



Annual Report 2017

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Preface

Together with the Swedish Radiation Safety Authority (SSM) and the National Debt Office, the Nuclear Waste Fund is responsible for ensuring that sufficient financial resources will be available for disposal of the spent nuclear fuel and decommissioning and dismantling of the nuclear power plants. The primary mission of the Nuclear Waste Fund is to manage the fees that are paid in for this purpose.

Since the start in 1996, the Nuclear Waste Fund has achieved a good return on the managed capital. The main reason for this is that the trend in bond rates has been falling, at the same time as the Fund has invested in bonds with a relatively long remaining maturity. Falling interest rates mean that the value of such a bond portfolio increases, which results in a higher return due to revaluation gains on the bond holdings.

The prefaces to the most recent years' annual reports have warned that market rates have reached such a low level that a continued fall in interest rates cannot reasonably be expected. Instead, they said that bond rates could be expected to rise, leading to revaluation losses on the bond holdings and downward pressure on the Fund's return. However, interest rates did not rise in 2017 either. Instead, the year has been characterized by small interest rate movements. The year's rate of return was a modest 1.5 percent.

The previous prefaces also noted that the changed market situation has made it increasingly urgent that

the Fund be allowed to invest in more asset classes than at present. During 2013, SSM, in consultation with the Nuclear Waste Fund and the National Debt Office, submitted a report to the Government with proposals for changes in the financing system based on a holistic view of the system. This included proposals for a broader investment spectrum. During 2016, the government parties – together with the Moderates, the Centre Party and the Christian Democrats – arrived at an energy agreement. Several of the proposals in SSM's report were touched upon in the agreement. For example, the agreement proposed that the investment options open to the Nuclear Waste Fund be broadened as from 2018. Late this past autumn, the Riksdag passed a new law and the Government issued a new ordinance allowing the Nuclear Waste Fund to invest in corporate bonds and equities starting in 2018, subject to certain restrictions.

The Nuclear Waste Fund began to prepare the ground in the autumn and is expected to begin implementing a new fund management strategy during 2018.

Issues surrounding risk have also been in focus during the past year. In 2016, the Nuclear Waste Fund established a risk and compliance function. During the past year, the Board of Governors continued efforts to develop internal control.

Stockholm, February 2018

Daniel Barr
Chairman

Presentation of results

Regulatory framework

During 2017, the activities of the Nuclear Waste Fund have been governed by the provisions of:

- the Act (2006:647) on Financial Measures for the Management of Residual Products from Nuclear Activities (the Financing Act),
- the Act (1988:1597) on the Financing of the Management of Certain Radioactive Waste etc. (the Studsvik Act)¹,
- the Ordinance (2008:715) on Financial Measures for the Management of Residual Products from Nuclear Activities (the Financing Ordinance)²,
- the Ordinance (2017:1179) on the Financing of the Residual Products of Nuclear Power³,
- the Ordinance (2017:1180) on the Management of the Assets of the Nuclear Waste Fund (the Asset Management Ordinance)⁴,
- the Ordinance (1988:1598) on the Financing of the Management of Certain Radioactive Waste etc. (the Studsvik Ordinance)⁵, and
- the Ordinance (2007:1055) with Terms of Reference for the Nuclear Waste Fund.

Tasks

According to the above acts and ordinances, the main task of the Nuclear Waste Fund is to

- manage Fund assets
- receive fee payments
- arrange disbursements on request from the Swedish Radiation Safety Authority (SSM)
- keep SSM informed of the size of the funds that have been set aside for the costs of each reactor owner and every other licensee.

According to the Ordinance with Terms of Reference for the Nuclear Waste Fund, Kammarkollegiet performs administrative services for the Fund under a contract between the Fund and the Agency.

Under the contract, Kammarkollegiet is also responsible for capital management within the framework determined by the Board of Governors.

The Fund has no employed staff.

¹ Ceased to apply on 1 Jan. 2018

² Ceased to apply on 20 Dec. 2017

³ Entered into force on 20 Dec. 2017

⁴ Entered into force on 20 Dec. 2017

⁵ Ceased to apply on 1 Jan. 2018

Performances and costs

The Nuclear Waste Fund's most important performance is the return that is earned on the Fund's capital. This result is presented in the section headed "Return" below.

The Government has approved compensation from the Nuclear Waste Fund (budget) for the Fund's management costs.

Table 1 shows the Government-approved budget and the outcome for the past three years.

Table 1: Fund management costs

(SEK thousand)	2017	2016	2015
Government-approved budget	15,230	11,950	11,420
Outcome	12,590	11,917	11,419
- of which remuneration to Kammarkollegiet	11,600	11,000	10,620

Total fund management costs amounted to 0.019 percent of the market value of the managed capital at the end of 2017, consisting of 0.012 percentage point for asset management and 0.007 percentage point for administration.

Capital management

Goal

The now-revoked Financing Ordinance (Sec. 19) stated that the assets in the Nuclear Waste Fund should be managed to ensure a good return and satisfactory liquidity. No more specific goals were set by the state.

In its investment policy for 2017, the Board of the Nuclear Waste Fund has formulated its long-term goal for real return in the following manner:

"The goal is – taking into account the restrictions imposed by the Government on the investment activities – to achieve the highest possible real return on the managed capital.

By "real return" is meant the nominal return less inflation, measured as the percentage change of the consumer price index during the measurement period."

In the new wording of the Financing Act, which applies as from 20 December 2017, the following is stated (Sec. 13, second paragraph):

“The Fund assets shall be managed cautiously to secure the financing of the future costs which the fees are intended to cover. This asset management may include acquisition of shares or interests in companies. The return on the Fund assets shall be added to the capital.”

The new Asset Management Ordinance, which applies as from 20 December 2017, imposes the following general requirements on asset management (Sec. 7):

“The Fund assets shall be managed

1. in a cautious manner so that they will most likely suffice to meet the expected need for disbursements from the Fund, have a suitable level of risk and provide satisfactory liquidity, and
2. in a responsible manner with a view to environmental and social aspects, while still meeting the requirement in 1.”

Investment restrictions

The now-revoked Financing Ordinance (Section 19) also stated that the Nuclear Waste Fund’s assets should be deposited in an interest-bearing account at the National Debt Office, in treasury bills issued by the state or in covered bonds.

