069	59	515	0	500	4,025
<b>Total</b>	<b>923</b>	<b>1,628</b>	<b>1,928</b>	<b>1,801</b>	<b>2,401</b>	<b>3,301</b>	<b>2,169</b>	<b>1,059</b>	<b>2,115</b>	<b>900</b>	<b>1,000</b>	<b>19,225</b>

Source: Eidsiva, Scope estimates

## 9. Supplementary rating drivers: +1 notch

Eidsiva's financial policy requires no rating adjustment. The dividends paid by Eidsiva are relatively predictable and already reflected in the financial risk profile. Although the company has not undertaken to maintain specific credit metrics, management has committed to maintaining an investment-grade rating through stated financial policies. This provides comfort against a significant rating deterioration.

Financial policy requires no rating adjustment

We define Eidsiva as a government-related entity and have applied the bottom-up approach set out in our Government Related Entity Methodology. This is based on the essential public services provided by Eidsiva and the ultimate ownership by municipal entities, including the city of Oslo and the county of Innlandet, which control 50% and 15.2%. The remaining owners are 28 municipalities located in Innlandet county and are primarily organised as owners through Innlandet Energi Holding. We believe the owners have a long-term and strategic interest in Eidsiva as a provider of essential public services with ownership in critical energy infrastructure. Our view of the public owners' 'high' capacity and 'medium' willingness to provide timely and sufficient extraordinary support in the event of financial distress is unchanged. We therefore retain a one-notch uplift to the standalone credit assessment. This approach is in line with other Norwegian utilities we rate with majority or full public ownership but no explicit guarantees on their debt or financial support.

One-notch uplift for GRE status

## 10. Debt ratings

The debt issuing entity is Eidsiva Energi AS.

Senior unsecured debt is rated at A-, in line with the issuer rating.

Senior unsecured debt rating: A-

The S-1 short-term debt rating is based on the A-/Stable issuer rating. It further reflects better-than-adequate liquidity and Eidsiva's proven access to external financing in the domestic bond market and with multiple banks.

Short-term debt rating: S-1

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