



Final version of the Norwegian CfD for Sørilige Nordsjø II announced



Siren Skalstad Ellensen
Partner



Kaare Oftedal
Partner, Sector Head, Renewable Energy

The draft Contract for Difference (CfD) for Sørilige Nordsjø II (in total 1.5 GW) has on 7 November 2023 been published in final version (including appendices) by the Norwegian Ministry of Petroleum and Energy (MPE), see link to the Government's web page [here](#).

The CfD will form the contractual basis for the support scheme from the Norwegian State in connection with offshore wind projects within SNII. The already postponed deadline until 15 November for the pre-qualification process is approaching fast. The CfD auction process is anticipated to take place in Q1 2024.

The bidder winning the auction process will be required to enter into the CfD as soon as possible and at latest within four weeks after completion of the auction. Unless this requirement is complied with, the winning bidder risks to be imposed with a conventional fine of MNOK 400.

Following a public consultation round some amendments of importance to note have been made to the previous 20 September 2023 version, see a short summary below:

Change of control/ownership prior to completion of the offshore wind project

- The main rule in the CfD is that any direct or indirect (parent or ultimate owner) change of control in ownership in a project company (ProjectCo) requires prior approval from the MPE. In the final CfD, the wording has been amended to include more flexibility, including that a consent from the MPE to such change in ownership prior to completion (in practice COD of the offshore wind farm) can only be denied if the MPE has a reasonable cause (*Nw. saklig grunn*).

- The CfD now regulates explicitly that in case of any change in ownership in an indirect owner being listed on a stock exchange or regulated marketplace, this will not require a consent from the MPE. Only if a change of control occurs as a result of such share/security interest transfer, a consent must be obtained from the MPE.
- When determining whether a change of “control” has taken place, it is now stated in the CfD that the definition set out in the Norwegian Private Limited Liability Companies Act, section 1-3 applies (more than 50% of the shares/votes or control over the majority of the board members in a subsidiary).

Pledge of shares

- The CfD sets out that a pledge of shares in the ProjectCo can take place

Sustainability and positive ripple effects

- As a result of the recent amendments to the criteria for pre-qualification to the SNII area, including implementing minimum criteria that the project must be “sustainable” and have “positive ripple effects”, such requirements have naturally been reflected in the CfD.

Approval of detail plans

- If lack of approval of detail plans occur, cf. the Offshore Energy Act and the Energy Act, and the ProjectCo or the owners are not responsible for such delay, an extension of deadline may be given provided the approval has been applied for within set deadlines.

Reference price

- The CfD now clarifies that periods with negative spot price shall not be included in the calculation basis for the reference price (cf. calculation model attached to the CfD).

We will be happy to discuss any questions related to the final version of the CfD and the offshore wind licensing process in Norway. Please do not hesitate to contact us.