ROYAL NORWEGIAN MINISTRY
OF ENERGY

EFTA Surveillance Authority
Avenue des Arts 19 H
1000 Brussels
BELGIUM

Your ref.	Our ref.	Date
	25/2329-	December 15, 2025

Reply from the Norwegian authorities to the state aid complaint concerning Norway Price

1. Introduction

The Ministry refers to the letter from the EFTA Surveillance Authority (ESA) dated September 16, 2025, which included a complaint dated August 10, 2025 alleging that the Norway Price scheme (in Norwegian: “Norgespris”) is incompatible with the state aid rules. ESA requested that the Norwegian authorities provided comments on the complaint by October 15, 2025. By email correspondence with the Competition & State Aid Directorate, Norway was given an extended deadline to provide comments by the December 15, 2025.

The Norway Price scheme was introduced in Norwegian legislation in Norwegian Act No. 44 June 20, 2025 on Norway Price and electricity support for households (”the Norway Price Act”). Complementing provisions are given in the regulation on Norway Price FOR-2025-09-08-1790 ("the Regulation").

The complaint alleges that Norway Price will entail the granting of indirect unlawful state aid to electricity production, at the expense of alternative energy sources such as wood, and producers and sellers of traditional electric heating devices, at the expense of those producing and selling wood-burning stoves, geothermal energy devices and heat pumps. The state aid allegation is primarily based on the premise that household electricity consumption will increase substantially because of the Norway Price scheme, which in turn will lead to higher electricity prices.

The Ministry of Energy (the "Ministry") considers the complaint to be vitiated by several legal and factual errors. The claimants' assumption that electricity consumption will increase substantially is based on an outdated study of Norwegian electricity price elasticity, using household data from 1993-1995, and international findings. The Ministry’s review of newer research as well as historical data shows that these assumptions lack empirical support. Historically, household consumption is strongly correlated with

Postal address	Office address	Telephone	Department	Reference
Postboks 8148 Dep	Akersgata 59	22 24 90 90		Hege Smith
0033 Oslo		Org.nr.		Heiberg
postmottak@ed.dep.no	ed.dep.no	977 161 630		22 24 61 58

temperatures, and there has been a clear consumption decline over the past 30 years, despite year-to-year variations in spot prices.[1] Analyses including Norway Price also anticipate a decline in household electricity consumption until 2030. There is no basis for asserting that Norway Price could result in a substantial increase in household electricity consumption, as claimed by the complainants.[2] The historical development of household consumption shows a strong correlation with temperatures, and a clear consumption decline over the past 30 years, despite year-to-year variations in spot prices. Analyses including Norway Price also anticipate a decline in household electricity consumption until 2030. In the same vein, the assumption that Norway Price could lead to significant changes in wholesale spot prices is without merit. According to the Ministry's estimates, consumption covered by Norway Price is expected to account for around 16 percent of Norway's total electricity consumption. Norway has Europe's most flexible power system, with an electricity supply largely based on dispatchable hydropower and a high level of interconnection capacity with other countries. If minor behavioral changes take place due to Norway Price, these are unlikely to affect wholesale spot prices.

Further, households that opt for Norway Price still have incentives to save electricity to reduce their electricity costs, and grid tariffs provide incentives to shift electricity consumption throughout the day to reduce peaks. As the total electricity cost for households with Norway Price is still substantial, coupled with the fact that many energy efficiency measures remain economically viable, that other policies aim to stimulate energy efficiency and that there still are financial incentives built into the grid tariffs, the assertion that producers and sellers of traditional electric heaters will benefit from Norway Price to the detriment of heating sources such as wood-burning stoves and heat pumps is at best speculative.

In the following, the Ministry will provide background, context and main features of Norway Price, including developments in the electricity market and an overview of it's the scheme's main features (section 2). The Ministry will further outline the foreseeable effects of Norway Price (section 3). Thereafter, the Ministry will comment on the legal analysis set out in the complaint (sections 4), before a summary follows (section 5). The Ministry respectfully submits that the Norway Price scheme does not entail any granting of indirect unlawful state aid pursuant to Article 61(1) of the EEA Agreement.

2. Background and context to the Norway Price scheme

2.1 Introduction

Norwegian households have a high dependency on electricity for their household energy needs, whereas other countries rely to a greater extent on gas, oil, bioenergy, and district heating. The necessity of electricity for Norwegian households is further amplified by cold and long winters.