This meant that investments were restricted to the following options:

- Sight deposits in accounts at the National Debt Office, with nominal return based on the repo rate.
- Short-term deposits at a fixed interest rate at the National Debt Office with an investment period that can vary between one month and one year.
- Investments on the market in treasury bills, fixed-income bonds or index-linked bonds issued by the National Debt Office.
- Investments on the market in debt instruments issued in accordance with the Covered Bonds Issuance Act (2003:1223).

Covered bonds are mortgage-backed bonds issued by housing finance institutions that are secured by a specially identified pool of assets consisting as a rule of mortgages which the institution has taken in as collateral for its own lending.

The new Asset Management Ordinance, which entered into force on 20 December 2017, broadens the investment options. The Nuclear Waste Fund did not exercise these options during 2017.

The now-revoked Studsvik Act (Sec. 3) stated that the paid-in fees should be transferred to the Nuclear Waste Fund and that the rules in the Financing Act

should be applied to their management. It follows from provisions in the Financing Act (Secs. 5a and 13) that this still applies.

Investment policy

The Board of Governors has established an investment policy for the Nuclear Waste Fund. The investment policy must be reviewed at least once a year.

The purpose of the policy is to provide rules for the investment of the Fund’s assets. The policy sets the goal for rate of return while defining the division of responsibilities between the Fund’s Board of Governors and Kammarkollegiet. The policy stipulates how different risks are controlled and limited and how the results of fund management are to be reported.

Active management

The Nuclear Waste Fund’s assets were managed actively in 2017. Active management entails that the investments deviate from the mix of securities that constitute the index for the purpose of achieving a higher return than that achieved by passive management (index management). Passive management entails that the investments mirror the components of the index as closely as possible.

The basis for active management in 2017 was the standard portfolio, which conforms to the Board of Governors’ decision regarding the distribution between index-linked and fixed-income investments. Active management was exercised by virtue of the fact that Kammarkollegiet was allowed to deviate from the standard portfolio within certain limits. Further, active management was exercised by Kammarkollegiet’s decisions regarding the distribution between investments in treasury bonds and covered bonds within the risk limits set by the Board of Governors, and regarding the duration of the investments within the risk limits set by the Board of Governors. Finally, active management was exercised by the choice of time and conditions for purchases and sales of individual securities and by repurchase transactions (repos).

Repurchase transactions (repos)

According to the investment strategy, the Nuclear Waste Fund may participate in the market for repurchase transactions (repos) for treasury bills and bonds (including index-linked bonds). A repo entails that the Fund sells treasury bills or bonds to a counterparty under an agreement to repurchase equivalent treasury bills or bonds at a later date at a certain agreed-upon price. Similarly, in the case of a reverse repo, the

Fund purchases securities under an agreement on future resale at an agreed-upon price.

The purpose of repos is to achieve a higher return. According to the investment strategy, it is permitted to sell one or more securities under a repurchase agreement and deposit the proceeds in a sight deposit account in the National Debt Office or invest them on the repo market, provided that the reverse repo relates to a security that is permitted for investments.

Repo trading contributed SEK 10,182 thousand to the Fund's return in 2017.

Return

The nominal and real returns achieved during the past five years are shown in Table 2.

Table 2: Nominal and real return, inflation (%)

Year	Nominal return ¹⁾	Inflation ²⁾	Real return
2013	-0.57	0.10	-0.67
2014	10.69	-0.30	10.99
2015	-0.52	0.10	-0.62
2016	5.76	1.70	4.06
2017	1.48	1.70	-0.22
Average per year³⁾	3.28	0.66	2.61

The nominal returns achieved for the standard portfolio in relation to the comparison index during the past five years are shown in the Table 3.

Table 3: Nominal and active return, comparison index (%)

Year	Nominal return ¹⁾	Comparison index ⁴⁾	Active return ⁵⁾
2013	-0.57	-1.36	0.79
2014	10.69	10.72	-0.03
2015	-0.52	0.39	-0.91
2016	5.76	5.01	0.75
2017	1.48	0.39	1.09
Average per year³⁾	3.28	2.94	0.34

¹⁾ The nominal return consists of the sum of realized and unrealized value changes in the investments plus interest received (including inflation compensation on index-linked investments).

²⁾ The percentage change in the consumer price index reported by SCB for the past 12 months is used as a measure of the rate of inflation.

³⁾ Calculated as the geometric mean of the annual values.

⁴⁾ 30% OMRX REAL and 70% OMRX BOND from 1 Jan. 2011. 30% OMRX REAL and 70% OMRX BOND from 1 Jan. 2014. The index includes index-linked and fixed-income treasury bonds.

⁵⁾ Return above comparison index.

As is evident from Table 2, the nominal return in 2017 amounted to 1.48 percent. Inflation was 1.70 percent. The real return was thereby -0.22 percent. As an annual average, the real return over the past five-year period amounted to 2.61 percent.

As is evident from Table 3, the active return in 2017 amounted to 1.09 percent and during the past five-year period to an average of 0.34 percent per annum.

The goal set by the Board for active return was an average of 0.25 percent per annum during rolling five-year periods up until 2013. Starting in 2014, the goal for active return is an average of 0.50 percent per annum during rolling five-year periods. The average goal for active return during the five-year period 2013 – 2017 is thereby 0.45 percent.

The goal for active return during the five-year period has not been met. The active return was 0.34 percent, which is 0.11 percentage point lower than the goal.

Liquidity planning

The now-revoked Financing Ordinance (Sec. 19) stated that the Nuclear Waste Fund should be managed to ensure a good return and satisfactory liquidity. A similar requirement is made in the new Asset Management Ordinance (Sec. 7).

Due to the restrictions that apply to the investment activities, the overall liquidity risk in the investments is very low. Treasury bills and fixed-income treasury bonds normally have very good liquidity on the fixed-income market. Covered bonds have lower liquidity, but under normal market conditions their liquidity is nearly as good as that of fixed-income treasury bonds. The market for index-linked bonds is less liquid, however, and it therefore takes longer to cash them in.

Liquidity planning is done so that the Fund's cash on hand is always sufficient to meet planned disbursements.

