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Norway Price for electricity. The Ministry's responses to the additional comments from the complainants of 22 April 2026

ESA has forwarded the following arguments to the Ministry, submitted by the complainants. The Ministry's response is in the following set out below the sited comments from section 2 and 3 of the complainants' letter of 22 April 2026.

2. NORWAY PRICE AND ITS EFFECTS

2.1 Overview (the complainants' comments)

(10) The Ministry's characterization of Norway Price as a price predictability scheme fundamentally misrepresents the economic reality of the scheme. The price is set at a level that is significantly below market prices, and in fact significantly below (most) electricity production costs.[1]

(11) The introduction of the Norway Price and electricity support scheme means that Norway currently lacks a well-functioning market for fixed-price electricity contracts, unlike its Nordic neighbouring countries. As a result, the arguably most relevant basis for comparison are fixed-price contracts available to businesses, which are priced at a significantly higher level than Norway Price. For example, on 20 November 2025, a business customer in the NO1 price area could enter into a three-year fixed-price contract with Lyse at 67.78 øre per kWh[2]*. Fixed-price contracts for households with a duration of one year, would be priced significantly higher, if they were still available.*

[1] Norgespris, Strømpris | Norgespris: – Som all god narkotika, er det svært vanedannende
[2] Kraftprodusentenes drømmemarked blekner

(12) Accordingly, Norway Price constitutes a subsidy for electricity consumption, distorting the relative competitiveness of alternative energy sources.

(13) The subsidy nature of the scheme can easily be deduced from the budgetary consequences of Norway Price: It is expected to cost more than NOK 10 billion in the period up until the end of 2026.

(14) Demand-side subsidies almost always affect consumption levels, market prices and producers' revenues. As the following shows, this is no different for Norway Price than for other consumption subsidies.

The Ministry's comments to section 2.1:

For the claims in point (12) and (14), reference is made to the Ministry's answer to question 9 and 10 in the reply of 15 June 2026 to ESA's request for additional information.

With regard to the claim concerning the price level of the scheme, the Ministry would like to emphasize that in January 2025, when the Norway Price scheme was announced, the reference price of NOK 0.40/kWh was set based on average historical real electricity prices prior to the energy crisis (from 2010 to mid-2021), as well as forward price expectations in the Norwegian bidding zones. At that time, forward prices for the country as a whole were close to NOK 0.40 per kWh. From 2010 to mid-2021, the CPI-adjusted spot price of electricity in southern Norway was also close to NOK 0.40 per kWh. As noted in the response to question 12, Norway Price is a support scheme lasting until 2029 and the reference price is to be adjusted annually. It is therefore expected that Norway Price will be adjusted a total of three times during the period covered by the Norway Price scheme. Future adjustments of the reference price will be based on the electricity price outlook, and shall uphold the main objective of the scheme, which is to ensure predictability and security for households during a time of high and volatile electricity prices.

The Ministry would also like to emphasise that the level of the reference price is at approximately the same level as The Norwegian Water Resources and Energy Directorate`s (NVE) cost estimates for power production in Norway, see Table 1. Hydropower and onshore wind currently account for approximately 98 percent of Norway's power production (NVE, 2026a). It is therefore incorrect, as asserted by the complainants, that the reference price is far below the cost of producing power in Norway.

Table 1: Levelized cost of electricity, historical and projected. LCOE is an estimate of the total costs associated with producing one kWh over the lifetime of a power plant. The numbers apply only to the development of power generation in Norway. LCOE is used to compare different power generation technologies. Source: NVE (2024)

Øre/kWh	Hydropower (>10 MW)	Hydropower (<10 MW)	Onshore Wind
Levelized cost of energy (LCOE)	43	43	42
Projected LCOE (2030)	43	43	37
Historical LCOE (2023)	42	40	41
Historical LCOE (2021)	39	35	30

Norwegian household electricity consumption has generally been covered by spot price contracts in the last 10-15 years, largely due to the fact that spot price contracts have showed to be competitive for most households over time. The low uptake of fixed-price contracts may also be due to a lack of supply. The fundamental explanation for Norway's low

supply of fixed-price contracts is that low liquidity in the financial power market makes it challenging for electricity suppliers to offer fixed-price contracts on competitive terms, cf. section 2.3.3 in the Ministry's reply to ESA regarding the state aid complaint concerning Norway Price, submitted on 15 December 2025.

In paragraph (11) in their letter, the complainants argue that, given that a business customer in bidding zone NO1 could enter a three-year fixed-price contract at 67.78 øre per kWh, one-year fixed-price contracts for households would likely be priced significantly higher.

The Ministry notes that fixed price contracts can vary significantly depending on the bidding zone, contract duration, and consumption profile. As of 15 May 2026, the supplier Lyse's lowest-priced available fixed price contract was 63.23 øre per kWh. This contract was offered in bidding zone NO5, based on a flat consumption profile, and had a duration of seven years. By contrast a contract reflecting a seasonally adjusted consumption profile in bidding zone NO2, with a duration of three years, was at the same time priced at 84.2 øre per kWh (Lyse, 2026). The Ministry notes that the supply of fixed-price contracts to business customers is limited, both in terms of the number of suppliers and regarding terms and conditions for the contracts, e.g. volume and consumption profile.

Considering current market conditions, particularly the low liquidity in the financial electricity market, if there were fixed-price contracts on offer to households for a variable consumption with duration of one year, the price would likely be significantly higher than that to business customers. The price would likely also vary significantly between bidding zones. The Ministry emphasizes that the need for the Norway Price scheme, which is intended to provide households with predictability and security during periods of volatile and occasionally very high electricity prices, is especially important given the limited availability of fixed price contracts.This is particularly evident in light of a new and uncertain situation in the energy markets resulting from developments in the Middle East, which also affects the power market and households' overall energy expenses. For more information on this issue, the Ministry refers to sections 2.3.1 and 2.2.2 in the Ministry's reply to ESA regarding the state aid complaint concerning Norway Price, submitted on 15 December 2025. The Ministry also refers to the answer to question 1 in the Ministry's reply of 15 June 2026 to ESA's request for additional information.

Furthermore, the Ministry would like to emphasize that the fiscal cost of Norway Price will be subject to change in line with ongoing developments in the power market. The year 2026 began with colder-than-normal weather and little snow in the mountains of Southern Norway. Combined with the turbulence that is currently seen in the energy markets, this has contributed to higher electricity prices so far this year compared with the same period in recent years. The high prices this winter, along with expectations of higher electricity prices for the remainder of the year, have led to increased cost estimates for Norway Price in 2026, as well as the ongoing uncertainty about the forward development in gas- and power markets following the situation in the Middle East.

2.2 Impact on consumption (the complainants' comments)

(15) The pivotal factual issue in this case is the extent to which household electricity consumption in Norway exhibits price elasticity. The Ministry's starting point in the submission is that price elasticity is so low that that Norway Price, or other price-reducing measures have no significant impact on consumption.

(16) The Ministry's assessments are in stark contrast to the established consensus among technical authorities and academic experts.

(17) For example, many major stakeholders warned during the public consultation that the introduction of Norway Price would increase electricity consumption by insulating

households from market price signals. The Norwegian Competition Authority highlighted that the scheme would raise household consumption and weaken incentives to save electricity or shift demand away from peak hours. Statistics Norway (SSB) noted that decoupling retail prices from market prices could lead to unnecessarily high consumption and, in extreme cases, increase the risk of rationing during periods of scarcity. The Norwegian Water Resources and Energy Directorate (NVE) and RME similarly warned that reduced price exposure would limit demand response in tight supply situations, potentially exacerbating price spikes and increasing the likelihood of rationing. Nordic system operators also cautioned that more inflexible demand in Norway could raise prices across the Nordic power market and challenge system stability.

(18) Even the Ministry itself acknowledges in its consultation paper that the Norway Price scheme will weaken the economic incentives for energy saving and load shifting compared to the current support model. By insulating households from hourly market prices, the Ministry recognises that the scheme removes key price signals that normally reflect energy scarcity. As a result, the Ministry anticipates that reduced exposure to volatile market prices will lead to higher overall consumption, particularly during periods when the power system is under strain and demand reductions would otherwise be expected.

(19) The Ministry's recognition of the scheme's capacity to increase consumption is also evidenced through the inclusion of a "safeguard provision". After all, the Act on Norway Price contains a provision allowing suspension of the scheme "in consideration of the power situation", and thus recognizes that the Norway Price will likely increase consumption.

(20) Following the introduction of the scheme, many stakeholders have echoed the view that the Norway Price will lead to higher electricity consumption. By means of example, the Advisory Board for Fiscal Policy Analysis (Nv: Finanspolitikkutvalget) has made it clear that the Norway Price will lead to an increase in consumption[3] (and higher prices).

(21) In the meantime, empirical evidence demonstrates that households' electricity demand is price-elastic, and that Norway Price has in fact increased electricity consumption. Please refer to the enclosed Annex I, on changes to electricity consumption. The document compares the electricity consumption of those households with, and those without Norway Price. There is a significantly higher consumption for those that have subscribed to Norway Price, which points to significant price elasticity.

(22) Please see in this regard furthermore Annex II on the flexibility of Norwegian household consumers.

(23) Another noteworthy aspect is that holiday homes were not previously eligible for any kind of electricity support scheme. Their electricity consumption has risen even more markedly – the difference in changes in consumption is 7.3%, when comparing holiday homes with and without the Norway Price.[4]

(24) In summary, we consider that it can no longer be disputed that Norway Price has significantly increased electricity consumption among its subscribers, and as a result, the electricity consumption of Norwegian households.

(25) In the short term, the increase is likely in the area estimated by THEMA, i.e. approximately 1 TWh during the scheme's first year in operation. The most significant

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[3] Rådgivende utvalg for finanspolitiske analyser

[4] BKK: Norgespris-kunder økte forbruket 5,7 prosentpoeng mer enn de uten

effects are likely to emerge in the long term. Foregone energy-efficiency investments resulting from the Norway Price can have persistent effects, locking in higher levels of electricity consumption for many years to come.

(26) Finally, there are clear indications that electricity consumption has moved increasingly to periods with peak demand[5] and particularly high prices.

(27) The combination of demonstrably higher consumption, and consumption at times of high demand, inevitably drives up market prices. We will expand on this point in the following.

The Ministry's comments to section 2.2:

Reference is made to the answers provided in the Ministry's reply of 15 June 2026 to ESA's request for additional information, question 11 and 19 and the Ministry's reply to ESA regarding the state aid complaint concerning Norway Price, submitted on 15 December 2025, section 3.

The complainants begin by presenting household price elasticity as "the pivotal factual issue" (15). They then claim that the Ministry's assessments stand in contrast to an "established consensus" (16 & 17), and that "it can no longer be disputed that Norway Price has significantly increased electricity consumption among its subscribers" (24). The Ministry does not recognise this characterisation. It is misleading and exaggerated. These are three separate issues which the complainants conflate, and on which the Ministry's position has been clear:

As for the claims in paragraphs 15, 16 and 17, a large number of studies that have been reviewed by the Ministry indicate that the price elasticity of Norwegian households is low (though not zero), and that consumption is primarily driven by basic needs, particularly related to heating. Several studies indicate that elasticity decreases as temperatures drop, which supports the view that electricity is a necessity, but also that the potential for load shifting is limited in such situations.

Since these are a broad range of available theoretical and empirical Norwegian studies, it does not stand in contrast to any established academic consensus. As far as the Ministry is aware, there is no shared view on the exact level of household electricity price elasticity in Norway. The estimates vary across periods, regions and empirical methods, also in the review conducted by the Ministry, but generally few find high elasticities under Norwegian conditions. These findings are consistent with economic theory on necessity goods, which for Norwegian households to a large extend is electricity taken into account the cold climate and long winters and, for many, limited access to other energy carriers that in the short term can serve the same purposes.

The Ministry would further like to emphasize that international studies regarding household price elasticity are not representative of Norwegian conditions. Unlike Norway, where most households rely on electric heating, households in many other countries rely on gas or district heating. Relevant comparisons of price responses must as a minimum be based on the energy carriers used for heating in other countries and preferably for countries with climates similar to Norway.