Most of Norwegian households are exposed to hourly spot prices on electricity through their electricity supply contract. In comparison, the majority of households across Europe subscribes to either a market-based fixed-price contract or a regulated fixed-price contract. A high dependency on electricity combined

[1] In this letter, the terms "spot price" and "electricity price" are used interchangeably. Depending on context, the terms will refer to the electricity spot price in the wholesale market or the electricity price paid by the end-user.
[2] 5.8 TWh (13 percent) higher consumption in 2030 compared to the electricity support scheme in 2030, and 9.1 TWh (21 percent) compared to the market price. 10.8 TWh (26 percent) increase from 2024 (40.1 TWh) to 2030 (51.8 TWh). The 2024 consumption, sourced from Statistics Norway (2025c), includes electricity use in holiday homes and the charging of electric vehicles at home. Thema's 2030 consumption estimate also account for electricity use in holiday homes. Note that Thema has assessed the total effect of introducing the Norway Price scheme and reducing VAT on the grid tariff. The results do not reflect the isolated effect of the Norway Price scheme (Thema, 2025a, p. 16).

with high subscription rates to spot price contracts makes Norwegian households especially exposed to the whole-sale electricity market, and its continuous developments.

The spot price for electricity is formed through a complex interplay of supply and demand. Given a power production that is weather-dependent, Norway has long experience with electricity spot prices varying between seasons and years. Years with low inflow to hydropower plants, so-called “dry years”, have historically led to periods with higher spot price levels. However, in recent years the market conditions in Norway and the Nordic region have been increasingly influenced by the situation in the European market, and from the second half of 2021, through 2022 and into 2023, a new situation arose.

The energy shortage in the aftermath of Russia’s invasion of Ukraine coincided with a restructuring of the European power market, and resulted in an energy crisis, leading to price levels that had not been seen before. Although the spot prices in Norway have decreased somewhat since its peak, factors outside of Norwegian authorities’ control, such as higher shares of intermittent power production in Europe, and a limited number of bidding zones in countries such as Germany, remains a strong influence on Norwegian households’ electricity expenses.

The current electricity market situation contains three structural factors that are expected to remain for the near future. These are higher spot prices than historical levels (on average), significant price differences across different parts of the country and increased spot price volatility. The Norway price scheme was introduced in 2025 to help reduce the impacts of these factors on Norwegian households’ electricity expenses. As will be described further below, Norway Price is a *cost predictability scheme* for households. The scheme is neither designed, nor does it have the effect of benefiting undertakings, as alleged by the complainants. In the following, the Ministry will provide relevant background for introduction of the Norway Price scheme, as well as setting out its main features and objective.

As of December 6, 2025, around 53.7 percent of households and 69.5 percent of holiday homes in Southern Norway (bidding zone NO1, NO2 and NO5) had chosen Norway Price. In central and northern Norway, the share is significantly lower, where only 1 percent have opted for the scheme. This demonstrates that many households, particularly in Southern Norway, have a strong desire for cost predictability.

2.2 Developments in the electricity market

Price levels in the southern parts of Norway have – for the past years - been higher than the historical level in the years before 2021–2022 (CPI-adjusted), cf. Figure 1 and Figure 2. As shown by figure 2, the average spot price in Southern Norway (bidding zone NO2) so far this year is approximately 93 percent above the historical average from 2010–2021.

