

Highlights from the Norwegian Power Market in 2023/2024

Political and Regulatory Update

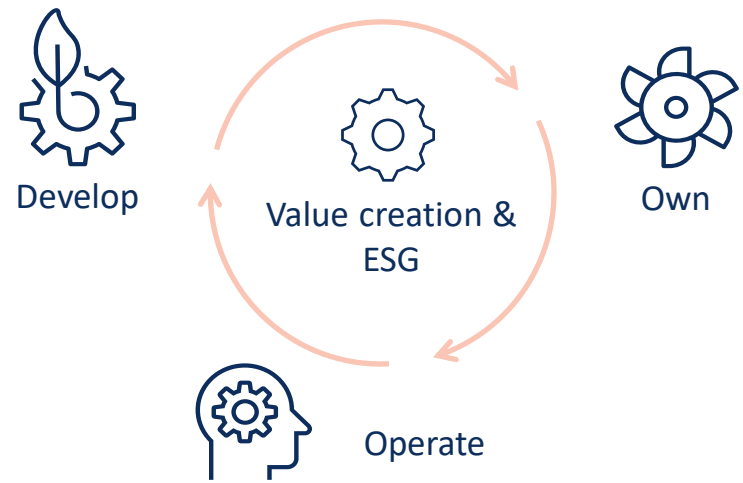
Malmö, 23. May 2024



End to end provider of renewable energy in the Nordics

Cloudberry 100% owner of Captiva’s scalable asset management platform

The Cloudberry business model

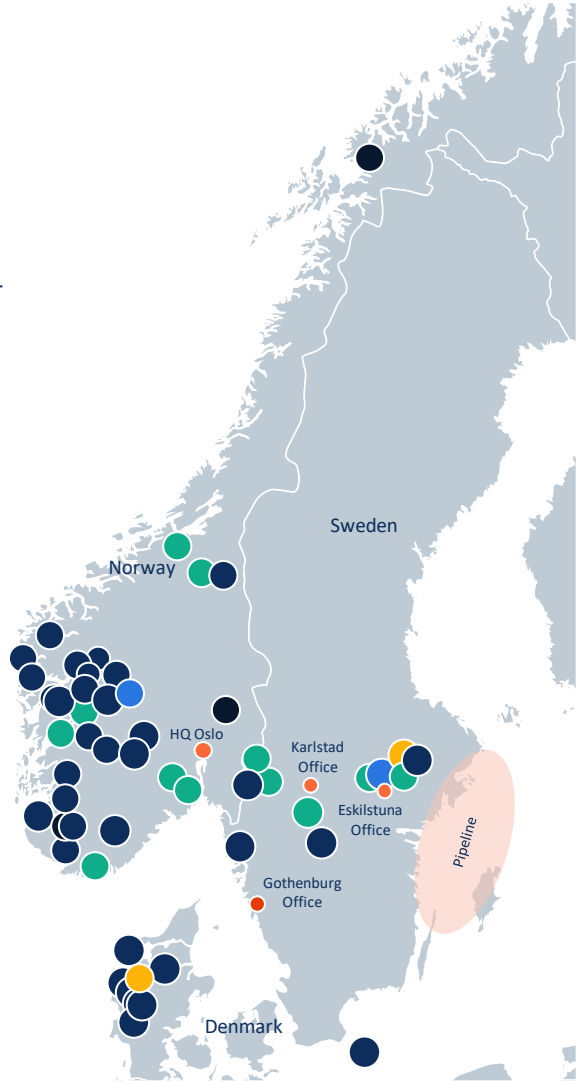
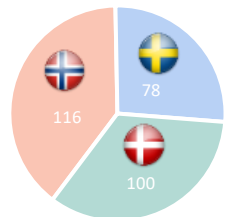


Local developer, owner and operator of renewables in the Nordics
The responsible way

