



Offshore wind in Norway - important updates



Siren Skalstad Ellensen
Partner



Kaare Oftedal
Partner, Sector Head, Renewable Energy

In a press release on 6 December 2022, the Norwegian Government (represented by the Minister of Petroleum and Energy, Terje Aasland) confirmed and released its long-awaited criteria to make its first awards in an offshore wind power tender by end of Q1 2023.

The Government follows up on its previously expressed main aim for the new offshore industry to commission up to 30 GW of offshore wind capacity by 2040, including to tender the two offshore wind areas; (i) **Utsira Nord (UN)**, and (ii) **the Southern North Sea (Sørlige Nordsjø II), phase 1 (SN II (Phase 1))**.

Aasland presented the proposed amendments in the regulatory framework for the tendering process, including proposals on pre-qualification criteria, qualitative criteria, further details on the auction model and support scheme, prepared by the Ministry of Petroleum and Energy (**MPE**). The close collaboration with the offshore industry players/organizations/other users of the sea is emphasized as a key factor to successful development of UN and SN II (Phase 1), and the consultation process for both UN and SN II (Phase 1) in advance of the tenders will be important on reviewing input from such industry players within the deadline 6 January 2023.

Below is a summary of the key take-aways from the press release on the Government's consultation note:

SN II (Phase 1)

- MPE proposes a pre-qualification for actors who wish to compete for allocation of area within SN II Phase 1. The pre-qualification criteria shall ensure that the development of offshore wind in Norway is carried out in the best and sustainable manner.
- A "ceiling" will be set for the number of applicants who can be prequalified to participate in the further competition. In the consultation period, MPE has requested input on how this ceiling should be determined. Only the pre-qualified applicants will be able to attend in the auction process.

- For SN II (Phase 1), the Government is proposing a so-called Anglo-Dutch auction. The reason for choosing this auction model, is to complete an efficient allocation of the natural resources with the lowest degree of state subsidies.
- If there will be a need for subsidies, the Government's proposal is that this is done through a bilateral contract for difference (CfD), with the Government's support through the CfDs to be limited through an upper ceiling (support period of 15 years).

Utsira Nord

- For UN, it has already been decided earlier that the site(s) will be awarded on the basis of qualitative criteria, including facilitating innovation and technology development in floating offshore wind. The proposed model sets out that award of area and state aid support will be carried out in two steps, including (i) award of area based on qualitative criteria, and (ii) competition for state aid/subsidies as part of the licensing process.
- MPE has not proposed a preferred state aid/subsidy model, but has requested input on whether investment subsidies or a bilateral CfD is most suitable (and the aim is that state aid should be at lowest level, decided in competition).
- UN is opened for development of in total 1500 MW, and the Government will split this area in three licensing/concession areas, each offshore wind area to be developed of up to 500 MW.

Please do not hesitate to contact us for further discussions and legal assistance in connection with interpretation of the regulatory framework, and the upcoming tender process in general.

See link to the public consultation documents (unfortunately only in Norwegian):

[Høring av prekvalifiseringskriterier og auksjonsmodell for Sørlige Nordsjø II - regjeringen.no](https://www.regjeringen.no/no/aktuelt/horing-av-prekvalifiseringskriterier-og-auksjonsmodell-for-sorlige-nordsjo-ii-regjeringen-no)

[Høring av kvalitative kriterier og støtteordning for Utsira Nord - regjeringen.no](https://www.regjeringen.no/no/aktuelt/horing-av-kvalitative-kriterier-og-stotteordning-for-utsira-nord-regjeringen-no)

Map of the UN and SN II areas: <https://www.regjeringen.no/no/aktuelt/regjeringen-gar-videre-i-sin-satsing-pa-havvind/id2949762/>



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