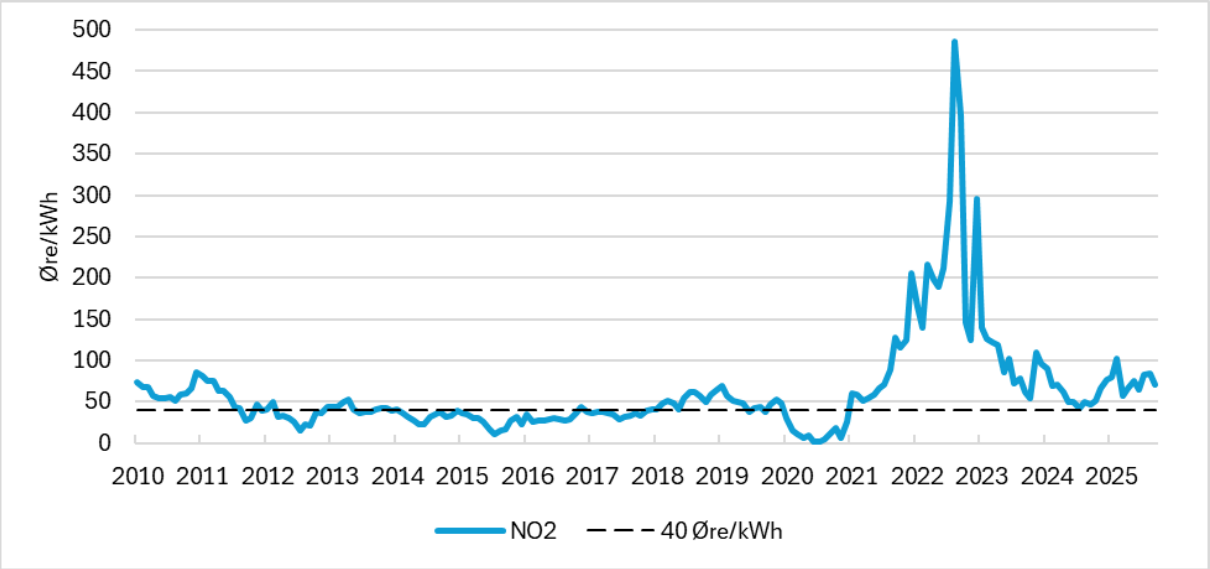

Figure 1: CPI-adjusted monthly spot price in bidding zone NO2 from 2010 to September 2025 and the Norway Price scheme at 40 øre per kWh. Source: Nord Pool.

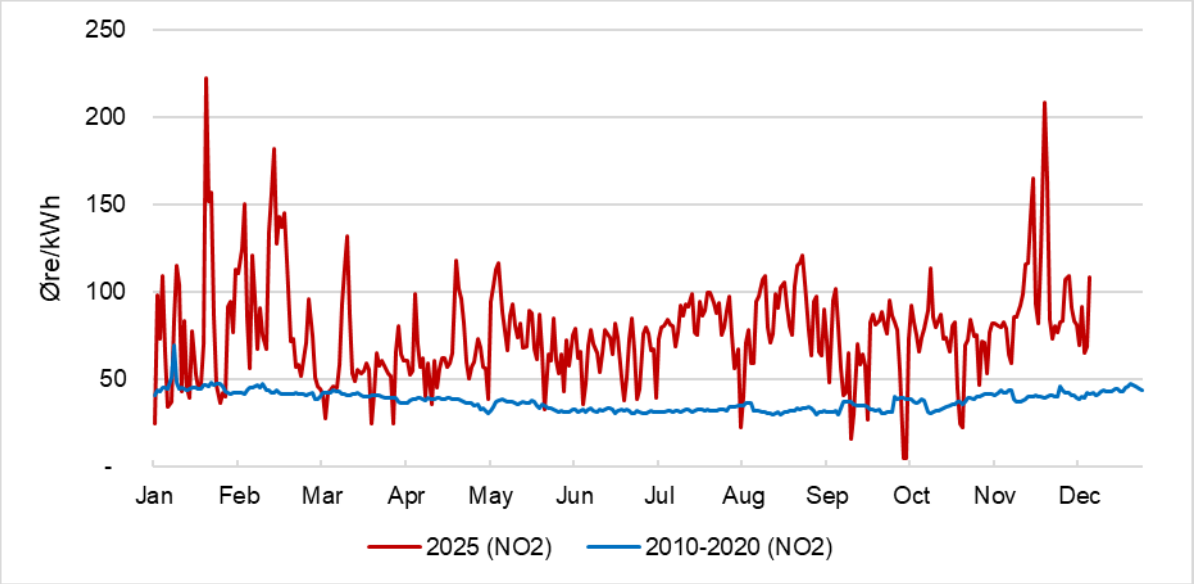

Figure 2: Daily spot prices in bidding zone NO2 in 2025 (up to 12 December) compared with the average daily CPI-adjusted spot prices for the period 2010-2020. Prices in øre per kWh. Source: Nord Pool.

In recent years, there have also been significant *price differences* between the southern and the northern parts of Norway. As of December 12, 2025, the average spot price in Northern Norway (bidding zone NO4) was 10 øre per kWh[3]. The comparable average spot price in the southern bidding zones (NO1, NO2, NO5) was 68, 77 and 54 øre per kWh. As a result, there are considerable differences in electricity costs for households in Northern and Southern Norway.