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Summary assessment

Short-term bond yields fell in 2017 while longer-term yields rose slightly, which taken together led to revaluation gains on the bond holdings. A bond is valued by discounting all future cash flows generated by a bond (coupon rates and principal payments) to their present value using the current market rate as the discount rate. Lower market rates thus entail a higher market value for a bond.

The nominal return during 2017 was 1.09 percentage point higher than the comparison index. The positive active return in 2017 is mainly due to the fact that the Fund had holdings in covered mortgage bonds, which are not included in the Fund's comparison index. The interest rate differential between covered mortgage bonds and treasury bonds decreased during the year, which, together with the higher return in mortgage bonds, had a positive effect on the result.

The average return over the past five-year period amounted to an average of 0.34 percent per year. This means that the active return has been positive, but has not reached the goal of 0.45 percent per year.

As mentioned previously, the goal is – taking into account the restrictions imposed by the Government on the investment activities – to achieve the highest possible real return on the managed capital. The real return (i.e. the nominal return less inflation) was 2.61 percent per annum on average during the past five-year period.

All in all, the Board judges that the management result for the five-year period is good, particularly considering the extremely low interest rate level and the investment restrictions imposed on the Fund.

Payments to the Fund

According to its terms of reference, the Fund shall receive the fees that are paid under the Financing Act and the Studsvik Act. The fees for reactor owners are calculated in relation to the energy that is delivered and are determined annually by the Government based on a recommendation by SSM.⁶ The recommended fee is based on Svensk Kärnbränslehantering AB's and SSM's own cost calculations. A fixed amount in kronor is set for the nuclear power plant in Barsebäck, which is no longer in operation.

SSM has also set a fixed fee for the other fee-liable licensees. During 2016, one of these, Studsvik Nuclear AB (SNAB), turned over certain licensed activity to a company that is now called Cyclife Sweden AB (Cyclife). The Government has decided to transfer the licences under the Nuclear Activities Act for the activity in question to Cyclife. SSM has since decided to transfer 69.19 percent of SNAB's share in the Nuclear Waste Fund to Cyclife and has determined new

nuclear waste fees for the two companies. Fees paid in from other fee-liable licensees in accordance with Table 6 correspond to the set fixed fees.

Table 4 shows the amounts of the variable fees (öre/kWh).

Table 4: Fees

(öre/kWh)	2017	2016	2015
Forsmarks Kraftgrupp AB	3.9	3.9	3.9
OKG AB (Oskarshamn)	4.1	4.1	4.1
Ringhals AB	4.2	4.2	4.2
Studsvik Act	0.3	0.3	0.3

Table 5 shows how much energy was delivered.

Table 5: Electricity delivered

TWh (=1,000,000,000 kWh)	2017	2016	2015
Forsmarks Kraftgrupp AB	24.5	24.0	21.1
OKG AB (Oskarshamn)	11.1	13.6	12.1
Ringhals AB	27.4	22.9	21.1
Total	63.0	60.5	54.3

Table 6 shows the fees that have been paid into the Fund.

Table 6: Fees paid in

(SEK thousand)	2017	2016	2015
Forsmarks Kraftgrupp AB	955,201	935,383	823,978
OKG AB (Oskarshamn)	455,210	558,620	498,001
Ringhals AB	1,150,851	963,424	885,181
Barsebäck Kraft AB	1,042,000	1,042,000	1,042,000
Vattenfall AB (Ågesta)	0	49,354	49,354
Westinghouse Electric AB	3,687	3,687	3,687
Ranstad Mineral AB	0	81	81
Studsvik Nuclear AB	381	882	1,383
Cyclife Sweden AB	1,002	501	0
Chalmers TH AB	78	78	78
Total acc. to Financing Act	3,608,410	3,554,010	3,303,743
Acc. to Studsvik Act	188,988	181,643	163,021
Total	3,797,398	3,735,653	3,466,764

⁶ Government decision 18 Dec. 2014, M2014/2227/Ke

Disbursements from the Fund

The Nuclear Waste Fund disburses money from the Fund. But it is SSM that examines and decides how and to what extent Fund assets may be used to pay the costs reactor owners and other fee-liable licensees are expected to incur during a given future time period.⁷

SSM also examines to what extent Fund assets should be used to reimburse a municipality for information costs under the Financing Act. Such reimbursement may not exceed SEK 10 million per municipality and 12-month period for municipalities where a facility for final disposal of spent nuclear fuel is planned or being built.

SSM also examines questions regarding to what extent Fund assets should be used for support to non-profit organizations under the Financing Act. Such support may be provided in an amount not in excess of SEK 2.5 million per organization and calendar year and in a total amount not in excess of SEK 3.5 million per calendar year.

The Government decides on disbursement of money from the Fund to state authorities to cover certain costs for research and development, supervision, case management, asset management etc. as stipulated in the Financing Act.

Table 7 shows the disbursements that have been made from the Fund.

Table 7: Disbursements

(SEK thousand)	2017	2016	2015
Forsmarks Kraftgrupp AB	398,801	394,343	428,405
OKG AB (Oskarshamn)	619,353	294,442	312,270
Ringhals AB	439,404	434,553	443,904
Barsebäck Kraft AB	284,156	262,771	232,274
State authorities	63,633	64,106	63,577
Municipalities	10,927	11,850	6,121
Non-profit organizations	120	3,363	3,470
Vattenfall AB (Ågesta)	13,919	8,712	4,308
Westinghouse	0	0	4,200
Total acc. to Financing Act	1,830,313	1,474,140	1,498,529
Acc. to Studsvik Act	277,366	259,926	229,171
Total	2,107,679	1,734,067	1,727,700

More detailed information on disbursements is provided in Note 7 to the Income Statement.

⁷ Under the Ordinance (2008:715) on Financial Measures for the Management of Waste Products from Nuclear Activities

Change in the Fund

The fair value (market value) of the Nuclear Waste Fund increased in 2017 by SEK 2,618,483 thousand to SEK 67,236,147 thousand.

Table 8 shows the components of the change.