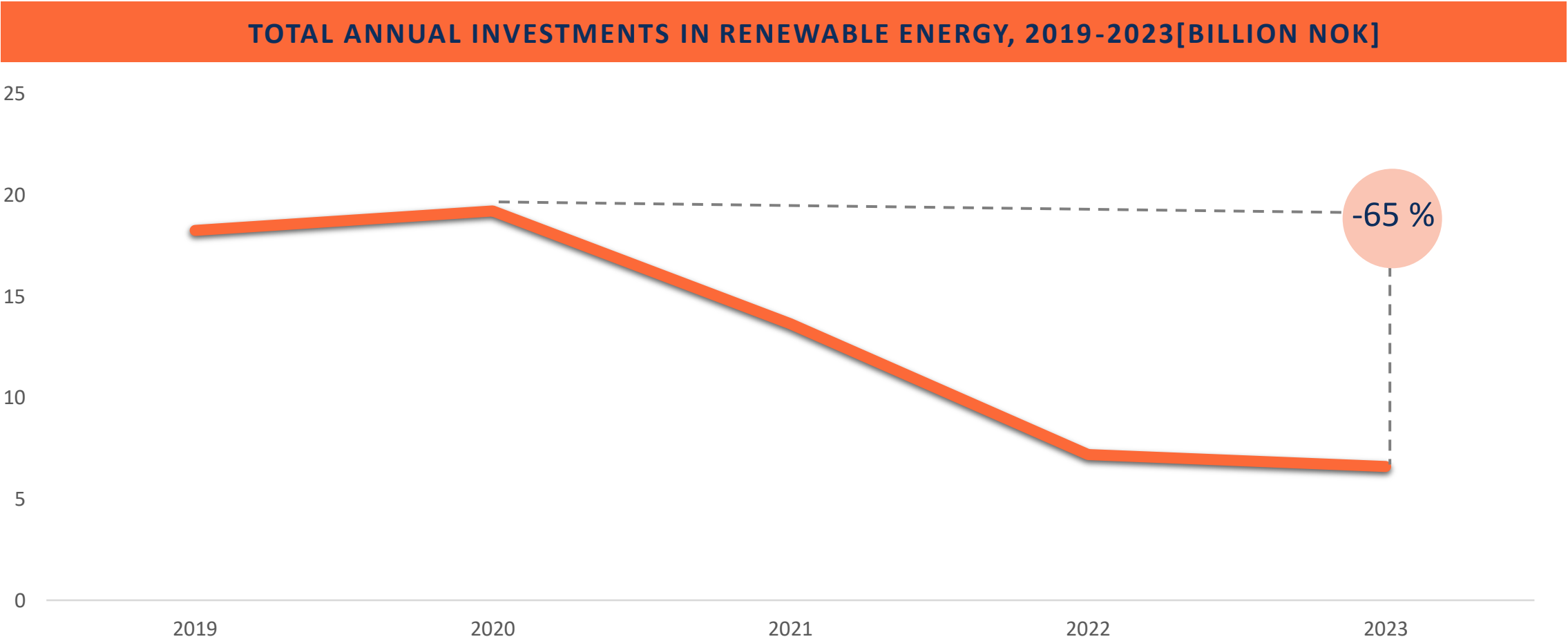
Our Portfolio¹⁾

Type	Capacity ¹⁾
In production	267 MW
Under construction	27 MW
Construction permit	200 MW
Backlog	711 MW

Assets in production and under constructions (MW¹⁾)