[3] In this letter, prices are stated mainly in øre, but occasionally in NOK when relevant. In November 2025, 1 Euro was approximately 11,74 NOK.

There has also been a substantial increase in *volatility* in spot prices in recent years, cf., and Figure 3, Figure 4 and Figure 5. The share of hours in which spot prices deviate more than 50 percent from the quarterly average has grown significantly compared with the situation before 2020, cf. Figure 3. Hourly prices alternate between being highest in the morning, daytime, afternoon, and nighttime, while also differing greatly across the different bidding zones, as examples of selected and recent days of spot prices illustrate, see Figure A5 – A10 in Appendix 1.

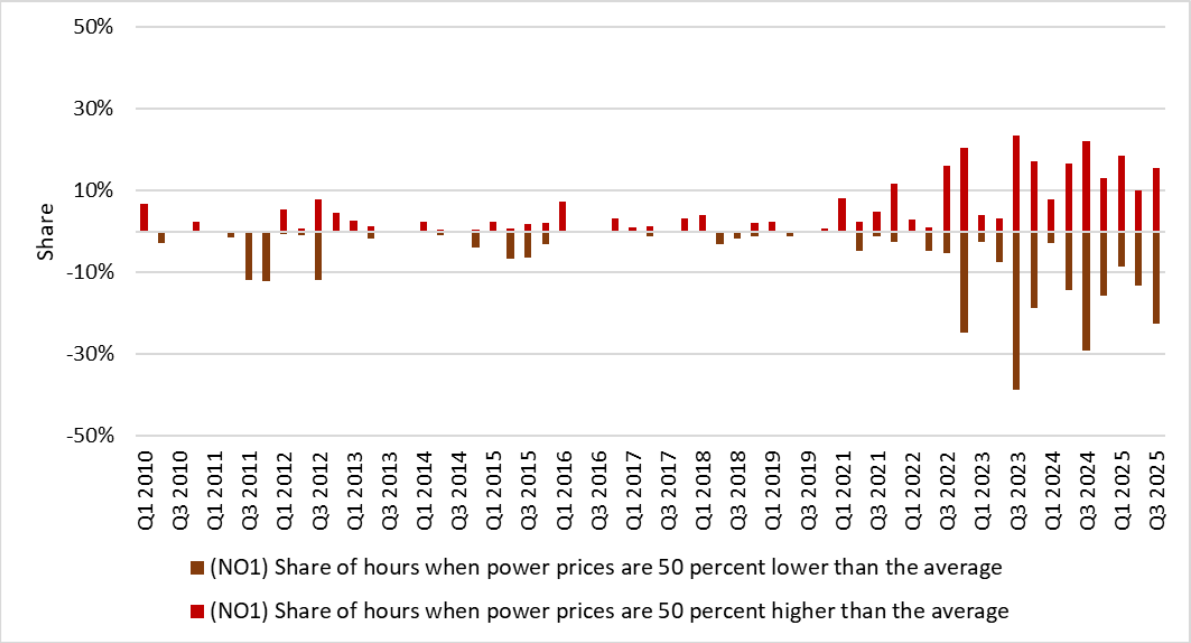

Figure 3: Variation in electricity spot prices in Eastern Norway (bidding zone NO1), hours when electricity spot prices are 50 percent higher or lower than the average. (Q1 2010 – Q3 2025, excluding Q1 2020 – Q4 2020). Share in percent. Source: Nord Pool, Norwegian Ministry of Energy.

