



UiO : **Scandinavian Institute of Maritime Law**
University of Oslo

EFELA´s energy law and regulation perspectives: Norway

Webinar, 2 July 2020

Henrik Bjørnebye

Professor

henrik.bjornebye@jus.uio.no



Overview

- The Norwegian energy sector
- Some developments not related to Covid-19
- The effect of Covid-19 on energy markets
- Petroleum tax amendments

The Norwegian energy sector

Petroleum sector

- Oil & gas production 214 million SM³ o.e. (2019)
- Government total net cash flow ~ 257 BNOK (2019)
- Investments 148.3 BNOK (2019)
- Total employment ~ 225000 people (2017)

Source: www.norskpetroleum.no (Norwegian Ministry of Petroleum and Energy, Norwegian Petroleum Directorate)

Electricity sector

- Installed production capacity 33755 MW, normal annual production 141 TWh (2018)
- Hydropower 94.3 % of domestic production capacity (wind 3.4 %)
- Integrated part of Nordic wholesale market

Source: energifaktanorge.no (Ministry of Petroleum and Energy)

The Norwegian energy sector (2)

- Norway part of the EU´s internal energy market as an EEA member state
 - Fundamental TFEU internal market principles included in the EEA Agreement (e.g. free movement, State aid, competition rules)
 - Third energy market package implemented
 - Clean energy package and electricity network codes/guidelines currently considered for implementation

Some recent developments not related to Covid-19

- Third energy market package/ACER affiliation subject to intense public discussion in 2018
- Ongoing onshore wind controversies
- Environmental revision of reservoir hydropower concession requirements
- Climate court case scheduled to be heard by Supreme Court 4 November 2020 (plenary case)

Covid-19 and energy markets

- Covid-19 effects on energy prices
 - Oil: Brent spot ~ 59 USD/bbl (19.02) to <20 USD/bbl (21.04) to > 40 USD/bbl (today)
 - Electricity: Nordic system price June 2020: 3.15 EUR/MWh vs. June 2019: 27.96 EUR/MWh
- General aid packages and schemes
 - E.g. compensation to employees subject to temporary layoffs, contributions to cover fixed costs for businesses, tax delays, etc
- Energy related measures
 - E.g. exemption to reduce grid tariffs, postponement of DSO functional unbundling requirements in particular cases
 - Petroleum tax amendments

Petroleum tax amendments

- Point of departure
 - 78 % tax on net profits (22 % company tax, 56 % special tax)
 - Tax neutrality principle
- Ordinary petroleum tax scheme
 - Six years linear depreciation for investments
 - Uplift 20.8 % – deduction in special tax base to ensure normal returns
- Temporary measures adopted by Parliament
 - Investments immediately deductible in special tax base
 - Uplift 24 % (Ministry of Finance proposal: 10 %)
- Comments and reflections