Table 8: Change in the Fund

(SEK thousand)	2017	2016	2015
Fees paid in	3,797,399	3,735,653	3,466,764
Financial income	1,826,168	1,602,740	1,723,322
Financial expenses	-4,201	-17,602	-867
Unrealized change in value ⁸	-880,613	1,758,617	-2,065,934
Disbursement of reimbursements/subsidies	-2,107,679	-1,734,067	-1,727,700
Operating expenses	-12,590	-11,917	-11,419
Total	2,618,483	5,333,424	1,384,166

Distribution among fee-liable licensees

According to the Fund's terms of reference, the annual accounts shall be prepared in such a manner that they shows how large a proportion of the Fund's assets accrues to each reactor owner and every other fee-liable licensee.

The Fund has decided to use the same method as that employed for mutual funds to keep track of each reactor owner's and other fee-liable licensee's share in the Fund. In brief, this method entails the following:

- A nominal share value was calculated at the start and each fee-liable licensee was allotted the number of shares that corresponded to the fee-liable licensee's balance at the time the new management rules were adopted.
- The market value (balance) of the Fund is determined daily. The market value of the Fund's assets is divided by the number of outstanding shares to obtain the current share value.
- Fee payments and disbursements relating to a fee-liable licensee are made in the form of "purchases/redemptions" of shares at the current share value. When a fee payment is made, the fee-liable licensee's number of shares increases, and when a disbursement is made it decreases.

⁸ Unrealized change in value is included in financial expenses and income in the Income Statement.

- The market value of each fee-liable licensee's stake in the Fund is calculated by multiplying the current number of shares held by the reactor owner by the current share value. The distribution of the Fund among the fee-liable licensees is calculated by dividing the number of shares held by a given reactor owner by the total number of outstanding shares.
- The rate of return for a given period is calculated by measuring the change in the share value during the period.

Table 9 shows the distribution of the fair value of the Fund at the end of each year.

	2017	2016	2015
Forsmarks			
Kraftgrupp AB	19,300,634	18,489,119	17,018,517
OKG AB (Oskarshamn)	13,051,187	13,040,508	12,115,332
Ringhals AB	21,123,450	20,132,890	18,589,948
Barsebäck Kraft AB	12,303,109	11,391,738	10,065,444
Vattenfall AB (Ågesta)	288,935	298,621	245,441
Westinghouse Electric AB	28,883	24,829	20,093
Ranstad Mineral AB	606	2,268	2,074
Studsvik Nuclear AB	3,605	3,176	7,079
Cyclife Sweden AB	6,734	5,652	0
Chalmers TH AB	391	308	219
Total market value acc. to Financing Act	66,107,534	63,389,109	58,064,147
Market value acc. to Studsvik Act	1,115,697	1,186,908	1,200,114
Adjustment of difference between market value and fair value	-12,224	-12,269	-5,286
Undistributed assets and liabilities	25,140	53,916	25,265
Total fair value	67,236,147	64,617,664	59,284,240

The difference between market value and fair value consists of interest accrued between the balance sheet date (31 Dec. 2017) and the settlement date. The market value of interest-bearing financial instruments includes such accrued interest.

The undistributed amount consists of items that have not, at the closing of accounts, been distributed among the licensees and the Studsvik fund in the form of fund shares. The amount includes accrued revenue and costs for the fourth quarter of each year and the balance in the Fund's interest-bearing account for payments and disbursements.

Basis for calculating the fee

According to the now-revoked Financing Ordinance (Section 46), the Fund should furnish information annually to SSM concerning what fees have been received for the latest calendar year, the Fund balance and the expected return on the Fund's assets. The Fund provided this information to SSM in 2017.

Guarantees

According to the Financing Act and the Financing Ordinance, the holder of a licence to own or operate a nuclear facility that gives or has given rise to residual products shall also provide guarantees. The reactor owner shall provide acceptable guarantees to the Nuclear Waste Fund corresponding to the financing and supplementary amounts determined by the Government. Other fee-liable licensees shall provide equivalent guarantees for the financing amount determined by SSM.

The financing and supplementary amounts determined by the Government and SSM for the reactor owners and other licensees are presented below.

The financing amount is intended to compensate for the current deficit in the Nuclear Waste Fund, assuming that no further nuclear waste fees are paid in. This deficit is calculated as the difference between the expected basic and extra costs and the funds that have been set aside for these costs at the time of the calculation.

The supplementary amount constitutes a guarantee for deficits that can arise as a result of unplanned events. The supplementary amount thereby takes into account possible additional basic costs, allowing for a suitable uncertainty interval around the expected outcome for the costs. This type of guarantee is determined by the Government and is pledged only by reactor owners.

The Government determines the size of the guarantees annually on the basis of a recommendation by SSM. The Government further decides which types of guarantees are acceptable, based on a pronouncement by the National Debt Office.

According to the Financing Ordinance, the guarantees shall be managed by the National Debt Office.

Table 10 shows the financing and supplementary amounts determined by the Government for each reactor owner for the period 2015 – 2017⁹.

⁹ Government decision I:15, 18 Dec. 2014, M2014/2227/Ke.

Table 10: Guarantee amounts per reactor owner

(SEK thousand)	Financing amount	Supplementary amount
Forsmarks Kraftgrupp AB	5,929,000	2,732,000
OKG AB	5,831,000	2,178,000
Ringhals AB	6,720,000	3,012,000
Total	18,480,000	7,922,000

All reactor owners have presented proposals for guarantees. The National Debt Office submitted a statement of opinion to the Government concerning the proposed guarantees, and the Government decided in 2015 to approve the proposals. The reactor owners then pledged guarantees in accordance with the financing and supplementary amounts decided on by the Government for the period 2015–2017.

Table 11 shows the financing amounts for other fee-liable licensees determined by SSM for 2017¹⁰. The period for Barsebäck Kraft AB is 2015–2017. The table also shows the pledged guarantees.