The complainants also provide a selective and overstated account of the consultation responses in paragraph 17. In particular their description of NVE and The Norwegian Energy Regulatory Authority's (RME) position is misleading. NVE and RME did identify weaker price signals and reduced incentives for flexibility as potential drawbacks of Norway Price.

[5] Lede ser tegn til at strømforbruk flyttes fra natt til dag med norgespris

However, NVE did not expect Norway Price to significantly increase the probability of energy scarcity or electricity rationing, and RME did not find a basis for concluding that the scheme would have strong short-term effects on the capacity balance (RME, 2025d & NVE, 2025d).

As for paragraph 24,, the complainants argue that the Norway Price scheme has significantly increased household electricity consumption. In support of this, they refer mainly to warnings submitted during the consultation process before the scheme was initiated and to a comparison between households who have opted into the Norway Price scheme and households who have not. However, the complainants have not documented that the Norway Price scheme has caused a material increase in aggregate household electricity consumption, as further explained in answer 19 in the Ministry's reply of 15 June 2026 to ESA's request for additional information .

The main weakness in the complainants' argument is that they compare two groups that are not comparable. Participation in the Norway Price scheme is voluntary. Many households have likely opted for Norway Price based on their own expected benefit. Data from Elhub shows that households and holiday homes with a high estimated annual consumption have opted into the Norway Price scheme to a much greater extent than those with a lower estimated consumption. As of 15 May 2026, about 82 percent of households with estimated annual consumption above 16,000 kWh had opted into the Norway Price scheme in Southern Norway (bidding zones NO1, NO2 and NO5), compared with about 68 percent in the medium-consumption group and 47 percent in the low-consumption group, see Table 2. For holiday homes, 86 percent of the high-consumption group and 84 per cent of the medium-consumption group had opted into the Norway Price scheme, compared with 53 percent in the low-consumption group. The electricity subsidy scheme does not apply to holiday homes, and this probably contributes to more holiday home owners choosing the Norway Price scheme.

Table 2: Adoption of Norway Price in households per Estimated Annual Consumption groups (EAC-group) in Southern Norway (NO1 / NO2 / NO5). Source: Elhub.

	Estimated Annual Consumption		
Date	**High**	**Medium**	**Low**
1. Oct. 2025	47,8 %	34,5 %	21,6 %
1. Jan. 2026	73,4 %	56,9 %	37,2 %
1. Apr. 2026	81,4 %	66,4 %	45,3 %
15. May 2026	82,2 %	67,5 %	46,8 %

EAC groups are used to classify electricity meters according to how much electricity they are expected to consume over the course of a year. Each electricity meter is assigned to an annual consumption group based on historical electricity consumption. The groups therefore indicate whether the metering point has low, medium or high annual consumption. For households, Low, Medium and High refer to households with expected annual consumption of, respectively, less than 8,000 kWh (Low), 8,000-16,000 kWh (Medium) and more than 16,000 kWh (High).

For the period from 1 October 2025, to 15 May, 2026, the distribution of households on different days during this period differs significantly, see Table 2 above and figure 3 in answer 19 in the Ministry's reply of 15 June 2026 to ESA's request for additional information. This demonstrates that households with and without Norway Price are not static, and thus not comparable groups through this period. As of 15 May, the Norway Price group consists to a much greater extent of high-consumption households, which most likely are the households that normally would experience the largest increase in cost when power prices is increasing. The group without Norway Price consists to a much greater extent of low-consumption households. Further, we expect that in the group without Norway Price for electricity there are several households that are heating their homes with district heating and taking part in the Norway Price scheme for district heating.

As Table 3 shows, the complainants, in practice, compare a group with many large, electricity-intensive households to a group containing many low-consumption households, and then seek to attribute the resulting differences to the Norway Price scheme.

Table 3: Composition of households with and without Norway Price in Southern Norway. Source: Elhub

EAC-Group	Share among metering points with Norway Price	Share among metering points without Norway Price
High	44,1 %	20,9 %
Medium	33,6 %	32,1 %
Low	22,3 %	47,0 %

Calculated as the sum of the daily number of metering points per EAC group with (without) Norway Price, divided by the sum of the daily number of metering points with (without) Norway Price. For the period 1 October 2025 – 15 May 2026.

Households who expect high electricity consumption, have larger homes, greater heating needs, have greater reliance on electric heating, or otherwise expect to benefit from the scheme to a greater degree, are more likely to opt into the Norway Price scheme. A simple comparison between households with and without Norway Price therefore cannot demonstrate that the scheme causes higher consumption; rather, it shows that households with higher expected consumption choose to opt into the scheme. The complainants' analysis in Annex I does not correct for the underlying differences between the groups. It presents descriptive differences in consumption growth, but it does not establish causation.

The high-consumption group (EAC-group High) in Southern Norway (bidding zones NO1, NO2 and NO5) dominates both adoption and consumption (see Table 4).

Table 4: For households in Southern Norway, the high-consumers accounts for. Source: Elhub.

	Share of EAC-group High
Metering points with Norway Price	44,1 %
Total household consumption	63,1 %
Household consumption covered by Norway Price	68, 6 %

For the period October 1, 2025 – May 15, 2026. Metering points with Norway Price are calculated as the sum of the daily number of metering points in EAC group High with Norway Price divided by the sum of the daily number of metering points with Norway Price. Total household consumption is calculated as household consumption in EAC group High in Southern Norway divided by the sum of household consumption in the EAC groups High, Medium and Low in Southern Norway. Household consumption covered by the Norway Price scheme is calculated as household consumption covered by the Norway Price scheme in EAC group High in Southern Norway divided by the sum of household consumption covered by Norway Price in the EAC groups High, Medium and Low in Southern Norway.

Moreover, the comparison in Annex I is not temperature adjusted. This is a serious weakness in a Norwegian context, where a large share of household electricity consumption is used for space heating. Electricity consumption in Norway varies substantially with outdoor temperature. The first months of 2026 are a clear example. Elhub has stated that the cold start to 2026 contributed to new monthly records in electricity consumption in both January and February, and that production records were also registered in the same period (Elhub, 2026). An hourly consumption record for Norway as a whole was set on January 7, but only one bidding zone set a consumption record, NO3. The record in NO3 was set at 10 am on January 7. At that time, only 2.71 percent of households and holiday homes in NO3 had opted into the Norway Price scheme. Furthermore, Statistics Norway (SSB) show that in the first quarter of 2026, the average household electricity price after government support in Norway was 122 øre per kWh (Statistics Norway, 2026a). This was approximately equal to the price in the first quarter of 2025.

The analysis period covered in Annex I runs from October to February, which includes some of the coldest months of the year. The largest difference in consumption growth between the groups with and without Norway Price occurred in January and February, the two coldest months of the year, and in Norway, the coldest January and February in 16 years. The observation in Annex I does not suggest that the Norway Price scheme has led to increased electricity consumption. Rather, it suggests that households with more temperature-sensitive electricity consumption were also more likely to opt into the Norway Price scheme.

The complainants rely heavily on January and February 2026. The two months were precisely the type of cold winter months in which electricity consumption is expected to increase due to heating demand. Without controlling for temperature, housing characteristics and selection bias, it is not possible to conclude that the higher consumption growth among households who had opted into the Norway Price scheme was caused by the scheme itself. The Norway Price scheme does not apply to unlimited consumption. In the high-consumption group, the share of household consumption covered by the Norway Price scheme is below the share of household metering points with Norway Price, and the covered share falls towards the end of high-consumption months, as an increasing share of households surpasses the monthly consumption cap (see figure 1 and 2). As for the total household consumption so far in 2026 (Januar-April), data shows that consumption in households and holiday homes in South Norway is lower than in 2021 – the previous year that had temperatures comparable to 2026[6].

The Ministry further notes that SSB has reported that households used less electricity in 2025 than in 2024 (Statistics Norway, 2026b). Data from Elhub shows that household consumption in October, November and December in South Norway was at a level comparable to the previous year (2024) but significantly below the year before (2023). December consumption in the same sample of households was the lowest in 6 years. While temperatures are important explanations for variations in consumptions, these findings contradict the impression that the scheme has already produced a clear and significant increase in household electricity consumption in households, as the complainants conclude.

In Annex II, the complainants refer to potential household flexibility, including electric vehicles, water heaters, electric heating and wood stoves. The Ministry recognises that Norwegian households may exhibit some degree of flexibility (18). However, technical potential is not equivalent to actual, realised market response. Actual response depends on a range of practical factors, including automation, consumer awareness, comfort preferences and available technology. Theoretical flexibility estimates should be treated with caution. Statnett has previously reported, that observed household response in high-price hours was modest, with average reductions of around 2-3 percent in the highest-price hours (Statnett, 2022). Statnett also adds that this was lower than expected, since their project had anticipated that 10-20 percent of the participants would reduce consumption in high-price hours.

The existence of a safeguard mechanism in the Norway Price legislation does not imply that the scheme is expected to cause a significant increase in consumption, as the complainants suggest (19). Such a mechanism constitutes a prudent precaution in an energy system where security of supply must be ensured, and where the authorities need sufficient room to manoeuvre when necessary. This includes situations where the likelihood of consumption rationing is high and where quota rationing with penalty charges may ultimately have to be implemented, cf. the rationing regulation (FOR 2023-12-19-2161).

[6] Southern Norway, bidding zones NO1, NO2 and NO5. Elhub data *(07.06.2026)*.

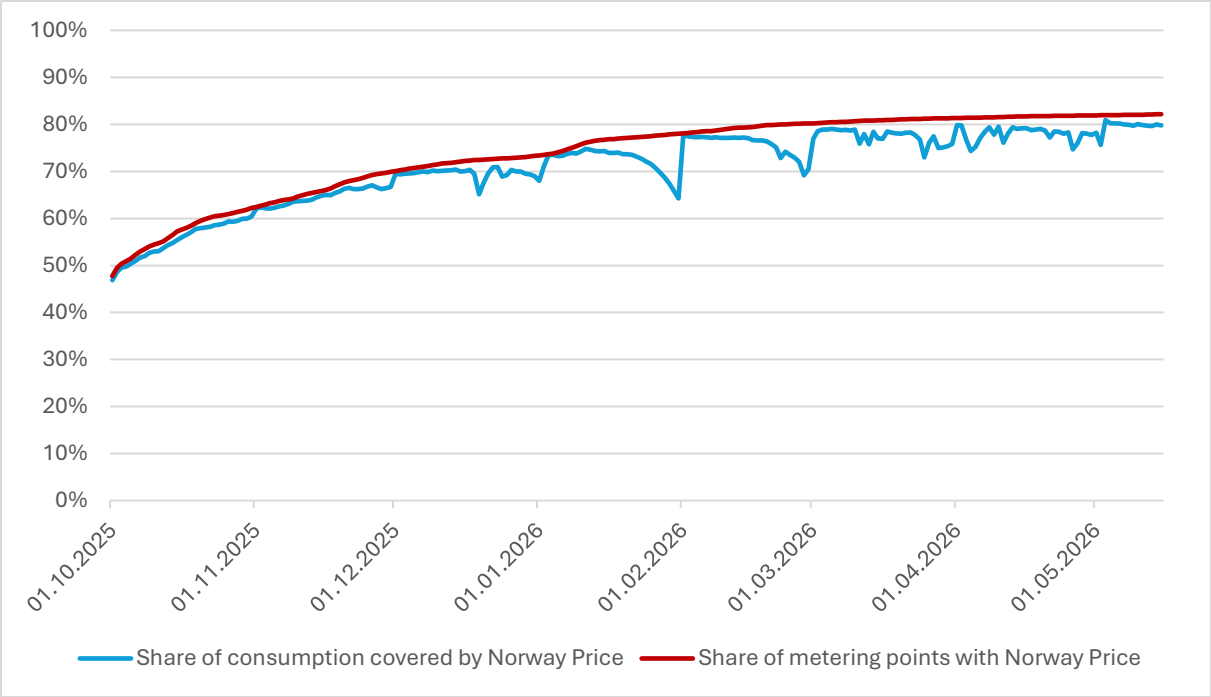

Figure 1: The Norway Price scheme does not apply to unlimited consumption. In the high-consumption group, the share of household consumption covered by the Norway Price scheme is below the share of household metering points with Norway Price, and the covered share falls towards the end of high-consumption months, as an increasing share of households surpasses the monthly consumption cap. Reference is also made to tables 5-8 in the letter. Households, EAC group high, Southern Norway. Source: Elhub.