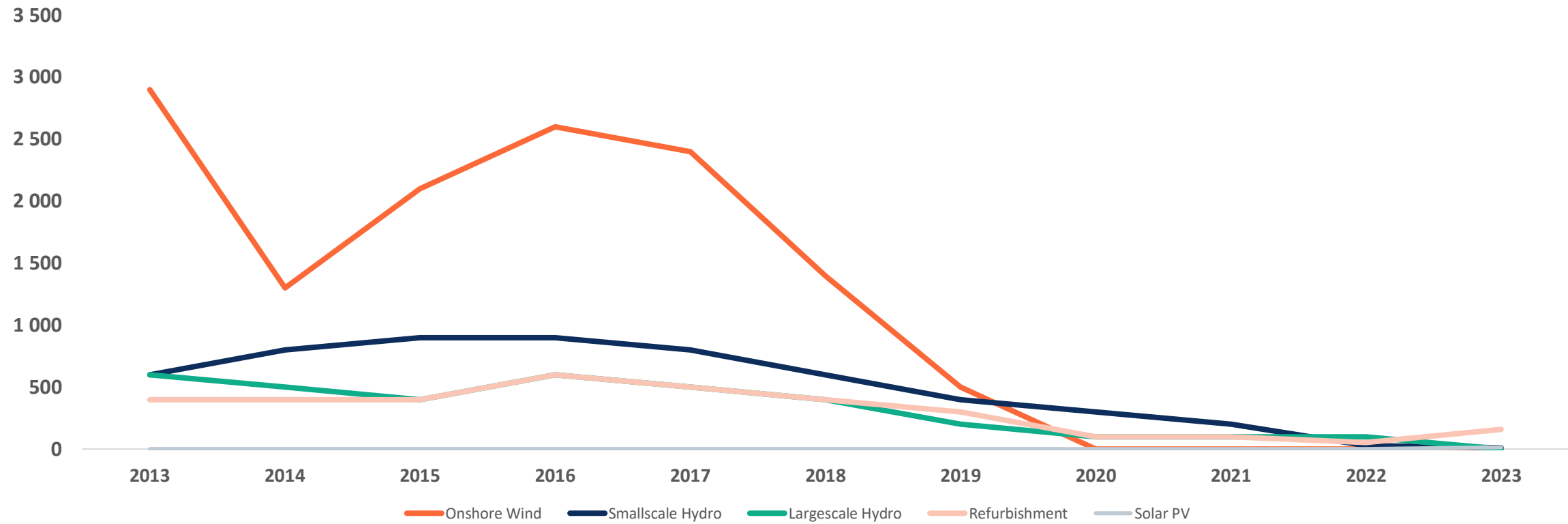


Urgent Need for Increased Renewable Energy Investments to Meet Norway's 2030 Climate Goals – Declining Investments Present Challenges



Reduction in Investment Primarily Due to Licensing Shortages for New Power Production

ALLOCATION OF LICENSES FOR NEW POWER PRODUCTION BY TYPE, 2013-2023[GWH]

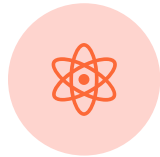


At the same time the government has ambitious plan for new consumption

- Roadmap for «Green Industry 2.0» was announced in fall 2023 with focus on the following sectors



Offshore Wind: Allocate areas for 30 GW of offshore wind energy by 2040.



Hydrogen: Develop a comprehensive hydrogen value chain.



Batteries: Establish a full battery value chain from sustainable extraction to recycling.



Maritime Industry: Maintain status as a maritime superpower with zero-emission solutions.



CO2 Management: Implement CO2 capture, storage, and usage to reduce emissions.



Process Industry: Achieve the world's cleanest, most energy-efficient process industry.



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Norwegian Government Approves Electrification of Melkøya LNG Plant in Northern Norway

From the president's address to the Norwegian Parliament, Prime Minister Jonas Gahr Støre announced that the government has approved the electrification of the Melkøya LNG plant. The project, valued at approximately 1 billion NOK, will enable the plant to produce green hydrogen and ammonia.

The Melkøya LNG plant, located in northern Norway, is one of the largest industrial facilities in the country. It currently produces natural gas liquefied natural gas (LNG) for export. The new electrification project will allow the plant to produce green hydrogen and ammonia, which can be used as clean energy carriers.

The project is part of a larger effort to decarbonize the Norwegian economy. The government aims to achieve net-zero emissions by 2050. The electrification of the Melkøya LNG plant is seen as a key step towards this goal.

The project is being led by Equinor, a major Norwegian oil and gas company. Equinor is also responsible for the production and export of LNG from the Melkøya plant.

The electrification project will involve the construction of a new power plant and the installation of electrical infrastructure. The project is expected to be completed by 2025.

The project is a significant investment in clean energy technology. It demonstrates the potential of electrification to reduce greenhouse gas emissions from industrial processes.

The project is also a testament to the commitment of the Norwegian government to achieving its climate goals. The government's approval of the project shows its determination to lead the way in the transition to a sustainable future.

**NO4:
3,6 TWh**

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POPULAR

LATEST

New Report on Svalbard's Tolerance Limit: Sustainable Destination by 2025

May 16 2024 - 09:52

Whaling Debate Highlights

240MW campus coming to Skien



Google has broken ground in Norway, announced that we are investing €600 million (\$646.4 million) in a new data center. This will bring with it a number of positive ripple effects, both locally and nationally."

Details about the size of the project have not yet been shared, but the project is set to be completed by 2026. For this first phase, Google has been allocated 240MW, according to a press release. The facility will also be ready to offer its waste heat.