Table 11: Guarantee amounts per licensee

(SEK thousand)	Financing amounts	Guarantees
Barsebäck Kraft AB	3,049,000	3,049,000
AB Svafo	0	0
Chalmers University of Technology	1,622	1,622
Cyclife Sweden AB	19,971	19,971
Ranstad Industricentrum AB	0	0
Ranstad Mineral AB	0	0
Studsvik Nuclear AB	7,591	27,562
Vattenfall AB (Ågesta)	0	144,338
Westinghouse Electric Sweden AB	70,216	70,216
Total	3,148,400	3,312,709

The National Debt Office has requested proposals for guarantees for the period from all other fee-liable licensees. The guarantees previously approved by the National Debt Office and pledged by the licensees apply until further notice, however. The guarantee for Barsebäck Kraft AB is approved by the Government and pledged by the licensee.

¹⁰ Decision by SSM on 15 Jan. 2015 and 2 Nov. 2017

New regulatory framework

In October 2011, the Government commissioned SSM to conduct, in consultation with the National Debt Office, a review of the Financing Ordinance. The review was supposed to cover questions relating to calculation of fees and the need for risk provisions.

In December 2011, the Government further commissioned SSM to conduct, in consultation with the National Debt Office, a review of the Financing Act, including relevant parts of the Financing Ordinance. The review was supposed to cover questions relating to guarantees as well as a broadening of the Nuclear Waste Fund's investment rules, particularly with respect to effects on the risk incurred by the state, fee levels and the need for guarantees.

During 2012 and 2013, the Nuclear Waste Fund participated actively in SSM's investigation via its representation in the project's steering group and working group.

The investigation was concluded with a report to the Government in early June 2013. The report was referred for consideration and comment together with a memorandum on regulatory responsibility in the financing system prepared by the Ministry of the Environment. In 2017, the proposals in the report and the memorandum served as a basis for decisions regarding changes in the Financing Act, a new Financing Ordinance and a new Asset Management Ordinance, as well as a government decision that the data stored by SSM in the financing system should be transferred to the National Debt Office on 1 December 2018.

For the Nuclear Waste Fund, the new regulatory framework, these parts of which entered into effect on 20 December 2017, mainly entails a broadening of the investment options to include equities, corporate bonds, shares in mutual funds and derivative instruments. Further, the general requirements on asset management have been clarified to make it clear that the fund assets shall be managed in a cautious manner so that they will most likely suffice to meet the expected need for disbursements from the Fund, have a suitable level of risk and provide satisfactory liquidity. The fund assets shall also be managed in a responsible manner with a view to environmental and social aspects, while still meeting the above requirements.

Income statement

(SEK thousand)	Note	2017	2016
Operating expenses			
Costs for personnel	(1)	-285	-313
Other running costs	(2)	-12,305	-11,604
Total		-12,590	-11,917
Result of operations		-12,590	-11,917
Transfers			
Other funds obtained for financing of subsidies	(3)	3,797,399	3,735,653
Financial income	(4)	1,826,168	3,361,357
Financial expenses	(5)	-884,814	-17,602
Provision to reserves for transfer purposes	(6)	-2,618,484	-5,333,424
Subsidies paid	(7)	-2,107,679	-1,734,067
Balance		12,590	11,917
Change in capital for the year		0	0

Balance sheet

(SEK thousand)	Note	31/12 2017	31/12 2016
ASSETS			
Long-term investments			
Other securities held as non-current assets	(8)	64,263,374	61,668,673
Total		64,263,374	61,668,673
Current receivables			
Receivables from other government agencies		32	6
Total		32	6
Accruals and deferrals			
Prepaid expenses	(9)	28	28
Other accrued income	(10)	720,109	781,783
Total		720,137	781,810
Short-term investments			
Securities and interests	(11)	3,573	116,002
Total		3,573	116,002
Cash and bank balances			
Balance in interest-bearing account at National Debt Office		29,478	58,370
Other balances at National Debt Office	(12)	2,223,954	1,998,789
Cash and bank balances		-5	-112
Total		2,253,427	2,057,047
TOTAL ASSETS		67,240,543	64,623,538
CAPITAL AND LIABILITIES			
Reserves			
Nuclear Waste Fund	(13)	67,236,147	64,617,664
Total		67,236,147	64,617,664
Liabilities etc.			
Current liabilities to other government agencies	(14)	38	53
Other current liabilities	(15)	0	1,387
Total		38	1,440
Accruals and deferrals			
Accrued expenses	(16)	4,358	4,434
Total		4,358	4,434
TOTAL CAPITAL AND LIABILITIES		67,240,543	64,623,538

Cash flow statement

(SEK thousand)	Note	2017	2016
Operations			
Expenses		-12,590	- 11,917
Increase (-) in current receivables		-26	-3
Increase (+) in current liabilities		527	39
CASH FLOW TO OPERATIONS		-12,089	-11,881
Investments			
Investments in financial assets		-14,201,172	-18,661,271
Total investment expenditures		-14,201,172	-18,661,271
Financing of investments			
Sale of non-current assets		10,438,382	13,507,668
Return (excl. unrealized gains and losses)		2,217,876	2,009,589
Total funds provided for financing of investments		12,656,257	15,517,257
Change in current receivables and liabilities	17	3,848	31,610
CASH FLOW TO INVESTMENTS		-1,541,067	-3,112,404
Transfer activities			
Subsidies paid		-2,107,679	-1,734,067
Change in current receivables from fee-liable licensees	18	59,817	954,596
Disbursements in transfer activities		-2,047,863	-779,471
Financing of transfer activities			
Other funds obtained for financing of subsidies		3,797,398	3,735,653
Total funds provided for financing of transfer activities		3,797,398	3,735,653
CASH FLOW FROM TRANSFER ACTIVITIES		1,749,536	2,956,182
CHANGE IN CASH AND CASH EQUIVALENTS		196,380	-168,103
Specification of change in cash and cash equivalents			
Cash and cash equivalents at start of year		2,057,047	2,225,150
Increase in cash and bank balances		107	-139
Increase in balance with National Debt Office		196,273	-167,964
Total change in cash and cash equivalents		196,380	-168,103
CASH AND CASH EQUIVALENTS AT YEAR-END		2,253,427	2,057,047

Additional disclosures and notes

Amounts in thousands of kronor unless otherwise stated. Summation differences may occur due to rounding-off.