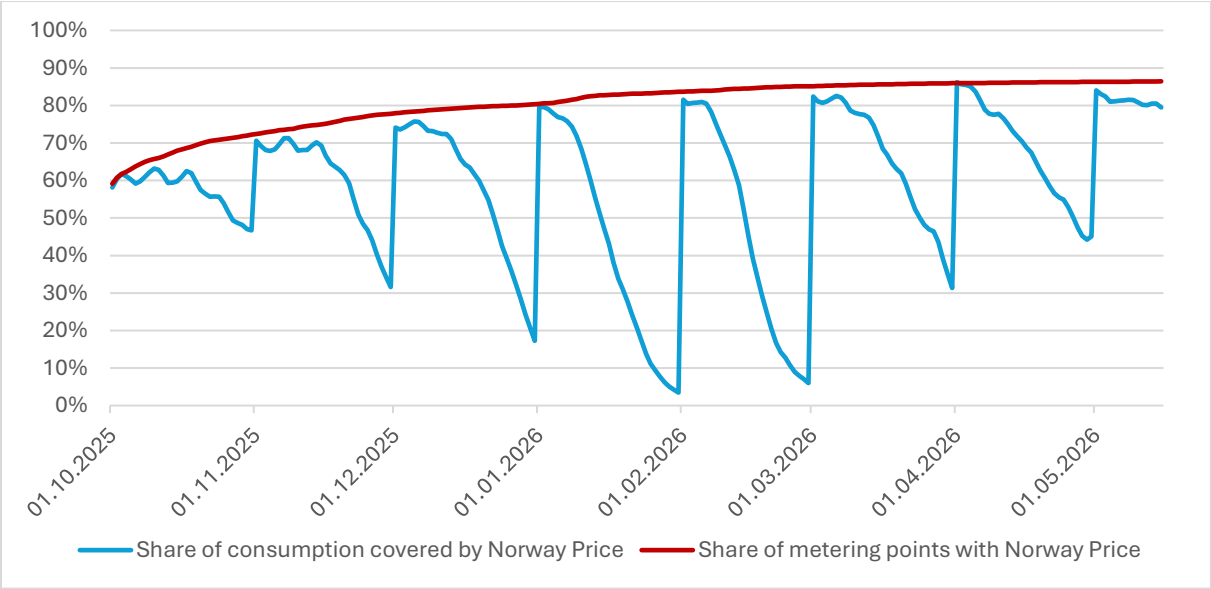

Figure 2: The Norway Price scheme does not apply to unlimited consumption. In the high-consumption group, the share of holiday home consumption covered by the Norway Price scheme is below the share of holiday home metering points with Norway Price, and the covered share falls towards the end of high-consumption months to a greater extent than households. Holiday homes, EAC group high, Southern Norway. For holiday homes EAC-group High: >7 000 kWh estimated annual consumption. Source: Elhub.

Hence, The Ministry rejects the complainants' claim that the Norway Price scheme has caused significantly higher electricity consumption, as it is not supported by evidence. The complainant's material shows, at most, that households who have opted into the Norway Price scheme differ from households who have not, and that household electricity

consumption was high during a cold winter period. The complainant's material does not demonstrate that the Norway Pric/e scheme has caused a significant increase in aggregate household electricity consumption.

2.3 Impact on prices and electricity producers' revenues (the complainants' comments)

(28) Given the contrasting point of departure as regards the Norway Prices' impact on consumption, it is not surprising that the Ministry considers that the scheme will not affect market prices for electricity either.

(29) However, this claim also appears highly implausible.

(30) First, the claim that the Norway Price currently affects only 16% of Norwegian electricity consumption masks material differences across bidding zones and time periods. Indeed, on a cold winter day in eastern Norway, household consumption covered by Norway Price might currently be as high as 40%, which accordingly increases the potential of this consumption's impact on market prices in the corresponding bidding zone (NO1). Please refer to Annex III on Norway Price customer's share of total electricity consumption for additional details.

(31) Second, while electricity prices are clearly affected by a range of factors, it is difficult to conceive that additional demand of approximately 1 TWh in the first year after the scheme's introduction, including increased consumption at peak demand periods, would not affect market prices.

(32) Third, it therefore does not appear coincidental that the first months of 2026 saw record electricity consumption in Norway, record-high electricity prices, and record revenues for electricity producers.[7] /

(33) We will briefly touch upon this point in the following.

(34) According to calculations by THEMA, based on its 2030 power market model, a net shift of 1.5 TWh to district heating in the NO1 price area would reduce average annual electricity prices by 1.5–2.7%. During peak winter weeks, the estimated price reduction is even more pronounced, reaching up to 7%. This shows that marginal changes in the power balance have a direct and measurable effect on market prices. When a 1.5 TWh reduction in demand lowers prices by up to 7%, a corresponding increase in demand resulting from Norway Price will necessarily have the opposite effect on electricity prices, and of a similar magnitude. We consider Norway Price to be conceptually comparable to district heating—though with an inverse effect—as its impact is most pronounced during winter, when prices and system stress peak.

(35) Furthermore, analyses by THEMA, commissioned by Renewables Norway, demonstrate that existing wind power reduces electricity prices in Southern Norway by more than 30 øre/kWh compared to a scenario without wind production. This underscores the market's sensitivity to supply-demand fluctuations.[8]

(36) As evidenced in Annex I, households that have opted for Norway Price increased their electricity consumption by approximately 5% more in January and February 2026 than households with the standard electricity support scheme in NO1. This

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[7] Rekordhøy inntekt i første kvartal: Nær 20 milliarder ekstra

[8] Uten vindkraft hadde strømprisen vært dobbelt så høy

increase among the Norway Price households resulted in approximately 2 percent rise in total consumption.

(37) If we conservatively assume that this increase in consumption leads to an increase of electricity prices of 1 øre per kWh, it will generate additional revenue for power producers of NOK 84 million in these two months alone. If we instead assume a price increase of 2 øre per kWh, the additional revenue will amount to NOK 168 million.

(38) Given that the scheme is intended to last for 51 months, that its impact on consumption is likely to increase over time and extend beyond this period, and that consumption has risen and will continue to rise in the NO2 and NO5 bidding zones, it is clear that power producers will earn billions from Norway Price.

The Ministry's comments to section 2.3:

The complainants argue that the Norway Price scheme has increased electricity prices and thereby increased electricity producers' revenues. However, the complainants have not demonstrated that the scheme has led to any measurable price increase or to a corresponding increase in producers' revenues, as adressed in our comments to section 2.2.

The complainant's argument seems to be based on a misunderstanding of the facts. The complainants refer to the share of electricity consumption covered by the Norway Price scheme, including an estimate that this share could reach around 40 percent of total consumption in NO1 on a cold winter day (30). However, the electricity consumed by households under the Norway Price scheme would also have been consumed in absence of the scheme. For price formation, the relevant question is therefore not the share of consumption covered by the scheme, but rather the extent to which the scheme has caused a net increase in consumption – specifically, in which hours, and in which bidding zones. The complainants have not addressed this question. The complainants have not provided hourly data showing a causal relationship between the Norway Price scheme and a net increase in consumption. Further, the complainants have not corrected for temperature, nor have they accounted for selection bias. The complainants have presented a partial analysis based on unrealistic assumptions as discussed in the answer to question 19 in the Ministry's reply of 15 June 2026 to ESA's request for additional information.

Electricity prices in Norway are determined by a range of varying factors, including weather, temperature, hydrology and reservoir levels, wind and solar production, transmission bottlenecks, import and export, fuel prices in Europe and overall consumption patterns. As the first quarter of 2026 illustrates, high consumption in January and February coincided with unusually cold weather and record high electricity production (Elhub, 2026). A new hourly consumption record was set in Norway in January. Statnett explained the record by pointing to cold weather, which led to increased electricity use for heating needs (Statnett, 2026), cf. paragraph (32) in the comments from the complainants. These are mainly weather-driven events and cannot be attributed to the Norway Price scheme without counterfactual evidence. This is evident when also compared with consumption in the tertiary sector—that is, consumption in service industries, schools, hospitals, and hotels—which also have high heating needs. Consumption in this sector increased by between 11–13 percent in January and February 2026 compared with the same months in 2025.

Lastly, Norway is integrated with the European power market and has 9,000 MW of exchange capacity with other countries. Price development in central Europe as well as the Nordics has strong influence on price formation, especially in the southern parts of Norway. In the period the complainants refer to, prices in markets important for Norwegian prices, corresponded with the price level and variations in Norway, see Table 5.

Table 5: Hourly spot prices for January and February 2026 (øre/kWh). Source: NVE (2026e).

Bidding zone	Min	25th Pct.	Median	Average	75th Pct.	Max
NO1	45	105	116	126	137	397
NO2	45	102	114	119	128	302
NO5	79	106	116	124	133	363
DK1	3	98	113	116	131	325
DK2	3	103	118	128	144	729
Netherlands	0	99	113	116	130	294
United Kingdoms	13	101	114	116	130	602
Germany - Luxembourg	0	102	117	119	137	324

The complainants refer to an estimated demand effect of the Norway Price scheme of around 1 TWh during the first year (31). Even if such an estimate were recognised for the sake of argument, it would not establish any effect on prices. NVE reports that total electricity consumption in Norway was 138 TWh[9] in 2025, or 142 TWh temperature adjusted, and total electricity production was 161 TWh (NVE, 2026b). An annual volume of 1 TWh would therefore represent less than one percent of annual Norwegian electricity consumption. Such a volume could only be translated into a price effect if its temporal and geographic distribution is known – namely, when and where the additional demand increases, whether it coincides with scarcity hours (now 15 minutes), which bidding zones are affected, what transmission constraints apply, and what the marginal supply situation is like. The complainants do not provide such analysis.

The complainants' reliance on a district heating analysis for 2030 does not provide a sufficient basis for their claim (34). The complainants refer to calculations for 2030 (the Ministry notes that the provisions given in or with basis in the Norway Price Act only apply until December 31, 2029), indicating that a shift from electricity to district heating in NO1 could reduce prices, and then suggest that an increase in electricity demand caused by the Norway Price scheme must have the opposite effect. The Ministry does not recognise this to be a valid methodology. A modelled reduction in demand with one specific geographical and hourly profile cannot simply be reversed and applied to a different policy measure involving a different group of consumers, different time period and different geographical distribution. Price effects are not symmetrical; they depend on the actual load profile, grid constraints, hydrological situation and marginal price formation, but not least the underlying situation in the powersystem, which changes over time.

The above also applies to the complainants' reference to wind power (35). The fact that large changes in electricity supply can affect prices does not demonstrate the price effect of the Norway Price scheme. Wind power is the second largest generation technology in Norway, and has a supply-side volume with a distinct production profile. The Norway Price scheme, if it has any effect, would be a marginal demand-side effect. The complainants do not quantify this effect in a manner that allows for an assessment of its impact on prices.

The complainants' revenue calculation is likewise based on a set of assumptions. The complainants assume that the Norway Price scheme increases electricity prices by 1 or 2 øre/kWh and then multiply that assumed price increase by production volumes (37). This approach does not demonstrate that prices have increased as a result of the Norway Price scheme. Rather, it presupposes the very effect that the complainants have not been able to provide any evidence of. A calculation based on an assumed price increase is not evidence of an actual price effect.

[9] Excluding pumped hydro consumption.

The Ministry further notes that media reports of high producer revenues in the first quarter of 2026 cannot establish causation (32). Higher revenues in a cold winter quarter may reflect a range of factors, including higher consumption, higher prices, higher production, higher European fuel prices, hydrological conditions and other market factors. Without an analysis, comparing the actual prices to a credible scenario without the Norway Price scheme, such revenue figures cannot be attributed to the scheme (38). In addition, gross producer revenues are not the same as the net economic advantage for producers. In the Norwegian hydropower sector, a significant share of higher power prices is captured through the tax system, amongst others the resource rent taxation.