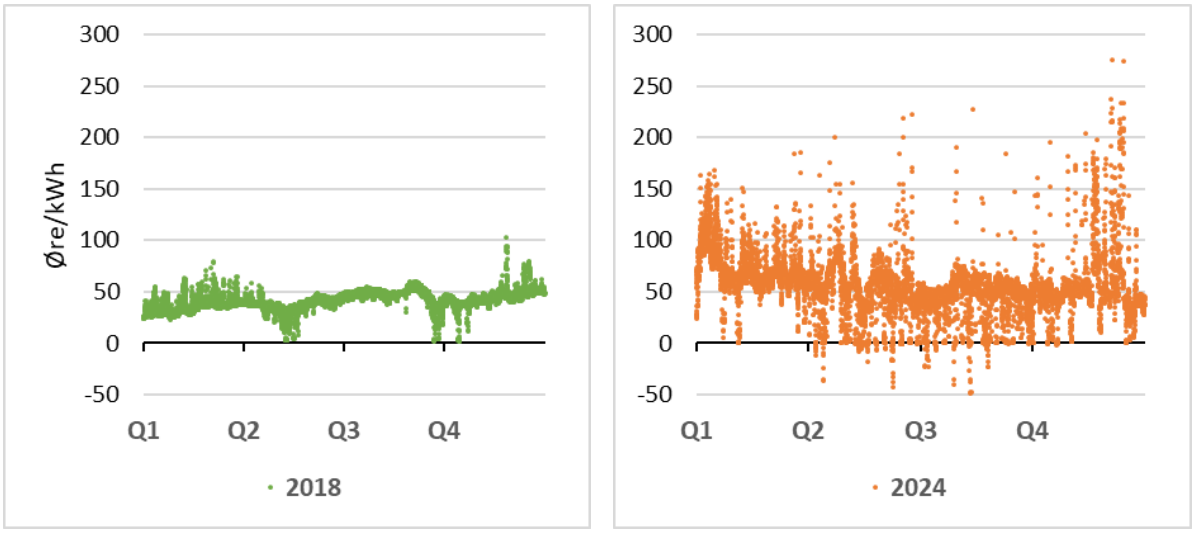

Figure 4: Hourly electricity spot prices in bidding zone NO2 throughout the year in 2018 and 2024. The average price was NOK 0.42 per kWh in 2018 and NOK 0.58 per kWh in 2024. The Y-axis is cropped at -50 and +300 øre per kWh. In 2024, the hourly electricity spot price ranged from -71 to +1,047 øre

per kWh in NO2. Some observations from 2024 are therefore not included in the figure. Source: Nord Pool.

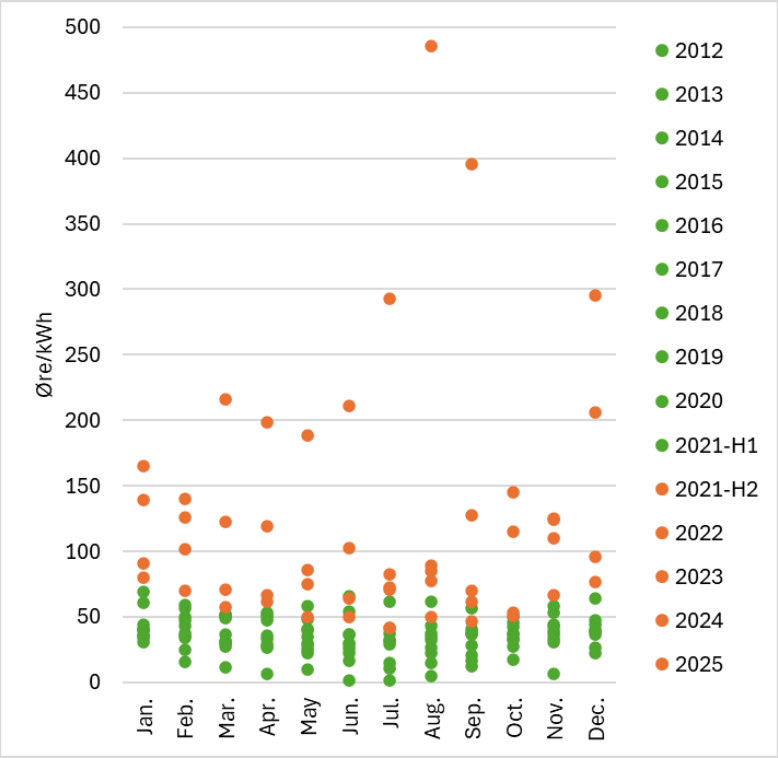

Figure 5: Monthly spot prices in bidding zone NO2 from 2012 to September 2025, adjusted for consumer price inflation. Øre per kWh. Source: Nord Pool.

These three factors taken together have resulted in an extraordinary situation, and necessitated introduction of measures targeted at households to provide more predictability for households regarding electricity costs.