Additional disclosures

Accounting policies

The authority's accounts comply with generally accepted accounting principles and the annual accounts have been prepared in accordance with the Ordinance (2000:605) on Annual Accounts and Budgets as well as the Swedish National Financial Management Authority's guidelines (ESV 1998:7) on accounting for funds and provisions in government agencies. Repurchase transactions (repos) are accounted for in accordance with the Swedish National Financial Management Authority's guidelines for accounting of repos with repurchase agreements in the annual accounts (ESV dnr 3.7-61/2017).

In the case of deposits in interest-bearing accounts, accrued interest is recognized as interest income in the Income Statement and as a cut-off item in the Balance Sheet.

In the case of fixed-income coupon investments, accrued interest is recognized as interest income in the Income Statement and as a cut-off item in the Balance Sheet.

In the case of index-linked coupon investments, accrued interest including inflation compensation on the coupon rate is recognized as interest income in the Income Statement and as a cut-off item in the Balance Sheet. Accrued inflation compensation on invested capital is recognized as interest income in the Income Statement and as revaluation of the carrying amount in the Balance Sheet.

Valuation principles

The Fund's financial instruments are measured at fair value in accordance with Chap. 5 Sec. 13 of the Ordinance on Annual Accounts and Budgets, since they are primarily held to generate return or increases in value. The financial instruments are measured individually.

Remuneration and other benefits
Board members and other Board assignments

(SEK thousand)	Remuneration
Daniel Barr, chairman	
- No other Board assignments	67
Lena Johansson, Vice Chairman (until 31 Dec. 2017)	
- Swedish Advertising Ombudsman (RO)	
- Swedish Anti-Counterfeiting Group (SACG)	
- Institute of Intellectual Property and Market Law (IFIM)	
- Svenska ICC Service AB	
- National Veterinary Institute (SVA)	27
Malin Björkmo, Vice Chairman (from 1 Jan. 2018)	
- Handelsbanken Fonder AB	
- Björkmo Advisors AB	
- Eggum Invest AB	
- Third AP Fund	
- Falck Försäkringsaktiebolag	24
Sara Bergström	
- Vinnova's programme council for financial market research	24
Malin Dahlroth	
- Sydkraft AB	
- Sydkraft Thermal Power AB	
- Sydkraft Nuclear Power AB	
- Sydkraft Hydropower AB	
- Sydkraft Försäkring AB	24
Johan Gyllenhoff	
- Försäkringsbolaget Vattenfall Insurance	
- Vattenfall Reinsurance S.A	
- Vattenfall Eldistribution AB	24
Christian Ragnartz (from 1 Jan. 2018)	-
Björn Österberg	
- Zendra AB	24
Total fees	214

Notes

(SEK thousand)

	2017	2016
Note 1		
Costs for personnel		
Fees	-214	-235
Other personnel costs	-71	-78
Total personnel costs	-285	-313
Note 2		
Other operating expenses		
Services, intrastate	-12,011	-11,428
Other operating expenses	-294	-176
Total other operating expenses	-12,305	-11,604
Note 3		
Other funds obtained for financing of subsidies		
Fee acc. to Financing Act		
Forsmarks Kraftgrupp AB	955,201	935,383
OKG AB (Oskarshamn)	455,210	558,620
Ringhals AB	1,150,851	963,424
Barsebäck Kraft AB	1,042,000	1,042,000
Vattenfall AB (Ågesta)	0	49,354
Studsvik Nuclear AB	381	882
Cyclife Sweden AB	1,002	501
Westinghouse Electric Sweden AB	3,687	3,687
Ranstad Mineral AB	0	81
Chalmers University of Technology	78	78
Total fee acc. to Financing Act	3,608,410	3,554,010
Fee acc. to Studsvik Act	188,989	181,643
Total other funds obtained etc.	3,797,399	3,735,653
Fees are paid by the reactor owners in relation to the energy delivered. Fee per reactor owner and energy delivered is shown by Tables 4 and 5 in the presentation of results. Other fee-liable licensees pay a fixed fee.		
Note 4		
Financial income		
<i>Interest income on investments etc.</i>		
Interest-bearing account for payments and disbursements	-278	-135
Sight deposit account	-4,816	-5,313
Fixed-income investments	1,240,999	821,665
Index-linked investments	-45,681	-109,092
Repo transactions	10,182	38,206
Total	1,200,406	745,331
Capital gains	625,762	857,409
Unrealized change in value	0	1,758,617
Total financial income	1,826,168	3,361,357

	2017	2016
Note 5		
Financial expenses		
National Debt office, account charges	-21	-131
SE-Banken, custody account charge	-155	-492
Danske bank, custody account charge	-1,177	0
Total interest expenses	-1,353	-623
Capital losses	-2,848	-16,980
Unrealized change in value	-880,613	0
Total financial expenses	-884,814	-17,602
Note 6		
Provision to reserves for transfer purposes		
Costs for personnel	-285	-313
Other operating expenses	-12,305	-11,604
Other funds obtained for financing of subsidies	3,797,398	3,735,653
Financial income	945,555	3,361,357
Financial expenses	-4,201	-17,602
Subsidies paid	-2,107,679	-1,734,067
Total provision to reserves	2,618,484	5,333,424
Provision to Nuclear Waste Fund	-2,618,484	-5,333,424
Balance	0	0
Note 7		
Subsidies paid		
Reimbursement to reactor owners etc.		
Forsmarks Kraftgrupp AB	-398,801	-394,343
OKG AB (Oskarshamn)	-619,353	-294,442
Ringhals AB	-439,404	-434,553
Barsebäck Kraft AB	-284,156	-262,771
Vattenfall AB (Ågesta)	-13,919	-8,712
Total acc. to Financing Act	-1,755,633	-1,394,821
Acc. to Studsvik Act	-277,366	-259,926
Total reimbursement to reactor owners etc.	-2,032,999	-1,654,747
Others subsidies paid		
Support to NGOs		
Swedish Environmental Movement's Nuclear Waste Secretariat	-108	-925
Swedish Renewable Energies Association	-13	-150
Swedish NGO Office for Nuclear Waste Review	0	-2,288
Total	-120	-3,363
Reimbursement to municipalities		
Oskarshamn Municipality	-3,248	-2,509
Östhammar Municipality	-6,904	-8,790
Regional Council in Uppsala County	0	-485
Regional Council in Kalmar County	-775	-566
Total	-10,927	-12,350