2.4 Substitution effects (the complainants' comments)

(39) *In the consultation paper for the public consultation, the Ministry explicitly acknowledges that Norway Price will reduce the use of alternative heating sources, such as firewood, pellets, and bioenergy, as a direct consequence of the fixed-price structure. The paper also notes that Norway Price will make electricity relatively more attractive compared to other energy carriers, thereby weakening the incentives for households to use or invest in non-electric heating solutions.*

(40) Furthermore, the Ministry acknowledges that Norway Price will undermine the profitability of energy efficiency measures. According to the paper, technologies and measures that are currently considered "marginally profitable" may become unprofitable following the introduction of the scheme.

(41) In view of the foregoing, it is surprising that the Ministry now claims that there will not be any significant effects of this kind.

(42) In any event, the Ministry's assertion that Norway Price will not produce significant substitution effects is fundamentally flawed. In reality, the scheme functions as an asymmetric market intervention that explicitly favors grid-delivered electricity over competing energy sources and efficiency technologies.

(43) First, substitution effects are present even when a scheme such as Norway Price constrains substitution. In the absence of such a scheme higher electricity prices would have prompted more Norwegian households to substitute electricity with wood and to invest in heat pumps and other energy efficiency measures in dwellings.

(44) The mere fact that sales of these goods are still taking place does not by any means entail that there are no substitution effects, because more substitution would have occurred in the absence of the scheme's introduction.

(45) Annex IV on alternatives to heating with electricity provides clear evidence of these effects.

(46) Further, note that for example the Climate Council's (Nv. Klimaråd) report for 2026 (enclosed as Annex V, in Norwegian) points out that the Norway Price has been one of the main reasons for the dramatic fall in solar panel installation in private homes, and that in the absence of the scheme, there would be much less reason to provide subsidies specifically for solar panel installations and other energy efficiency measures.[10]

(47) Finally, a considerable number of insolvencies have occurred in sectors adversely affected by Norway Price.

[10] See page 95.

(48) The market for smart energy management comprises relatively few actors, and two of the largest, Futurehome and Hark Technologies, filed for bankruptcy shortly thereafter the announcement of Norway Price at a press conference on 31 January 2025.

(49) At the time the Norway Price support scheme was introduced on 31 January 2025, the market for residential solar installations was already in significant decline; two leading companies in the sector — Solcellespesialisten and HVACS — have identified the scheme's introduction as the decisive cause of their bankruptcies.

(50) Many other companies in industries negatively affected by Norway Price have also implemented layoffs and temporary furloughs. However, these measures have largely taken place in small businesses and have therefore attracted little media attention. One notable exception is Jøtul, a producer of wood-burning stoves, which furloughed 60 employees in February 2026.

(51) While the market price of electricity, including grid charges and all taxes, fell by 26 percent from 2023 to 2024, it increased by 7 percent from 2024 to 2025. It is reasonable to assume that prices for households would also have shown a modest increase from 2024 to 2025 even when the ordinary electricity support scheme is taken into account.

(52) As shown in Annex IV, there is a strong correlation between electricity prices and sales of air-to-air heat pumps. The same relationship applies to wood stoves, where historical data indicate that periods of higher electricity prices are associated with increased demand. It is therefore reasonable to assume that neither of these product categories would have experienced a decline in sales in 2025 in the absence of the introduction of Norway Price on 31 January 2025.

(53) Assuming that, in the absence of Norway Price, sales of air-to-air heat pumps in 2025 would have remained at the same level as in 2024, suppliers of air-to-air heat pumps are estimated to have lost sales corresponding to 12,562 units. This equates to a revenue loss of approximately NOK 276 million, based on an assumed average customer price excluding VAT of NOK 22,000 per unit.

(54) Assuming that, in the absence of Norway Price, sales of wood stoves in 2025 would have remained at the same level as in 2024, suppliers of wood stoves are estimated to have lost sales corresponding to 4,797 units. This implies a revenue loss of approximately NOK 120 million, based on an assumed average customer price excluding VAT of NOK 25,000 per unit.

(55) The introduction of Norway Price is expected to significantly reduce the economic incentive to use firewood, potentially leading to a 20% decline in demand. According to THEMA's analysis,[11] a reduction in firewood consumption of 0.7 TWh could result in an estimated loss of NOK 700 million in annual turnover for producers and distributors. This estimate assumes current price levels and corresponds to approximately 400,000 large (1,500-liter) firewood bags that would no longer be sold as households shift toward subsidized electric heating.

(56) By limiting the analysis to suppliers of air-to-air heat pumps, wood stoves, and firewood, it is possible to identify losses in the order of billions for industries negatively affected by Norway Price. However, these suppliers represent only a subset of the broader range of sectors experiencing reduced turnover as a result of the scheme, meaning the total economic impact is significantly higher.

[11] Mulige virkninger av Norgespris for vedfyring og markedet for ved og vedovner, THEMA 2025

(57) In short, it can be documented that Norway Price has had and continues to have significant substitution effects

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(58) With specific reference to ESA's RFI, we consider that the affected actors would best be able to supplement the forthcoming answer the Ministry will provide on these effects.

(59) In our view, it would therefore be appropriate for ESA to send information requests to actors in the affected markets and invite them to provide information on the Norway Price's impact on demand from households.

(60) Alternatively, or in addition, a formal investigation would provide an appropriate mechanism for gathering views from the relevant market(s) on the effects of the scheme.

The Ministry's comments to section 2.4:

In section 2.4, the complainants argue that the Norway Price scheme reduces household incentives to invest in heat pumps and other energy efficiency measures as well as reduce the use of alternative heating. The complainants note that many companies in the energy services sector experienced an economic downturn around the time of the scheme's introduction and appear to attribute this development primarily to the implementation of the Norway Price scheme. Furthermore, the complainants contend that the scheme weakens incentives to switch to alternative heating sources. As supporting evidence, they refer to Annex IV.

The Ministry notes that the complainants' arguments in section 2.4 are purely conjectural. The statistics and evidence provided by the complainants appear to be systematically selected from a broader set of statistics and facts, in order to present a partial picture beneficial to their case. The complainants do not demonstrate any causal evidence. Further the Ministry notes that the complainants in (39) and (40) provides an inaccurate and unbalanced presentation of the Ministry's considerations in the consultation paper for the public consultation of the Norway Price.

A range of factors influence investments in energy efficient technologies
The development of the markets for energy efficiency technologies is influenced by a range of factors. These include the interaction between interest rates, framework conditions, market conditions and past market development, institutional factors, and technological maturity etc., all of which jointly affect demand, supply and innovation. This implies that observed changes in a market cannot readily be attributed to a single cause but are typically the result of multiple interacting factors.

The overall economic situation and households' disposable income
When it comes to household investments, the overall economic situation and disposable income are important drivers. In recent years, Norway has experienced higher interest rates, high inflation, and – in 2022 and 2023 – declining real wages for households (NOU 2025: 4). As illustrated in Figure 3, the central bank of Norway, Norges Bank, operated with a policy rate at 0.5 percent at the beginning of 2022. In the following years, the rate increased sharply, reaching a peak of 4.5 percent in early 2024. It remained at this level until June 2025 and is today 4.25 percent (Norges Bank, 2026). For a household with NOK five million mortgage, a four percentage point increase in the interest rate – equivalent to the increase in the policy rate from January 2022 to January 2024 – translates into an annual increase in interest expenses of approximately NOK 150,000 after tax deductions.

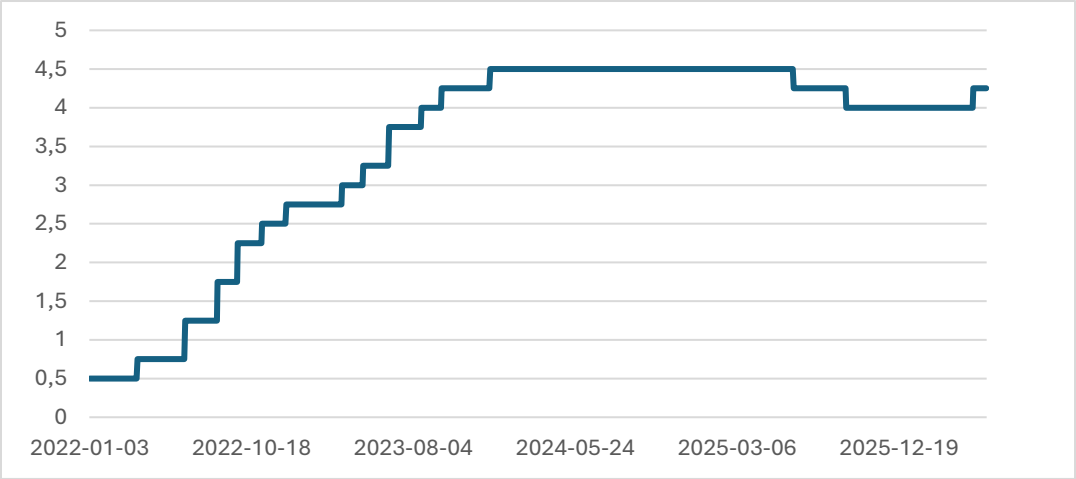

Figure 3: Norges Bank's policy rate, January 2022 to June 2026. Source: Norges Bank (2026).

Norwegian households are generally considered to be particularly vulnerable to increases in the policy rate compared to many other countries. One reason is that Norwegian households have high debt relative to their income, largely due to mortgages. Most mortgages in Norway have variable interest rates, unlike in many other countries where fixed-rate loans are more common (Mæhlum & Galaasen, 2025). This means that changes in the policy rate are transmitted quickly and directly to households, affecting their disposable income. Higher interest rates therefore reduce households' disposable income, which may affect their ability and willingness to invest in, among other things, energy-related measures such as heat pumps and other energy efficiency improvements.

This is particularly relevant because Norwegian households are more directly exposed to short-term interest rates than households in other Nordic countries. Only 4.9 percent of outstanding Norwegian mortgages were fixed-rate in Q4 2022, compared with 39.8 percent in Denmark and 46.6 percent in Sweden. Countries like France and Germany have an even higher share, of 93.2 and 91.7 percent, respectively. Finland is more similar to Norway, with fixed-rate mortgages accounting for 8.5 percent of the outstanding mortgage stock, but Finland has a lower homeownership rate than Norway (De Stefani and Mano, 2025). SSB reports that 81.5 percent of individuals in Norway lived in owner-occupied dwellings in 2024 (Statistics Norway, 2025a), while it was substantially lower in other Nordic countries: Sweden (64.8 percent), Finland (68.1 percent), and Denmark (60.9 percent) (Eurostat, 2026).

The combination of high homeownership, high household indebtedness and a large share of variable mortgages implies that increases in short-term interest rates are transmitted more rapidly and more broadly to Norwegian households' disposable income than in other countries where i.e. more households rent and a larger share of mortgage debt is fixed-rate. High interest rates affect households' ability to renovate their homes, and many energy-related measures are often carried out as part of broader home renovation projects. Developments in investments in energy-related measures, such as heat pumps, therefore cannot be compared directly between Norway and the other countries without accounting for a number of factors, including differences related to developments in household disposable income.

Economic downturn for companies in the energy service sector

The complainants' claim that the Norway Price scheme is responsible for the economic downturn in the energy services sector overlooks the broader economic factors outlined above. Macroeconomic developments—such as rising interest rates, high inflation, and elevated electricity prices—have not only constrained household budgets and reduced household purchasing power in general but have also affected the supply side. Businesses in the energy services sector have faced increased costs due to higher interest rates, rising

electricity prices, and, potentially, higher input costs. When such cost pressures occur simultaneously with weakened household purchasing power, the result is reduced profitability and increased financial strain for these companies.

Data on insolvencies in Norway show that bankruptcies have increased in recent years, particularly through 2022 and 2024, a development widely linked to high interest rates, inflation, and reduced consumer demand rather than a single policy measure (Statistics Norway, 2026c). In particular, interest-sensitive sectors, such as the building sector, have been disproportionately affected. This in turn will have an effect on the market for energy technologies in buildings.