2.3 Household electricity consumption in Norway is different than in Europe

2.3.1 Electricity is a necessity for Norwegian households

Electricity is a necessity for Norwegian households, as approximately three-quarters of their energy use for space heating is electricity, and 95 percent for water heating (Statistics Norway, 2022a). Electricity made up 83 percent of total household energy consumption in Norway in 2023 (IEA, 2023). In comparison, electricity made up only 28 percent of household energy consumption in Europe (IEA, 2023). For heating specifically, electricity accounted for only 5 percent of energy use in the EU in 2020 (Statistics Norway, 2022a). The electricity consumption in household is largely temperature dependent. This is illustrated by the fact that consumption during the winter months can be five to six times higher than in summer, and consumption per household is 40 percent higher in the northernmost areas than in the southern parts of Norway.

Further, Norway differs from most European countries as most households have dynamic electricity contracts (spot price contracts) and are therefore exposed to hourly spot prices[4]. According to

[4] Since September 30, 2025, the spot market is settled in 15-minute intervals. However, households in the low-voltage grid are still billed per hour, based on an unweighted hourly average of the 15-minute prices.

ACER/CEER, based on reporting from National Regulatory Authorities, Norway had the highest share of dynamic pricing for household consumers among EU-countries (ACER/CEER, 2024). In 2024 the percent of household electricity consumption covered by spot price contracts was 95 percent, while variable price contracts[5] accounted for only about 2 percent of household electricity consumption (Statistics Norway, 2025d).[6] The share of household electricity consumption covered by fixed price contracts is low, and has historically been low, cf. Figure 7.

For comparison, reporting from ACER/CEER notes that 73 percent of households across the EU subscribed to either a market-based fixed-price contract or a regulated fixed-price contract in 2023 (ACER/CEER, 2024). See Figure 6 for an overview.

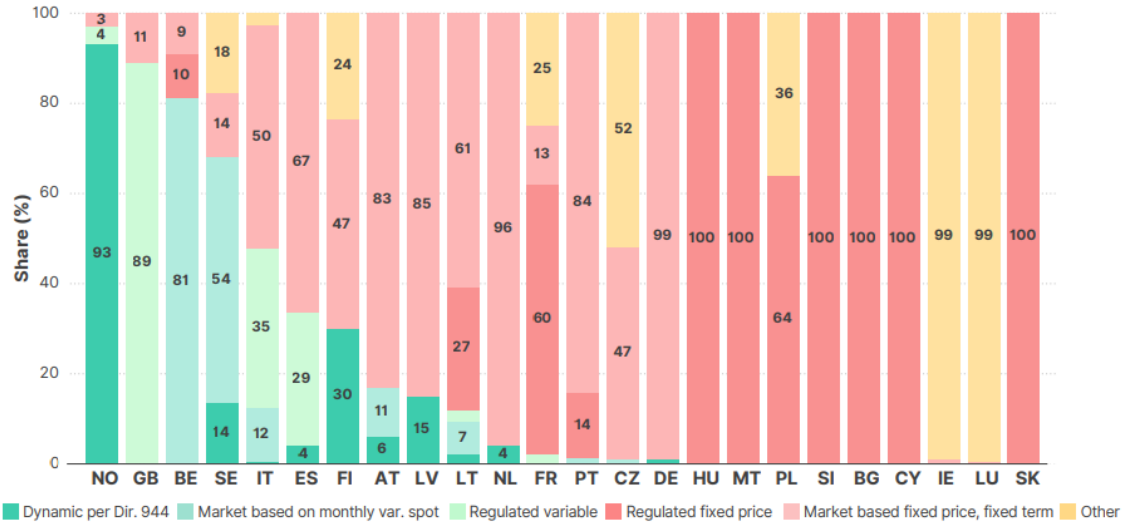

Figure 6: Share of household contract uptake per EU Member State, Norway and Great Britain in 2023. Source: ACER/CEER (2024).

[5]A variable price contract is a contract type where the price is fixed for short periods of time, and can be changed by the supplier with 30 days prior notice.

[6] As seen in Figure 7, there is a significant decrease in the uptake for variable price contracts in 2021 and 2022. Several factors have likely contributed to this development, including warnings against expensive variable price contracts from the Norwegian Consumer Council in 2021 and 2022, as well as new regulatory measures introduced in 2022.