This is the company's first data center in the

NO2:
2- 7 TWh



Innovasjon Norge støtter Morrow Batteries med 345 millioner til batteriprojekt

14.3.2024 10:00:00 CET | [Innovasjon Norge](#)

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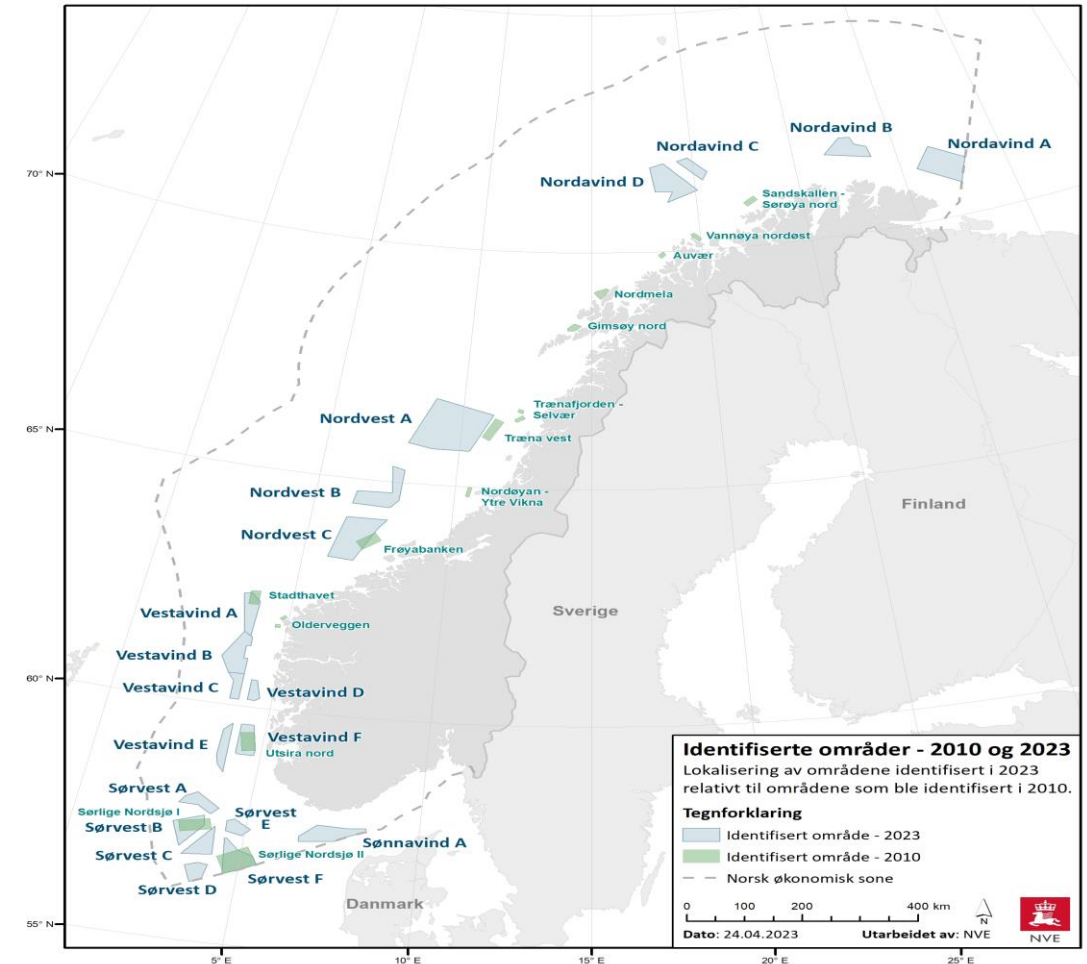
NO2: **En viktig**