As an example, the complainants suggest in paragraph (50) that the furlough of 60 employees in Jøtul in February 2026 was a consequence of the Norway Price scheme. The Ministry notes that Jøtul already had experienced a 42 percent decline in revenue in 2024, prior to the announcement of the scheme (Jøtul AS, 2025). In Jøtul's financial report from Q3 2024, the company states that the revenue decrease (starting from Q3 2023) was driven by weakening market demand and overall unfavourable macroeconomic conditions. The company further states that the downturn in demand was driven by lower cost of energy (both electricity and natural gas), higher interest rates, lower home improvement spending, and slowdown in the construction industry. Jøtul notes that the decline in sales has been observed in most key markets since 2021 and 2022, including North America, Northern Europe, Italy and Germany (Jøtul AS, 2025).

The complainants further suggest in paragraph (49) that the Norway Price scheme was the decisive factor behind the bankruptcies of the solar companies Solcellespesialisten and HVACS. The Ministry notes that the Norwegian solar panel market was already experiencing a broader downturn in 2024, after a period of unusually strong increase in demand from 2021 to 2023 (NVE, 2026c). New installed solar capacity fell by 45 percent in 2024 compared with 2023, while solar power still accounted for only 0.2 percent of Norwegian electricity production in 2024 (NVE, 2026d). The decline should therefore be understood in light of broader market and macroeconomic conditions that were unfavorable for household investments in solar panels. Higher interest rates, increased living costs and weaker household purchasing power made large investments less attractive.

Financial reporting shows that Solcellespesialisten and HVACS were already in financial difficulty before the announcement of the Norway Price scheme. Solcellespesialisten had operating losses already in 2023, before the situation deteriorated further in 2024 (Proff.no, 2026). HVACS experienced a similar deterioration before 2025. The company's revenues increased sharply in 2022, before declining by 27 percent in 2023, leading to a negative result (MN24, 2024). The decline continued in 2024, when revenues fell by a further 39 percent and profitability deteriorated further (MN24, 2025). The financial situation of these two companies must therefore be considered in light of a broader set of factors, not as the result of a single policy measure, namely the Norway Price scheme.

Heat pumps

Total household electricity costs under the Norway Price scheme remain substantial, and air-to-air heat pumps will therefore normally still be profitable. The comments are in line with the assessment by Rolf Iver Mytting Hagemoen, head of The Norwegian Heat Pump Association (NOVAP), to Teknisk Ukeblad in connection with the proposal to introduce Norway Price, in which he argued that heat pumps are in a special position in that they are profitable regardless the electricity price (Karlsen & Fenstad, 2025).

According to The European Heat Pump Association (EHPA), Norway remained Europe's largest heat-pump market relative to population size, with 43.8 heat pump sales per 1,000 households in 2025 (European Heat Pump Association, 2026a). This represents 21 percent

more sales per household than Finland – the second largest market – and 428 percent more than in Germany. NVE estimates that around 1.3 million heat pumps have been installed in Norway to date, mainly air-to-air heat pumps in households (Energifakta Norge, 2025). EHPA uses a higher estimate of up to 1.7 million heat pumps, giving the highest penetration in Europe, at 632 heat pumps per 1,000 households (European Heat Pump Association, 2025b). The high level of market adoption and profitability explains why Enova does not provide financial support for the installation of air-to-air heat pumps. In a market with such high penetration rates, it is also natural that growth will slow over time as the market gradually becomes more saturated.

In Annex IV, Figures 1 and 3 illustrate heat pump sales over the period 2023–2025, while Figure 2 shows sales data dating back to 2012. All figures indicate a decline in heat pump sales prior to the announcement of the Norway Price scheme in January 2025. This suggests that factors other than the Norway Price scheme have contributed to the observed development in heat pump sales. Possible explanations include macroeconomic conditions, interest rates and household purchasing power, market saturation, a lower number of transactions in the housing market, and shifting replacement demand of existing heat pumps.

As illustrated in Figure 4 below, heat pump sales have also declined in earlier periods. The high level of heat pump sales in the period 2006-2011 created a substantial replacement market 12-15 years later. This coincides with the increase in heat pump sales from 2021 to 2025 and may partly explain the increased demand observed in recent years.

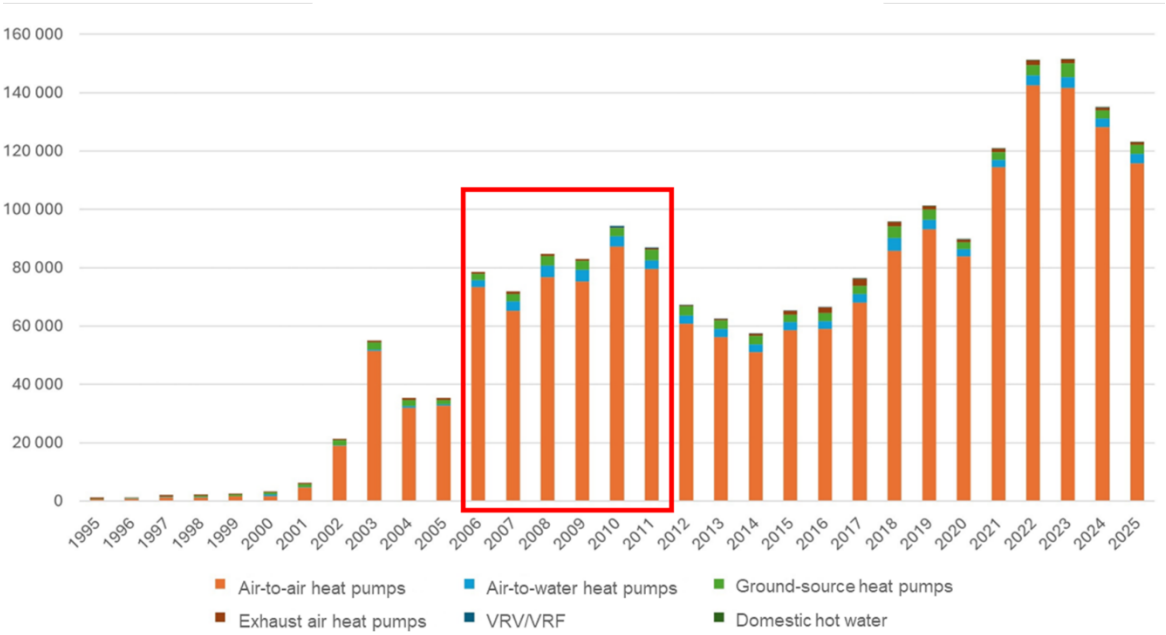

Figure 4: Total heat pump sales in Norway, 1995-2025, by segment. Source: The Norwegian Heat Pump Association (2026).

It is therefore reasonable to assume that high sales in 2006-2011 is one relevant explanation for part of the sales pattern observed in 2021-2025, assuming an expected lifetime of 12-15 years, as stated by Rolf Iver Mytting Hagemoen, head of NOVAP (Norsk Klimasenter, 2018). Heat pumps sold in 2006-2011 would typically be due for replacement in the period 2018-2026, with a peak replacement rate in 2022-2025, see Table 6, before the replacement rate is expected to fall, in line with lower sales figures in the period 2012-2016.

Table 6 Estimated replacement window for heat pumps sold during the 2006-2011 sales boom. Source: The Ministry of Energy, based on statistics from The Norwegian Heat Pump Association.

Year of sale	Approximate sales	Expected replacement with 12–15 year lifetime

2006	78 000	2018-2021
2007	72 000	2019-2022
2008	85 000	2020-2023
2009	83 000	2021-2024
2010	93 000	2022-2025
2011	87 000	2023-2026

Further, as noted above, the complainants' comparison in Annex IV of growth in heat pump sales between Norway and other Nordic countries from 2024 to 2025 does not take into account the fact that interest rates declined in the other Nordic countries in the period, while interest rates in Norway remained high. The Ministry also notes that Denmark, Sweden and Finland all experienced a higher decrease in heat pump sales from 2023 to 2024, of 29.8, 24.3 and 11.6 percent respectively, than Norway, cf. Figure 5 below (European Heat Pump Association, 2025a). Heat pump sales in Norway also decreased from 2023 to 2024, but from a higher level per 1,000 households, and by a smaller percentage (10.8 percent). As pointed out in the answer to question 20 in the Ministry's reply of 15 June 2026 to ESA's request for additional information, heat pump sales are still on a significant level compared to the years before the energy crisis, and Norway remained Europe's largest heat-pump market relative to population size in 2025.

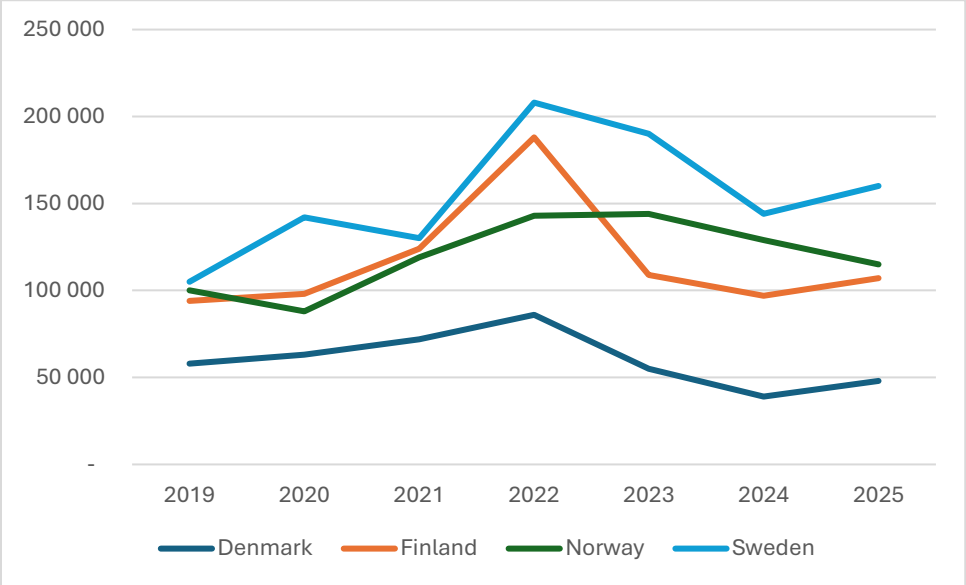

Figure 5: Heat pump sales in Denmark, Finland, Norway and Sweden, 2019-2025. Source: European Heat Pump Association (2026a, 2026b). The number of sales in each country in 2025 is estimated from a graph by European Heat Pump Association using AI.

Wood stoves

In paragraph (54) and (55), the complainants suggest that the Norway Price scheme led to a decrease in wood stove sales in 2025, and that the scheme is expected to significantly reduce the economic incentive to use firewood. The Ministry notes that the overall economic situation and household disposable income has historically played a strong influence on the sale of wood stoves. However, at the onset of the energy crisis, when electricity prices were exceptionally high, interest rates were still relatively low, and the media picture was dominated by headlines on high electricity prices, statistics show that sales in wood stoves increased sharply. However, sales began to decline long before the introduction of the Norway Price scheme.

The Ministry's assessment of why the sales of wood stoves have declined has similarities with the assessments from one of the complainants, Jøtul. Already in Jøtul's annual reports

of 2024 and 2023 it is stated that sales to core markets like Norway, Sweden and Germany have been reduced since the second half of 2023 due to unfavorable macroeconomic conditions (Jøtul AS, 2024; Jøtul AS, 2025). Home improvement spending declined, due to high interest rates and a decrease in real estate transactions, while energy prices, although still high, have been reduced compared to the price levels from 2021 and 2022.

Solar panels
In Annex IV, the complainants note that Norway lags well behind other Nordic countries and much of Europe in the deployment of residential solar panels. The Ministry considers this unsurprising, given that most other European countries – particularly Southern Europe – benefit from more favorable solar conditions than Norway.

In paragraph (46), the complainants refer to a report from the think tank "Climate Council", from 2026. The report claims that the Norway Price scheme is one of the main reasons for the fall in residential solar panel installations. However, as the complainants also note in paragraph (49), the market for residential solar installations was already in significant decline at the time the Norway Price scheme was introduced in January 2025.