Cont'd. Note 7	2017	2016
<i>Reimbursement to other government agencies</i>		
Uppsala County Administrative Board	-576	-643
Swedish Radiation Safety Authority	-61,500	-54,716
National Debt Office	-1,754	-3,384
Government Offices/Swedish National Council for Nuclear Waste	-2,839	-5,413
Total	-66,669	-64,156
<i>Reversal</i>		
Regional Council in Uppsala County	742	142
County Administrative Board in Uppsala County	11	50
MKG	185	0
Swedish Radiation Safety Authority	2,098	0
Regional Council in Kalmar County	0	358
Total	3,036	550
Total other subsidies paid	-74,680	-79,320
Total subsidies paid	-2,107,679	1,734,067

Note 8 Other securities held as non-current assets				
Fixed-income investments	Coupon rate	Market rate	Nominal value	Fair value
Treasury bonds				
Sweden Gov Bond 280512	0.75	0.77	1,793,000	1,797,949
Sweden Gov Bond 261112	1.00	0.55	2,244,000	2,335,047
Sweden Gov Bond 231113	1.50	0.17	1,240,000	1,338,528
Sweden Gov Bond 320601	2.25	1.15	915,000	1,060,542
Sweden Gov Bond 250512	2.50	0.36	928,000	1,086,645
Sweden Gov Bond 390330	3.50	1.46	3,094,000	4,320,709
Sweden Gov Bond 201201	5.00	0.39	1,100,000	1,278,902
Total treasury bonds			11,314,000	13,218,321
Covered bonds				
Landshypotek 211025	0.38	0.47	300,000	299,129
Landshypotek 200617	0.63	0.05	360,000	366,286
Landshypotek 240829	2.20	1.26	300,000	320,104
Landshypotek 231113	3.20	1.04	1,100,000	1,238,994
LF Hypotek 210915	1.75	0.38	1,157,000	1,221,172
LF Hypotek 220921	2.25	0.70	1,250,000	1,347,572
LF Hypotek 231113	3.10	1.03	400,000	448,471
Nordea Hypotek 220408	1.00	0.56	2,141,000	2,196,362

Cont'd. Note 8

Fixed-income investments	Coupon rate	Market rate	Nominal value	Fair value
Cont'd. covered bonds				
Nordea Hypotek 210519	1.25	0.29	400,000	416,049
Nordea Hypotek 230215	1.56	0.82	300,000	315,174
Nordea Hypotek 200617	3.25	0.00	2,965,000	3,253,980
Nordea Hypotek 261019	3.46	1.59	115,000	133,300
Swedish Covered Bond Corporation 210317	1.00	0.23	200,000	206,490
Swedish Covered Bond Corporation 220615	1.25	0.62	600,000	620,521
Swedish Covered Bond Corporation 200617	2.00	0.00	270,000	286,217
Swedish Covered Bond Corporation 260901	2.30	1.58	500,000	532,711
Swedish Covered Bond Corporation 311027	3.15	2.13	575,000	647,704
Swedish Covered Bond Corporation 231113	3.20	1.00	1,000,000	1,128,798
Swedish Covered Bond Corporation 190918	4.00	-0.22	140,000	151,762
SEB 200617	1.50	0.00	550,000	574,806
SEB 211215	1.50	0.46	1,825,000	1,900,710
SEB 231201	4.25	1.02	117,000	138,972
SEB 390921	4.50	2.47	91,000	122,880
Stadshypotek 210317	1.50	0.23	950,000	999,848
Stadshypotek 211215	1.50	0.46	975,000	1,015,409
Stadshypotek 251125	1.81	1.46	100,000	102,767
Stadshypotek 190918	2.50	-0.23	310,000	326,757
Stadshypotek 200617	4.25	0.00	2,254,000	2,541,125
Stadshypotek 220921	4.50	0.69	3,162,000	3,759,033
Swedbank Hypotek 200512	5.70	-0.03	3,632,000	4,255,578
Swedbank Hypotek 210915	1.00	0.38	450,000	461,582
Swedbank Hypotek 201216	1.00	0.15	400,000	410,164
Total covered bonds			28,889,000	31,740,426
Index-linked investments				
Sweden Gov Bond 220601	0.25	-2.01	2,525,000	2,904,376
Sweden Gov Bond 281201	3.50	-1.18	1,571,000	3,077,980
Sweden Gov Bond 201201	4.00	-2.35	3,248,000	5,131,520
Inflation Linked Bond 190601	0.13	-2.56	2,270,000	2,434,821
Inflation Linked Bond 260601	0.13	-1.42	1,034,000	1,215,413
Inflation Linked Bond 320601	0.13	-0.74	494,000	582,419
Inflation Linked Bond 271201	0.13	-1.23	1,500,000	1,744,519
Inflation Linked Bond 250601	1.00	-1.58	1,776,000	2,213,580
Total index-linked investments			14,418,000	19,304,628
Total other securities held as non-current assets 31/12 2017			54,621,000	64,263,374
- Of which accrued interest				527,331
- Of which unrealized change in value				3,553,819
<i>Total other securities held as non-current assets 31/12 2016</i>			<i>50,980,000</i>	<i>61,668,673</i>
- Of which accrued interest				532,801
- Of which unrealized change in value				4,320,530

The fair value includes interest accrued up to the accounting date. Index-linked investments include inflation compensation.

Note 9	Prepaid expenses	31/12 2017	31/12 2016
	Sitevision	28	28
	Total prepaid expenses	28	28

Note 10	Other accrued revenue		
	<i>Accrued fees from fee-liable licensees</i>		
	Forsmarks Kraftgrupp AB	237,019	238,425
	OKG AB (Oskarshamn)	77,565	141,983
	Ringhals AB	349,899	294,229
	Acc. to Studsvik Act	48,900	49,746
	Vattenfall AB (Ågesta)	0	49,354
	Studsvik Nuclear AB	381	882
	Sweden	1,002	501
	Westinghouse Electric AB	3,687	3,687
	Ranstad Mineral AB	0	81
	Chalmers TH AB	78	78
	Total	718,531	778,966

The fees are paid by the reactor owners quarterly in arrears, within one month of the end of the quarter. Barsebäck Kraft AB and other fee-liable licensees pay a fixed annual fee in arrears. Barsebäck Kraft AB paid the fee for 2017 before the end of the year.