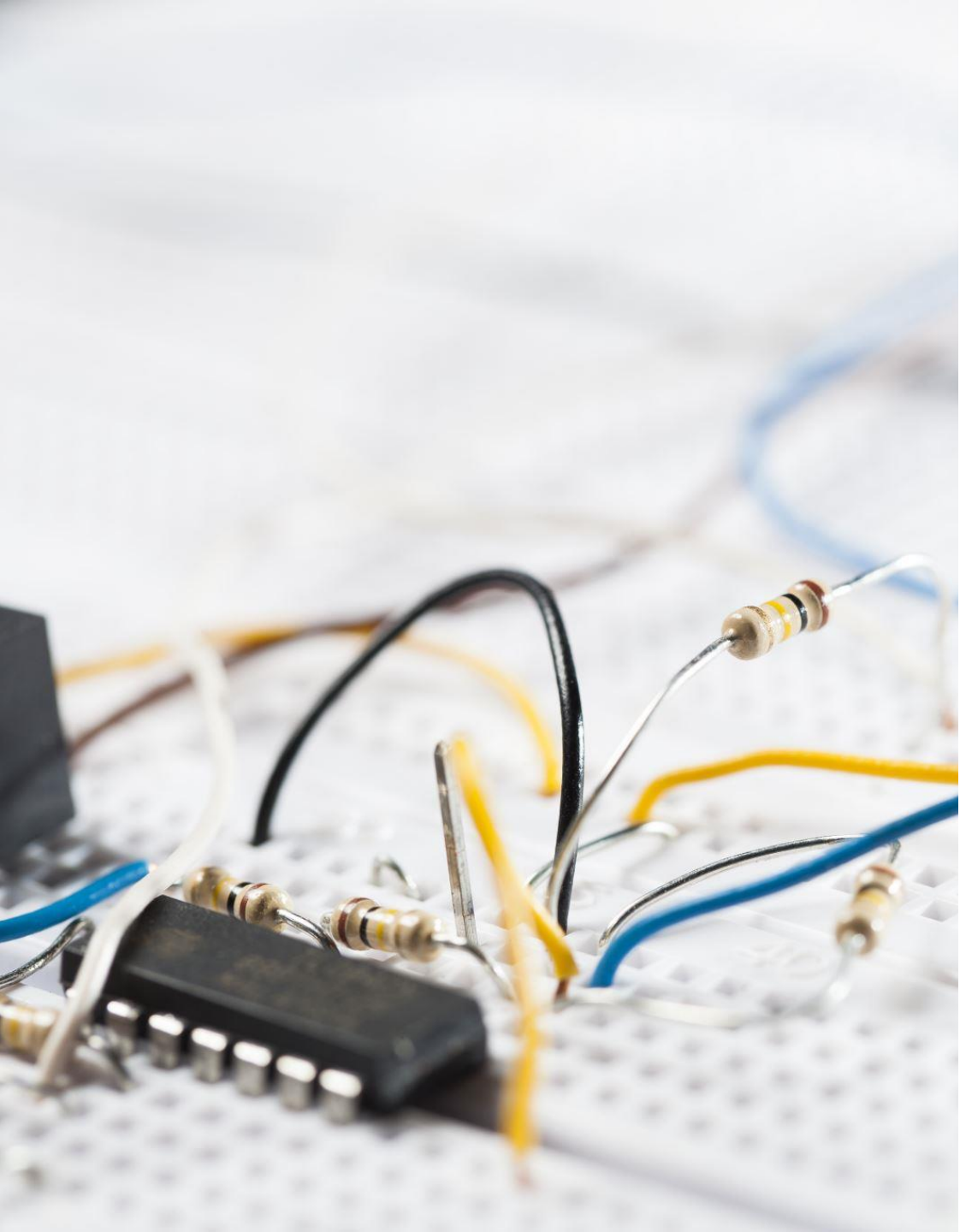
NO₂:
~3 TWh



Key Political Initiative to Boost Power Production and Prevent Power Deficit- Achieving 30 GW of Offshore Wind by 2040

- In the short run, onshore power projects in the state of Finnmark is being prioritized by the regulator. The main driver is the Melkøya announcement which will create a local power deficit in NO4. The TSO has signaled the potential need to split NO4 in two price zones.
- In the long term, Offshore wind is the long-term focus area of the government to increase production
 - In operation: Hywind Tampen (88 MW)
 - First auction held in Q1 2024- Sørlig Nordsjø II (3 000 MW)
 - In March 2024, Ventyr emerged as the winner of Norway's offshore wind auction for the Sørlig Nordsjø II project (bottom fixed). Their winning bid was placed at NOK 1.15 per kWh.
 - Next areas: Utsira Nord (1 500 MW, floating, delayed and expected to be in 2025). Three new areas (Sørvest F, Vestavind F and Vestavind B) are expected to be opened for the concession process in 2025.