The Ministry refers to NVE's statistics for new solar power installations (NVE, 2026c). These data allow for a comparison of the development in the household sector with those in the service sector, which is not covered by the Norway Price scheme, cf. Figure 6 below. The comparison does not support the view that the Norway Price scheme has had a specific negative effect on household investments in solar power in 2025. From 2024 to 2025, the number of new solar power installations fell substantially in both the household sector and the service sector. For households, the number of new installations declined by 42 percent – from 2,562 to 1,483, while in the service sector, which is not eligible for the Norway Price scheme, the reduction was at 43 percent – from 711 to 403. This indicates that the decline in new solar power installations from 2024 to 2025 reflects broader market conditions rather than an effect specific to the Norway Price scheme, as seen in other countries, for instance Sweden (Energimyndigheten, 2026).

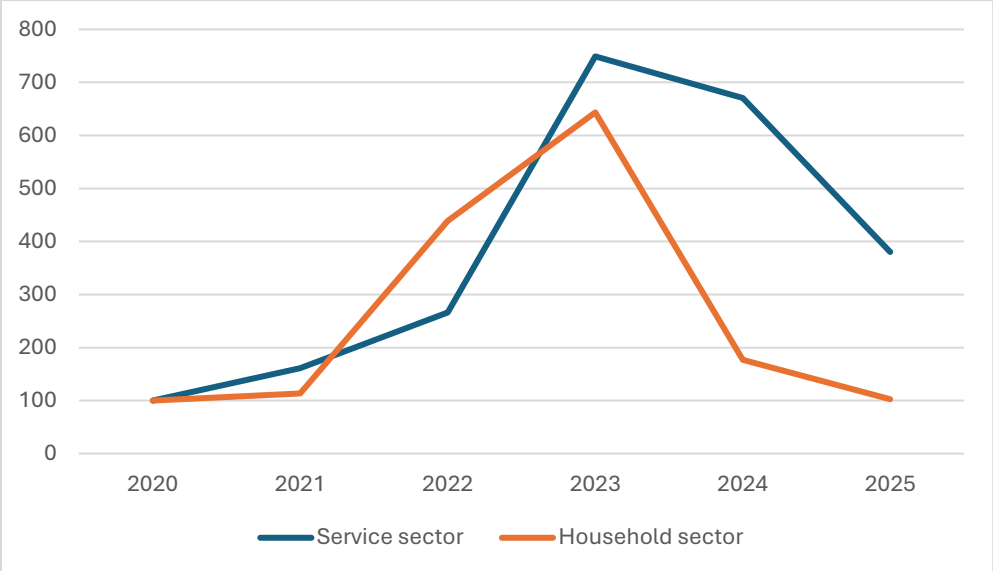

Figure 6: Relative changes in the number of new solar power installations in the service sector and household sector in Norway from 2020-2025. Values are indexed to 100 in 2020, allowing comparison between the two groups over time. Source: NVE (2026c).

Incentives and possibility to switch to alternative heating sources
The complainants argue that the Norway Price scheme weakens substitution effects and reduces incentives to switch to alternative energy carriers from electricity. However, Norway

has historically been, and continues to be, largely self-sufficient in renewable electricity, and electricity prices have generally been low. As a result, electricity (including heat-pumps) is the most common heating source in buildings.

In the report *Economic consequences of high electricity prices and electricity support* from 2023 (Statistics Norway, 2022), SSB notes that "previous studies show that energy substitution possibilities are highly correlated with housing type." Detached houses and farmhouses generally have the greatest potential for substitution, while apartment buildings have the least. In addition, legal and institutional factors – such as ownership structures, laws, and regulations – may influence households' ability to switch heating energy sources, as well as their financial capacity to undertake such investments.

Today, more than 80 percent of energy use in Norwegian households is based on electricity (Statistics Norway, 2025b). The use of fossil fuels for heating is, to a large extent, prohibited (cf. the Regulation on prohibition of mineral oil heating). In practice, this means that bioenergy and district heating are the only realistic alternatives to electric heating in Norway. Both options, however, require suitable infrastructure, and switching from electricity can entail substantial costs if buildings are not already equipped to accommodate these solutions. This significantly limits the scope for substitution.

In the case of bioenergy, this typically involves burning of wood, which in turn requires a chimney. While many Norwegian homes are equipped with a wood stove or fireplace and a chimney, wood-based heating often serves as a supplement rather than a full substitute for electricity. In many cases, only the room with the stove or fireplace can be effectively heated. Moreover, heating with a wood stove requires manual operation, such as refueling with firewood, as well as regular supervision, which reduces its convenience compared to automatic electric heating systems. These factors limit the extent to which wood-based heating can serve as an effective substitute for electric heating, as elaborated in the answer to question 21 in the Ministry's reply of 15 June 2026 to ESA's request for additional information.

District heating in Norway is also subject to the Norway Price scheme and is primarily available in urban areas. District heating requires buildings to be equipped with a hydronic (water-based) heating system, in which hot water is distributed through pipes to provide heat. If such a system is not already in place, the installation costs are substantial.

2.5 Norway Price benefits undertakings also directly (the complainants' comments)

(61) *As previously noted in our email correspondence and discussed in our meeting, there is growing evidence that the Norway Price directly benefits undertakings. For instance, there were reports in the media about RME finding that approximately 10% of Norway Price and electricity support funds in the period January to November 2025 were provided to electricity customers that are not households, in total approximately NOK 450 million.*[12]

(62) *We note that ESA's RFI touches upon this issue, and it remains be seen what answer the Ministry will provide. At the outset, it would seem that outsourcing the control for the correct distribution of an electricity subsidy to DSOs without clear guidance from the competent national authorities on how to deal with consumers that are both households and non-households, and relying on correct (but unsanctioned) reporting from housing associations, entails a grave risk of systematic breaches with the regulation.*

[12] RME: Over ti prosent av strømstøtte og norgespris utbetalt til AS

(63) In addition, we are concerned that even RME's report may not encompass all the Norway Price subsidised energy consumption by non-households.

(64) As indicated, based on indications from large electricity suppliers we estimate that tens of thousands of non-households may benefit from Norway Price. Electricity suppliers can, based on our understanding, identify non-households even if the registered consumption code for the electricity meter, which determines eligibility for the scheme, suggests that the consumer is a household (consumption code 35).

(65) The consumption code can however be wrong, outdated or pertain to the previous owner – as far as we understand, DSOs, or at least not all of them, control and enforce the correct registration of consumption codes.

(66) There would thus appear to be significant potential for the use of the Norway Price by undertakings, beyond what is provided for in the Norway Price regulation. That said, it is the State's responsibility to design a consumer subsidy that does not inadvertently benefit undertakings, and to demonstrate that this is the case.

(67) As with substitution effects, we consider that it would be necessary for ESA to request information and data on this issue from DSOs and large electricity suppliers directly.

The Ministry's comments to section 2.5:

The complainants' claims in section 2.5 conflate the entity registered as the owner of a metering point with the legitimate recipients the scheme. The Ministry notes that these are not necessarily the same. Eligibility depends on the purpose of electricity consumption, not on the legal form of the owner of the metering point.

Electricity consumption by non-households is not eligible under the scheme. This follows directly from Article 1 of the Norway Price Act and Articles 3, 4 and 14 of the Regulation. If settlements under the scheme are retained for non-household consumption, this would breach the Regulation and could trigger repayment or correction measures under Article 22.

The Ministry further notes that the article the complainants rely on refers to an online news article published by RME that states that RME is strengthening its oversight of the settlements in both the electricity support scheme and the Norway Price scheme (RME, 2026). In the online news article, RME states that they so far have not identified any concrete breaches of the rules, and that they through supervision can verify that the settlements under the schemes are effectively passed on in accordance with the regulatory frameworks. The news article confirms that RME actively supervises the Norway Price scheme to ensure that ineligible recipients do not benefit from the scheme.

In paragraph (61), the complainants used the article to claim that approximately NOK 450 million was "provided to electricity customers that are not households". However, the article the complainants rely on as their source expressly states that non-household entities may receive settlements under the scheme provided that the underlying electricity consumption is for household purposes and that the support is passed on to the households. The article does not state that NOK 450 million has been granted in unlawful support to non-households. Furthermore, the NOK 450 million figure reflects that some metering points are registered to legal entities such as housing associations, student welfare organizations, rental property companies and charging operators that administer the metering point on behalf of households or holiday homes. The complainants incorrectly equate the formal (first) recipient of a settlement under the scheme with the rightful beneficiary of the scheme.

The complainants argue in paragraph (62) that the control for the correct distribution of the disbursements is left to the DSOs without clear guidance from the national authorities. The

Ministry considers this claim to be incorrect. The Regulation contains detailed rules governing the scheme, and RME has provided specific guidance to the DSOs regarding the Norway Price scheme (RME, 2025b).

Finally, in paragraphs (64) to (66), the complainants argue that consumption codes set by the DSOs may be incorrect or outdated, with the result that non-households may benefit from the scheme. The Ministry notes that the DSOs are required to place their customers in the correct consumption code group, cf. Article 2A-10 in the Regulations on the Quality of Supply in the Power System (Forskrift om leveringskvalitet i kraftsystemet). RME has further published a guidance on the above-mentioned regulation, including the provision regarding consumption codes (RME, 2025c).

The Ministry notes that even if some consumption codes may be incorrectly registered, this does not affect the legal nature of the Norway Price scheme itself. The scheme is intended exclusively for households and holiday homes and includes several control and enforcement mechanisms to ensure compliance. Further, no evidence has yet been identified of systematic unlawful retention of settlements under the scheme received by non-households, either under the Norway Price scheme or the electricity support scheme.

Furthermore, as part of RME's responsibilities under the regulation, RME will conduct a review of the Norway Price scheme, drawing on the system they already have in place for reviewing the electricity support scheme. The review will assess if undertakings comply with the applicable rules and whether the support is duly passed on to households. The Ministry notes that RME also carried out external audits of the electricity support scheme in 2023, 2024 and 2025. These audits examined whether settlements under the scheme complied with the relevant legislation and regulations, as well as how DSOs administered the scheme, with the aim of identifying potential improvements. Over these years, no significant non-compliance has been identified, and the reports have shown that most DSOs have established adequate procedures and controls to ensure that the electricity support is disbursed correctly (RME, 2025a). RME has followed up with the DSOs identified as needing to improve their administration of the scheme.

The Ministry further refers to the answer to question 4 in the Ministry's reply of 15 June 2026 to ESA's request for additional information.

3. COMMENTS REGARDING THE LEGAL ANALYSIS OF THE SCHEME

3.1 Introduction (the complainants' comments)

(68) In section 4 of its submission, the Ministry argues that Norway Price does not entail the granting of state aid, because a) only households are eligible for the subsidy inherent in the scheme, and there are hence no undertakings directly benefitting from the scheme; and b) the scheme does not benefit undertakings indirectly, in particular because Norway Price can be distinguished from other "indirect aid" cases.

(69) As for the former claim, as shown above in section 2.6, Norway Price does entail that undertakings benefit from the scheme directly. This may not have been intended, but there are design features in the scheme, and administrative practice, that would seem to make it inevitable that also undertakings benefit directly.

(70) For these undertakings that are direct recipients of Norway Price, it would seem highly likely that they are granted state aid in the meaning of Article 61(1) of the EEA Agreement.

(71) As indicated above, the beneficiaries may entail large retail chains, fitness centres (chains), haircutter chains, EV charging companies etc., clearly constituting undertakings. Any advantage to such companies would be liable to distort competition and affect trade between EEA Member States. Any advantages would likewise be funded by state resources, and selective, as the (unintended) conveying of economic benefits directly to undertaking is clearly not a measure of general application, but rather the result of discretion as regards the scheme's administration, including through different practices by numerous DSOs, or even coincidence. Industrial production cannot plausibly benefit from Norway Price to any relevant degree, whereas sectors that are commonly present in residential buildings and areas can. There is therefore, in our view, de facto selectivity.[13]

(72) More detailed legal analysis as regards Norway Price's direct beneficiaries of state aid seems unnecessary at this stage. In our view, ESA should supplement the RFI on these issues to the Norwegian authorities, with information requests to selected large DSOs and electricity suppliers. The aforementioned undertakings would in our view be in possession of sufficiently granular information that would allow mapping the number, nature and consumption data of Norway Price beneficiaries that are not to be considered as households.