	<i>Accrued interest income on investments</i>		
	Repos	1,578	2,833
	National Debt Office	0	-16
	Total	1,578	2,817
	Total other accrued revenue	720,109	781,783

Note 11	Securities and interests		
	Danske bank		
	Receivable, repos	32,932,836	0
	Liability, repos	-32,931,574	0
	Net receivable, repos	1,262	0
	Receivable, unrealized change in value	2,071	182,230
	Liability, unrealized change in value	-894	-125,142
	Net receivable, unrealized change in value	1,177	57,088
	Nordea		
	Receivable, repos	5,475,377	5,884,107
	Liability, repos	-5,475,027	-5,883,636
	Net receivable, repos	350	471
	Receivable, unrealized change in value	343	59,298
	Liability, unrealized change in value	0	-944
	Net receivable, unrealized change in value	343	58,354
	SEB		
	Receivable, repos	1,050,550	0
	Liability, repos	-1,050,433	0
	Net receivable, repos	117	0

Cont'd. Note 11		31/12 2017	31/12 2016
SEB			
Receivable, unrealized change in value		78	117
Liability, unrealized change in value		00	-27
Net receivable, unrealized change in value		78	90
Swedbank			
Receivable, repos		1,253,705	0
Liability, repos		-1,253,491	0
Net receivable, repos		214	0
Receivable, unrealized change in value		79	0
Liability, unrealized change in value		-48	0
Net receivable, unrealized change in value		31	0
Total net receivable, repos		1,943	471
Total unrealized change in value		1,630	115,532
Total securities and interests		3,573	116,002
<hr/>			
Note 12	Other balances at National Debt Office		
	National Debt Office sight deposit account	2,223,954	1,998,789
	Total other balances at National Debt Office	2,223,954	1,998,789
<hr/>			
Note 13	Nuclear Waste Fund		
	Fair value at year-end	67,236,147	64,617,664
		<hr/>	
		2017	
		Number of shares	
	Of which acc. to Financing Act		
	<i>Forsmarks Kraftgrupp AB</i>		
	Value of Fund shares	54,019,595.14	19,063,615
	Accrued fees	237,019	238,425
	<i>OKG AB (Oskarshamn)</i>		
	Value of Fund shares	36,762,692.03	12,973,622
	Accrued fees	77,565	141,983
	<i>Ringhals AB</i>		
	Value of Fund shares	58,864,952.32	20,773,551
	Accrued fees	349,899	294,229
	<i>Barsebäck Kraft AB</i>		
	Value of Fund shares	34,862,694.33	12,303,109
	Accrued fees	0	0

<i>Vattenfall AB (Ågesta)</i>			
Value of Fund shares	818,741.41	288,935	249,267
Accrued fees		0	49,354
<i>Studsvik Nuclear AB</i>			
Value of Fund shares	9,135.48	3,224	2,294
Accrued fees		381	882
<i>Cyclife Sweden AB</i>			
Value of Fund shares	16,242.31	5,732	5,151
Accrued fees		1,002	501
<i>Westinghouse Electric AB</i>			
Value of Fund shares	71,395.90	25,196	21,142
Accrued fees		3,687	3,687
<i>Ranstad Mineral AB</i>			
Value of Fund shares	1,716.57	606	2,187
Accrued fees		0	81
<i>Chalmers TH AB</i>			
Value of Fund shares	885.97	313	230
Accrued fees		78	78
Total acc. to Financing Act	185,428,051.46	66,107,534	63,389,109
Of which acc. to Studsvik Act			
Value of Fund shares	3,022,928.00	1,066,797	1,137,162
Accrued fees		48,900	49,746
Total acc. to Studsvik Act	3,022,928.00	1,115,697	1,186,908
Total market value	188,450,979.49	67,223,231	64,576,017
Adjustment of difference between market value and fair value		-12,224	-12,269
Undistributed assets and liabilities at closing of accounts		25,140	53,916
Total fair value		67,236,147	64,617,664

The value of Fund shares is based on the market value of the Fund's investments in financial instruments, sight deposits and accrued interest income on such investments. Accrued fees will be invested in new shares when payments are remitted to the Fund. The undistributed amount consists mainly of certain accrued revenue and costs for the fourth quarter of each year and the balance in the Fund's interest-bearing account for payments and disbursements. The share value at 31 December 2017 (SEK 352.90) is measured in accordance with the market valuation principle (Handels NAV, Net Asset Value).

The fair value for 31 Dec. 2017 includes accumulated unrealized change in value of long-term investments including repos in the amount of SEK 3,555,449 thousand. The comparison value for 31 Dec. 2016 includes accumulated unrealized change in value of long-term investments including repos in the amount of SEK 4,436,061 thousand.

	31/12 2017	31/12 2016
Note 14	Current liabilities to other government agencies	
	0	17
	38	36
	38	53
Note 15	Others current liabilities	
	0	27,404,511
	0	-27,403,187
	0	1,324
	0	708,283
	0	-708,220
	0	63
Note 16	Accrued expenses	
	774	1,631
	118	50
	2,900	2,750
	450	0
	116	3
	4,358	4,434

Note 17 Change in current receivables and liabilities – investments

During 2017, accrued interest increased by SEK 6.7 million compared with 2016 and other items made a positive contribution of SEK 2.9 million compared with 2016.

Note 18 Change in current receivables and liabilities – transfers

The decision of the Swedish Radiation Safety Authority that one of the licensees should not pay an annual fee for 2017 entails a change of SEK 49 million in current receivables. Reduced electric power production in the fourth quarter of 2017 compared with the same period in 2016 resulted in a further reduction in current receivables by SEK 11 million.

Signatures

The Nuclear Waste Fund's 2017 annual accounts were adopted at a Board meeting on 14 February 2018.

We certify that the annual accounts give a true and fair view of the results of operations and of costs, revenue and the financial position of the authority.

Daniel Barr
Chairman

Malin Björkmo
Vice Chairman

Sara Bergström

Malin Dahlroth

Johan Gyllenhoff

Christian Ragnartz

Björn Österberg