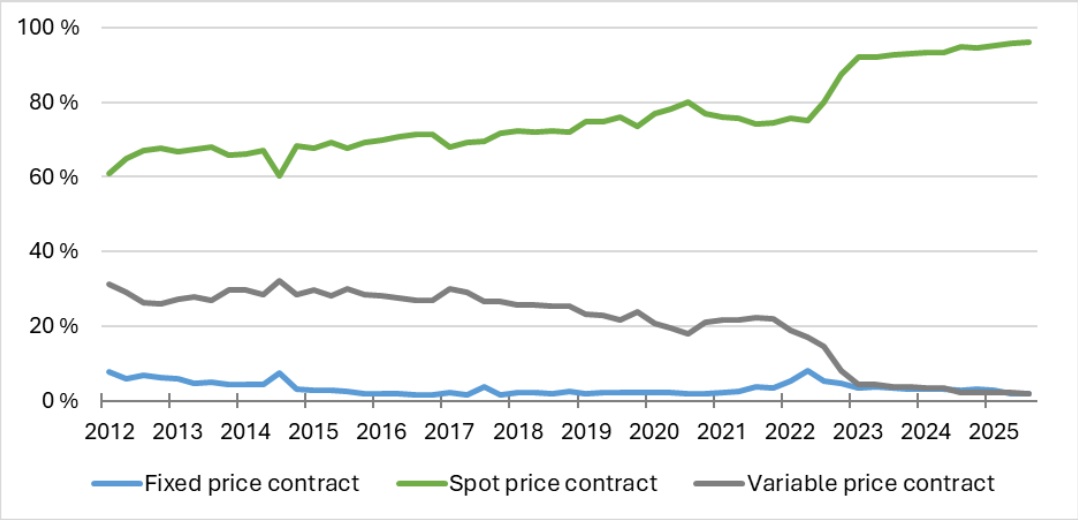

Figure 7: Share of household electricity consumption covered by different contract types from 2012-2025Q3. Source: Statistics Norway (2025d).

2.3.2 Impacts of price volatility on households

Because a large share of Norwegian household consumption is linked to spot prices, and electricity is the main energy source of most households, their exposure to volatile spot prices is significantly higher than for most households in Europe.

The severe increase in price volatility implies that costs to cover households' essential electricity needs vary significantly on an hourly, daily and monthly basis, cf. Figure 8. As illustrated, within just a few days, the daily cost of electricity consumption can vary by an order of 5 or even 10.