(73) While Norway Price clearly entails direct state aid to undertakings, the principal issue concerns the indirect aid conferred by the scheme. Even if its precise effects across different actors are difficult to quantify, it is in our view legally untenable to assert that a consumption subsidy of NOK 10 billion cannot confer a selective indirect advantage for electricity producers. Such an advantage constitutes state aid within the meaning of Article 61(1) for those benefiting from increased consumption of the subsidised good, namely electricity.

(74) The remainder of this section will therefore focus on the Ministry's attempts to argue that the scheme does not convey the granting of indirect state aid.

3.2 Measures benefitting consumers constitute state aid if they in effect confer advantages to undertakings (or a sector) (the complainants' comments)

(75) It ought to be recalled that the EEA Agreement in its Article 61 recognises the possibility that state aid can be granted to undertakings which are not the direct recipients of public support, and that the notion of state aid encompasses economic advantages regardless of their form, which accrue to the "production of certain goods":
*"[…] any aid granted by […] in any form whatsoever […] **by favouring** […] the **production of certain goods** […]."*
*"The following shall be compatible with the functioning of this Agreement: (a) **aid** having a social character, **granted to individual consumers**" (emphasis added)*

(76) By mere reference to this provision, it would thus appear that a scheme such as Norway Price, which clearly constitutes (i) "aid granted to individual consumers" and "favors the production of certain goods", amounts to state aid in the meaning of Article 61 of the EEA Agreement. Aid to consumers is a category of state aid recognized by the EEA Agreement and entails the granting of advantages. These advantages become state aid when it favors the production of certain goods, because it then also is selective.

[13] NoA, section 52, paragraph 120 et seq.

(77) Indirect state aid to a sector of the economy is not therefore, as the Norwegian authorities seem to imply, a rare and remote possibility, but a common type of public support that consciously was subjected to state aid control.

(78) Furthermore, when assessing the presence of an advantage, the objectives and intentions of a measure are irrelevant. As NoA recalls,
*"**[o]nly the effect of the measure on the undertaking is relevant**, and not the cause or the objective of the State intervention. Whenever **the financial situation of an undertaking is improved as a result of State intervention** on terms differing from normal market conditions, an advantage is present. To assess this, **the financial situation of the undertaking following the measure should be compared with its financial situation if the measure had not been taken**. Since only the effect of the measure on the undertaking matters, it is irrelevant whether the advantage is compulsory for the undertaking in that it could not avoid or refuse it." (emphasis added)*

(79) This fundamental principle of state aid law needs to be considered in understanding what is meant by "the design of a measure" in NoA guidance on indirect advantages, to which we will revert in the following.

(80) However, the foregoing also supports at least a prima facie finding of state aid being granted as a result of Norway Price, because the scheme inevitably improves the financial situation of (identifiable) undertakings benefitting from increased electricity consumption and lower electricity prices, compared with a situation absent Norway Price.

(81) Considering the foregoing, there is in our view at least a strong presumption that consumer subsidies specific to one type of good, or one type of energy, such as Norway Price, entail the granting of aid to the supported sector, or producers of that type of energy.

(82) We will in the foregoing show that case law and practice corroborate this presumption, and in our view make impossible, at least in the context of a preliminary investigation, to exclude without serious doubt the existence of state aid granted through Norway Price.

3.3 The notion of indirect advantage (the complainants' comments)

(83) The main argument raised by the Ministry is centred around the NoA's brief guidance on the notion of indirect advantage, in particular the phrase that only measures designed to channel an advantage to others than the direct beneficiaries comprise indirect advantages in the meaning of Article 61(1).

(84) In this regard, as already set out in our complaint, it is clear that the real test is whether the design of the measure allows to foresee that economic advantages will probably accrue to indirect beneficiaries, prior to the measure's implementation. Indeed, in most "indirect aid" cases, providing indirect advantages was not the intention or objective, but a foreseeable effect (digital decoders, VAT-reduction for EVs, etc.).

(85) For the Norway Price, positive economic effects for electricity producers and producers and sellers of electric heating appliances, and negative economic effects for wood producers, and sellers/producers of alternatives to electric heating appliances (heat pumps, wood stoves etc). were foreseeable – at least to the same

degree as was the case for the producers and importers of electric vehicles when ESA assessed the zero VAT rate for this type of good, for example, or digital decoders.

(86) *Regarding the latter, consider for example the following brief assessment from the Commission:*
"As already pointed out in the decision to initiate the procedure, the indirect advantage for decoder producers is the ***possibility of selling a larger amount of decoders than they would have done without the measure****. The* ***effect of the subsidy is basically to make the decoders targeted by the measure cheaper for consumers****. This allows the producers either to increase their sales without lowering the price of the product or to raise the price without losing customers."(emphasis added)* [14]

(87) *As the quoted example illustrates, it suffices for the presence of an indirect advantage to identify an effect resulting in additional sales (or the mere possibility to sell more) by making a consumer good cheaper for the private buyer. Below we will show that the selectivity criterion allows to differentiate state aid cases from no state aid cases among situations with these indeed relatively common effects.*

(88) *Further, while we strongly disagree with the Ministry's claims as to Norway Price's effects on electricity consumption, electricity prices and ensuing revenue effects for producers, as well as substitution effect in the heating market, even the Ministry does not appear to deny entirely that the scheme has some limited effects on these markets. The foreseeable effects required for the existence of an indirect advantage exist, but are, in in the Ministry's view difficult to quantify.*

(89) *However, the scale of the indirect advantage, and its quantification, are not decisive for concluding on the presence of an indirect advantage. Indeed, in none of the indirect aid cases quoted by the Norwegian authorities has the advantage been quantified or assessed in terms of its significance.*

(90) *Thus, the combination of the alleged characteristics invoked by the Norwegian authorities – limited and difficult to quantify effects – is in our view not decisive. Accordingly, the high probability existing prior to the scheme's introduction that the Norway Price would increase electricity consumption, and thus prices and revenues for electricity producers, as well as that it would lead to less replacement of electric heating by alternative heating sources, was sufficient to conclude on the presence of an advantage.*

(91) *Nor is the alleged difference to other indirect aid cases, consisting in the Ministry's view in the absence of an objective to incentivise a change in consumer behaviour, decisive, or even relevant.*

(92) *It cannot matter, from a legal point of view, if the effect of a measure is a result of (intended) demand stimulation, or a result of unchanged demand, if in the absence of the measure demand would have decreased. In other words, whether a consumption subsidy is meant to make consumers buy more of product A, or leads consumers to keep buying product A, when they in the absence of the measure would have bought more of product B instead of A, both types of measure equally confer advantages on producers of product A.*

[14] Final decision in case C 52/2005, paragraph 99.

(93) Thus, the foreseeable effects of Norway Price on electricity consumption and the heating market were in our view always sufficient to conclude on the presence of an indirect advantage.

(94) In the meantime, however, the foreseeable effects have manifested themselves. Electricity consumption and prices have increased; sales of heat pumps, wood stoves and solar cells have decreased or plummeted.

(95) In that respect, it ought to be noted that it is not required, for the finding of an indirect advantage, that there is a complete substitution effect. Despite Norway Price, heat pumps will continue to be sold in Norway, undoubtedly. However, fewer are sold than had the scheme not been introduced, as evidenced above in section 2.

(96) In our view, that is sufficient to conclude on the presence of an indirect advantage. In any event, the presence of an indirect advantage cannot be excluded without serious doubts.

(97) In the opening decision concerning support measures relating to the Norwegian wood industry, the Authority could not rule out indirect advantages for the wood industry following a preliminary examination, even though "the secondary effects appear to be marginal",[15] and invited the Norwegian authorities "to elaborate on why the additional aid does not channel its effects towards identifiable groups of undertakings".[16]

(98) Note that the measure at stake in this case has a budget of ca. MNOK 50 million annually. It is by no means capable of completely excluding any other materials than wood from potential and even publicly support construction projects. Yet the Authority was unable to rule out the presence of an indirect advantage in the course of the preliminary investigation.

(99) In our view, this must therefore be considered as inconceivable in the present case, where the consumption subsidy is at least 200 times larger and directly influences the heating and energy choices of a large share of Norwegian households.

3.4 Selectivity in indirect aid schemes (the complainants' comments)

(100) The Norwegian authorities argue, in essence, that to the extent anybody but Norway Price subscribers benefit from the scheme, the benefits would merely be "secondary economic effects", and not "indirect advantages".

(101) This conclusion is, respectfully, legally flawed.

(102) In our view, the selectivity criterion draws the line between indirect advantages (and hence state aid), and secondary economic effects. It was for that reason that we argued, in the complaint, that these two constitutive criteria of the notion of aid ought to be assessed jointly.

(103) In their review of pertinent case law and practice on indirect advantages/state aid, Flynn and Kerle show that many indirect aid cases are based on an increase in

[15] 037/24/COL, paragraph 83.
[16] *Ibid*.

sales/turnover/demand of the beneficiaries' supplier(s).[17] *Indeed, such effects are inherent in almost any subsidy or state aid – (except, if the Norwegian authorities' were to be believed here, consumption subsidies for electricity in Norway).*

(104) Distinguishing these "normal" effects from indirect aid cases essentially requires an analysis of competitive distortions at the supplier level. Indeed, if the subsidised beneficiary can be supplied by all potential suppliers, there cannot be an indirect (and selective) advantage to a supplier. If the measure however distinguishes between different (and competing) suppliers, there such an indirect (and selective) advantage, and hence, as a rule, state aid.

(105) Based on this analysis, Flynn and Kerle submit that "selectivity at the level of the potential beneficiary" is a distinctive feature of indirect aid"[18]*, and allows a distinction between secondary economic effects and indirect advantage/aid.*

(106) Measures that subsidise consumption of for example certain insulating materials, certain TV-decoders, certain types of cars (EVs) will benefit, selectively, a certain group of undertakings, or a sector.

(107) In our view, the subsidising of a certain form of (heating) energy, but not competing ones, and the resulting subsidisation of certain heating devices, at the expense of others, falls within the types of measures that according to case law and practice have been considered as indirect aid. There is selectivity at the level of the indirect beneficiaries, because the measures in effect distinguish between suppliers, and lead to competitive distortions.

(108) For the above reason and based on the analytical approach that the Commission and ESA have used to assess (potential) cases of non-fiscal state aid, the Norway Price is therefore, in our view, selective, and hence constitutes state aid.

(109) Recall, in that regard, that the CJEU held that "neither the large number of eligible undertakings nor the diversity and size of the sectors to which those undertakings belong provide any grounds for concluding that a State initiative constitutes a general measure of economic policy".[19]

(110) It would thus be legally incorrect, in our view, to consider Norway Price as general measure of economic policy, and not state aid, which is the conclusion the Ministry promotes by means of relying on the three-step selectivity test.

(111) In fact, it is misguided to apply the three-step test here. In eventu, the test is wrongly applied.

(112) As ESA indicates in section 5.2.3 of the NoA, the three-step test is to be applied for "measures mitigating the normal charges of undertakings". Norway Price is no such measure. It is an electricity consumption subsidy. Selectivity should thus be assessed in line with established case law and practice for such schemes, not based on a test that was designed for fiscal measures. Note in this context that the case law that the Norwegian authorities rely on relates to fiscal measures only.

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[17] EU Competition Law – Volume IV – State aid (2016), editors Pesaresi/Van de Casteele, Flynn, Siaterli, chapter 11, advantage, point 2.499.
[18] EU Competition Law – Volume IV – State aid (2016), editors Pesaresi/Van de Casteele, Flynn, Siaterli, chapter 11, advantage, point 2.501.
[19] Case C-143/99, paragraph 48.

(113) As indicated in our complaint and above, the presence of an indirect advantage in reality presupposes selectivity, and (separate) selectivity assessments have thus been extremely succinct in practice.

(114) Compare for example
the Commission's decision on digital decoders, which the CJEU upheld:
"The advantage that the measure provides to terrestrial broadcasters and cable pay–TV operators is selective. ***Not all broadcasters can profit indirectly from the measure****. There are broadcasters that are present only on the satellite platform, which will not be able to take advantage of the increased number of digital TV viewers brought about by the subsidy.*
There will also be a selective advantage for the ***decoder manufacturing sector****."*[20]
Final

(115) Similarly, in ESA's opening decision on support measures relating to the Norwegian wood industry, the reasoning at this stage was limited to the following:
"In relation to the alleged indirect beneficiaries of the additional aid, the selectivity of the measure remains unclear. However, in the event that there are clearly definable indirect beneficiaries under Section 3(1)(c) of the Agricultural Investment Regulation, the measure appears to grant an advantage to certain economic sectors".[21]

(116) ESA rightly did not apply the three-step-test in this case. It would indeed seem unnecessary to construct an artificial reference system to conclude on the apparent selectivity of sectoral aid schemes.