Grid Capacity Constraints: Updated Procedures and Policies Aim to Accelerate Connection Processes

- **Limit for TSO approval of grid connection increased to 5 MW**
 - Statnett raises the limit from 1 MW to 5 MW/20 GWh for when electricity consumers and producers need approval from Statnett to connect to the grid. This means the current 600 MW of consumption applications within this range no longer must wait for approval. Also, small scale Solar PV (<5 MW) are expected to benefit from this change.
- **Proof of feasibility to reserve capacity**
 - Statnett has announced that companies in line for grid connection must show sufficient project progress to maintain their reservation. No specific time limits have been specified. Currently, 8,000 MW is reserved for various industrial projects and power producers, with 3500 MW being added in 2023 alone.
- **Grid Capacity Expansion Between NO1 and NO2**
 - Statnett has announced plans to enhance grid capacity between the NO1 and NO2 regions (Kristiansand- Grenland). Over time, this is expected to involve adjusting the pricing areas to include parts of NO2 within NO1, a move anticipated to result in increased electricity prices within the NO1 area.

Uncertain Regulatory Conditions Have Particularly Impacted the Onshore Wind Sector in Norway

- Resource rent tax on onshore wind power was announced without any consultation or warning the fall of 2022 and implemented from 1 of January 2024.

- And just days after the 1st Offshore wind auction the following was announced:

Introduction of company tax on offshore wind power

- The government proposed a broad offshore company tax on 22 % of activities on the Norwegian shelf. Today, no company tax exist for such activities.

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The National Budget 2024

The Government will introduce a resource rent tax on onshore wind power from 2024

Press release | No: 51/2023 | Date: 06/10/2023

[Les på norsk](#) | [Loga sámegilli](#)

The Government is today presenting a modified bill for the introduction of a resource rent tax on onshore wind power from 2024. The proposal will ensure that a larger share of the value added in the wind power industry will accrue to society as a whole. Host municipalities will be better off under the proposal. Government revenues will initially be marginal, largely due to generous transitional arrangements for existing wind farms.

Key Regulatory Highlights from the Past Year

	News	Legislation and Regulatory Changes	Consultations and Regulatory Initiatives
Market reforms	New contracts for bidding zone hedging	Changes in the settlement regulation and control regulation to facilitate 15-minute time resolution in balance settlement	RME instructs Statnett to investigate measures to improve price hedging opportunities in the Norwegian bidding areas
Onshore/offshore	<ul style="list-style-type: none"> - Still standstill in onshore wind pipeline - Offshore wind auction in Q1 2024 	<ul style="list-style-type: none"> -Resource rent tax for onshore wind -New regulatory rules on demand-controlled obstruction lights on wind turbines 	
Solar PV	<ul style="list-style-type: none"> - New regulation for solar permitting requiring “area zoning plan” from municipality before license 		<ul style="list-style-type: none"> -NVE has proposed a 5 MW limit for licensing requirements -Amendments to the Energy Act and Planning and Building Act – ground-mounted solar power
Hydro		Amendments to the Energy Act – a mechanism to strengthen supply security New regulation on energy scarcity and power rationing	
Demand	<ul style="list-style-type: none"> - Enova provide new and increased support to H2 (80 % Capex support) 	Energy Act on mandatory energy audits in large enterprises	RME: Proposal for a new sharing scheme for self-produced electricity in business areas
Grid	<ul style="list-style-type: none"> --Norwegian TSO has announced that companies in line for grid connection must show sufficient project progress to maintain their reservation. 	<ul style="list-style-type: none"> - New regulation on energy studies – PlanNett becomes mandatory 	<ul style="list-style-type: none"> -RME wants faster grid connection processes – exploring incentive mechanisms to reward grid companies that connect customers faster RME: Power and consumption to be included in the revenue regulation of grid companies
EU Policy	<ul style="list-style-type: none"> -EU requirement for Norway to decide on implementation of RES II. - The revised Renewable Energy Directive impose new obligations related to licensing processes and processing times. 		

What to look out for in 2024

- Norway's response to EU's Energy Commissioner Kadri Simson letter with a firm action to decide on implementing the EU's second renewables directive (RED II) from 2018 within five months or face sanctions.
- Offshore wind: The government has announced that before the summer of 2024, a public consultation will be conducted regarding eligibility for support and the key parameters for the allocation of support in the 2025 round.
- Onshore wind: Will there be granted any new licenses? Will be the first since 2019
- Onshore Wind/Solar PV: The EU's revised Renewable Energy Directive- Acceleration zones for renewable energy are a concept that will challenge the current concession model in Norway- the «first attempt» created a lot of noise
- Market reforms: New terms for Balance Responsible Parties (BRP) and Balancing Service Providers (BSP) to be implemented on 3rd of December 2024
- .

Thanks for listening



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