(117) What is more, if one were to follow the Norwegian authorities' reasoning, i.e. applying the three-step-test with the Act on Norway Price as reference system, consumer subsidy schemes for certain goods would as a rule fall outside state aid control. If the legislation enabling the public subsidy to a certain good were used as reference system, there would never be a deviation from that system, and hence no selectivity.

(118) In our view, this would be a classic form over substance error, which is alien to state aid law, as repeatedly point out by EEA Courts and ESA in its guidance on the notion of state aid. [22]

(119) Thus, if indeed the three-step test had to be applied, which we dispute, it would also require devising a reference system that would encompass all companies in the same factual and legal position, in light of the objectives pursued.

(120) In that regard, the objectives would have to comprise not only providing households with predictable prices, but also with lower prices than what the market would provide. As pointed out before, if predictability was the only objective pursued by the scheme, it would not be necessary for the State to provide financing in excess of NOK 10 billion.

(121) Accordingly, a minimum requirement for the plausibly correct application of the three-step test would be using an appropriate starting point – providing household customers with lower energy prices – as potential reference.

(122) The reference system would then in our view need to encompass for example all heating energy.

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[20] Final decision in case C 52/2005, paragraphs 100-101.

[21] 037/24/COL, paragraph 88.

[22] Compare NoA, paragraph 129: *It must be emphasised that Article 611) of the EEA Agreement does not distinguish between measures of State intervention in terms of their causes or aims, but defines them in relation to their effects, independently of the techniques used*.

(123) If that were done, it would become quickly apparent that the scheme discriminates between competing undertakings in the same factual and legal position, such as for example producers of electricity and wood.

3.5 Conclusion (the complainants' comments)

(124) In view of the foregoing, we invite the Authority to widen its analysis into the effects of the scheme, either by swiftly opening a formal investigation procedure, or, initially, by requesting information from affected undertakings directly.

(125) Norway Price is already doing lasting damage to a number of sectors that are critical for increasing energy efficiency in Norway. It has demonstrably increased electricity consumption and price, and thus jeopardises the objective to electrify industry, which already struggles with access to sufficient electricity and grid capacity.

(126) The onset of yet another new and perhaps even graver energy crisis than that ensuing Russia's invasion of Ukraine increases the importance of ESA protecting the legal framework that is ultimately decisive for the continent's attempt to wean itself of fossil fuels, and obtain energy autonomy.

The Ministry's comments to section 3 - the complainants' legal analysis

The Ministry's main concern with the complainants' State aid assessment is that it is based on a fundamental misunderstanding of the design and foreseeable effects of the Norway Price scheme. Reference is made, in particular, to paragraphs 76, 79, 80, 87 and 92 of the complainants' Additional Comments, which all rest on the assumption that the scheme is designed to, or will in practice, increase household electricity consumption.

As explained above, and the Ministry's reply of 15 June 2026 to ESA's request for additional information, the Ministry believes that this assumption is flawed, first and foremost because it does not recognize the fundamental fact that electricity is a necessity commodity for Norwegian households. Taking this into account it becomes quite evident that the Norway Price scheme is not designed to induce a change in consumer behaviour or to stimulate demand for electricity. Rather, it is designed to provide households with greater predictability and lower costs in respect of an unavoidable household expense.

That electricity rightfully must be considered as a necessity commodity implies that even though households may receive lower electricity bills under the scheme, this does not mean that they will rationally consume more electricity than what is necessary to heat their homes, cook food, use hot water and meet other ordinary household needs. The more immediate effect of the scheme will instead be to increase households' disposable income (which corresponds to how the electricity bills over the last years led to lower disposable income, and not to significant reduction in electricity consumption). Some consumers may spend such savings on clothing, travel, furniture or other goods and services; others may save the money. It cannot be excluded that some households may increase electricity consumption beyond what is necessary (luxury consumption). However, there is no basis for assuming that electricity producers will benefit from any increase in household disposable income to a greater extent than other undertakings, such as clothing retailers, travel agencies or furniture stores.

This is so, firstly, because electricity consumption still carries significant cost under the Norway Price scheme. Additionally, the scheme contains an express limitation on the volume of

electricity covered by the price hedging. The 5,000 kWh cap further reduces the possibility that households may use substantially more electricity than necessary while still benefiting from the scheme.

In actual terms the Norway Price scheme has much of the same effect as if each household had received a fixed amount of money in order to improve their overall financial situation in response to unpredictable and high electricity bills. In financial terms this would have yielded much of the same benefits for the households as Norway Price does. However, it would not have targeted the actual situation for each household the same way as relating the scheme to each household's electricity bill. In a situation where it is the challenges related to the unpredictability and size of the actual electricity bills that the authorities wish to address, this is unquestionably the most appropriate design of the measure. The scheme is a price-hedging mechanism based on the reference price and provides or requires payments depending on whether the electricity price is above or below the reference price (currently NOK 0.40 per kWh). However, this design does not turn Norway Price into a subsidy of electricity consumption. It merely relieves households of the actual burden of the current unpredictability and size of their electricity bills in the most accurate way possible.

In paragraph 84 of the Additional Comments the complainants emphasise that "*the real test is whether the design of the measure allows to foresee that economic advantages will probably accrue to indirect beneficiaries*". The Ministry does not disagree with that legal starting point as such. To establish the existence of indirect aid, it is necessary to consider the foreseeable effects of the measure on certain groups

However, it was not foreseeable *ex ante* that Norwegian households, by receiving increased disposable income through a scheme concerning an essential household commodity, would use those funds to increase electricity consumption beyond what is necessary for ordinary household needs. Nor is there any *ex post* basis for concluding that this has occurred. On the contrary, the available information confirms the Norwegian authorities' *ex ante* assessment. Reference is made to the Ministry's reply to of 15 June 2026 to ESA's request for additional information.

The complainants further contend that "*in most 'indirect aid' cases, providing indirect advantages was not the intention or objective, but a foreseeable effect (digital decoders, VAT-reduction for EVs, etc.)*". The Norway Price scheme is clearly distinguishable from the examples relied on by the complainants. Those measures were specifically designed to incentivise a change in consumer behaviour. By contrast, the Norway Price scheme has never pursued the objective of stimulating behavioural change in the form of increased electricity consumption, nor is it designed to do so. Its purpose is to provide households with greater predictability in respect of necessary electricity consumption and to protect them from occasionally very high electricity bills.

The scheme is therefore not comparable to the "indirect aid" cases invoked by the complainants.

As regards paragraphs 69 to 72 of the complainants' Additional Comments, the Ministry notes that the allegation of direct aid to undertakings rests on an incorrect understanding of the legal scope and operation of the scheme. As explained in section 2 above, the Norway Price scheme applies only to electricity consumption by households and holiday homes. Undertakings are not eligible beneficiaries under the Norway Price Act or the Norway Price Regulation.

Nor does the reporting threshold in Article 15 of the Norway Price Regulation imply that undertakings located within housing associations may receive support under the scheme. That provision concerns the reporting obligations of housing associations, and it does not extend the substantive scope of the scheme. Any support received by a housing association must be allocated exclusively to eligible household and holiday-home consumption. Accordingly, the assertion in paragraph 70 of the Additional Comments that undertakings are direct recipients of Norway Price is unfounded.

In paragraphs 111 to 123 of the Additional Comments the complainants present their arguments supporting the position that Norway Price is a selective measure for the purpose of State aid law. The Ministry has the following main objections to the complainants' arguments:

First, there is no basis for the complainants' principal position that the three-step selectivity test is not applicable (paragraph 111–116). As explained in the Ministry's reply to ESA's request for information, recent case-law confirms that the three-step test constitutes the general analytical framework for assessing material selectivity, see C-524/14 P *Commission v Hansestadt Lübeck* and C-70/16 P *Comunidad Autónoma de Galicia*. The complainants' arguments rely primarily on the Authority's Notice on the Notion of State Aid and decisional practice predating that development in the case-law.

For the sake of completeness, the Ministry also refer to Michael Honoré in Werner/Verouden (eds.), EU State Aid Control: Law and Economics, 2nd ed. 2025, p. 154, where it is stated that "*the three-step test is now the 'standard' selectivity test also in non-fiscal cases*". Accordingly, neither the fact that the alleged advantage is indirect, nor the fact that the measure is non-fiscal in nature, displaces the application of the three-step test.

Second, the complainants' concern that the Norway Price scheme, if used as the relevant reference system, would make selectivity impossible (paraphs 117–118) is unfounded. The Ministry does not argue that the Norway Price scheme can never be selective merely because the conditions for receiving the subsidy are laid down in the legislation establishing the scheme. Even where the Norway Price scheme is taken as the reference system, it remains necessary to determine whether that scheme differentiates between undertakings which, in the light of the objective and inherent logic of the system, are in a comparable factual and legal situation.

That assessment is not a merely formal exercise. The objective of the Norway Price scheme is to provide households with greater predictability in respect of the cost of necessary electricity consumption, and to protect them from occasionally very high electricity bills for such consumption. If the scheme, for example, granted compensation only for electricity supplied by certain suppliers, only under certain types of electricity contracts, or only for electricity produced by certain technologies, such differentiations could constitute derogations from the logic of the system. This is because households' need for predictable electricity bills does not depend on the identity of the supplier, the contractual form, or the production technology.

Accordingly, using the Norway Price scheme as the reference system would not place the measure outside State aid control. It would simply mean that the alleged differentiation must be assessed against the structure, objective and inherent logic of that system. On that basis, the complainants' assertion that such an approach would necessarily preclude a finding of selectivity is incorrect.

Third, the complainants' proposed reference system – all heating energy – is based on a flawed reformulation of the objective pursued by the Norway Price Scheme (paragraph 119-123). The scheme is not aimed at subsidising household heating energy as such. Its objective is to

address the specific problem of volatile electricity prices and to ensure that Norwegian households can use necessary electricity without their household finances being unduly exposed to fluctuations in the electricity market.

That objective is inherently linked to electricity under the specific circumstances in Norway. Electricity is the general energy source used by Norwegian households for a wide range of essential purposes, including heating, cooking, lighting, washing, charging electric vehicles and the general operation of the home. Other sources of heating energy, such as firewood, do not serve the same functions. And more importantly: Nor are they subject to the same price formation or the same volatility which the Norway Price scheme is designed to address.

Thus, the producers of electricity and producers of wood are not in the same factual and legal situation in light of the objective pursued by the Norway Price scheme. The fact that both electricity and wood may, in some circumstances, be used for heating does not mean that they are comparable for the purposes of the selectivity assessment. The exclusion of wood and other heating sources from the scheme is therefore not a derogation from the logic of the reference system. It follows directly from that logic.

Finally, and for the sake of completeness, the outcome of the selectivity analysis does not depend on whether the Norway Price scheme itself or a broader framework is adopted as the relevant reference system. As explained above, the scheme does not foreseeably lead households to increase electricity consumption beyond ordinary household needs. In those instances where the scheme results in an economic benefit for households (lower electricity bill), that benefit merely takes the form of increased disposable income. Any resulting economic effects are therefore not specific to electricity producers or suppliers but may equally benefit undertakings offering other goods and services. Such effects constitute ordinary secondary economic effects and do not amount to a selective advantage within the meaning of Article 61(1) EEA.

Yours sincerely

Kaja Moe Winther
Deputy Director General

Hege Smith Heiberg
Chief specialist

This document is signed electronically and has therefore no handwritten signature

List of Annexes:
Annex I – memo on changes to electricity consumption
Annex II – memo on the flexibility of Norwegian household consumers
Annex III – memo on Norway Price customer's share of total electricity consumption
Annex IV – memo on alternatives to heating with electricity
Annex V – 2026 report of the Norwegian Climate Council
Further references can be provided on request.

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