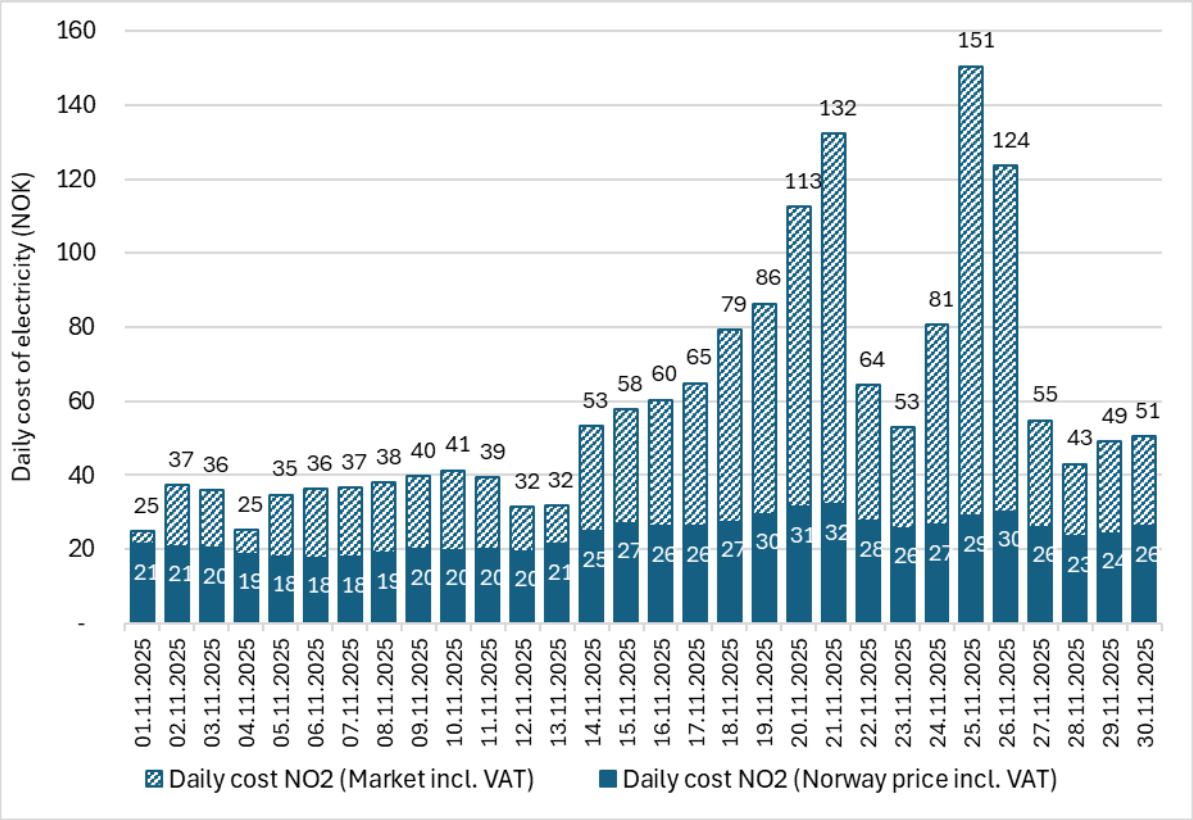

Figure 8: Variations in daily electricity cost for an example household dure to variations in spot prices, NOK. The example household has an average daily electricity consumption in NO2. Sources: Nord Pool and Elhub.

The spot price is set in the wholesale market at 1 PM the day before consumption but is highly unpredictable due to the increase in price volatility that has emerged after 2021, see Figure A5 – A10 in Appendix 1. It would require significant effort from households to adapt to or respond to the new level of volatility in the absence of automated systems or loads, especially considering that a large portion of households' electricity consumption is dictated by basic necessities such as heating and cooking. In addition to the increasing share of non-dispatchable power generation, market reforms implemented in the last years to ensure balancing and optimal utilization of production and transmission capacity, have further increased the complexity of the power market.

2.3.3 Low liquidity in the Nordic financial electricity market

Low liquidity in the Nordic financial electricity market and volatile spot prices has limited Norwegian households access to competitive variable and fixed-price contracts that could otherwise have provided more long-term cost predictability, cf. Figure 9. Low liquidity in the financial electricity markets is a structural challenge in the Nordic power market. The situation has been reinforced by high and increasing price volatility in the latter years, making it difficult for electricity suppliers to hedge their electricity volumes in advance and thereby to offer competitive variable and fixed-price contracts to households. In 2024, the Norwegian Energy Regulatory Authority (RME) concluded: "*The products and the combination of products offered in the forward markets today do not provide effective hedging possibilities against the volatility of the day-ahead price in Norwegian bidding zones.*" (RME, 2024b).

Electricity suppliers typically hedge against price volatility through participation in the financial power market and through bilateral agreements, such as Power Purchase Agreements (PPAs). The financial instruments traded in the financial power market include futures, forwards and Electricity Price Area Differentials (EPADs), which help manage the risk associated with price discrepancies between bidding zones and the system price. However, the Norwegian and Swedish power markets are characterised by several relatively small bidding zones, and less predictable divergence between the system price and zonal prices has further challenged liquidity. In response, Statnett has, under the direction of the Norwegian Ministry of Energy, introduced EPAD auctions with Statnett as contractual counterpart in order to strengthen liquidity and improve the suppliers' ability to hedge against price volatility. The effects of these EPAD auctions on the liquidity in the financial market is still being evaluated. However, the considerable uncertainty related to future spot prices remains a significant barrier for electricity suppliers and their ability to offer competitive fixed-price contracts to households.

The blue bars in Figure 9 shows that the quarterly price spread between variable price contracts and spot price contracts for Norwegian households was generally low during the period 2012 – 2020 but became larger and more volatile from the end of 2021. By the third quarter of 2025 households with variable contracts paid on average NOK 0.87 per kWh, compared to households with spot price contracts who paid on average NOK 0.57 per kWh excluding taxes. This amounts to a difference of NOK 0.30 per kWh. At the same time the share of household consumption covered by variable price contracts declined from 22 percent in the fourth quarter of 2021 to 2 percent in the third quarter of 2025. This development is consistent with suppliers adding a higher risk premium, and thus limiting the offer of competitive variable price contracts.

Although the Ministry has explored and will continue to explore possibilities for reducing bottlenecks between bidding zones and increasing liquidity in the futures markets, the underlying structural causes of low liquidity cannot be resolved in the short term.

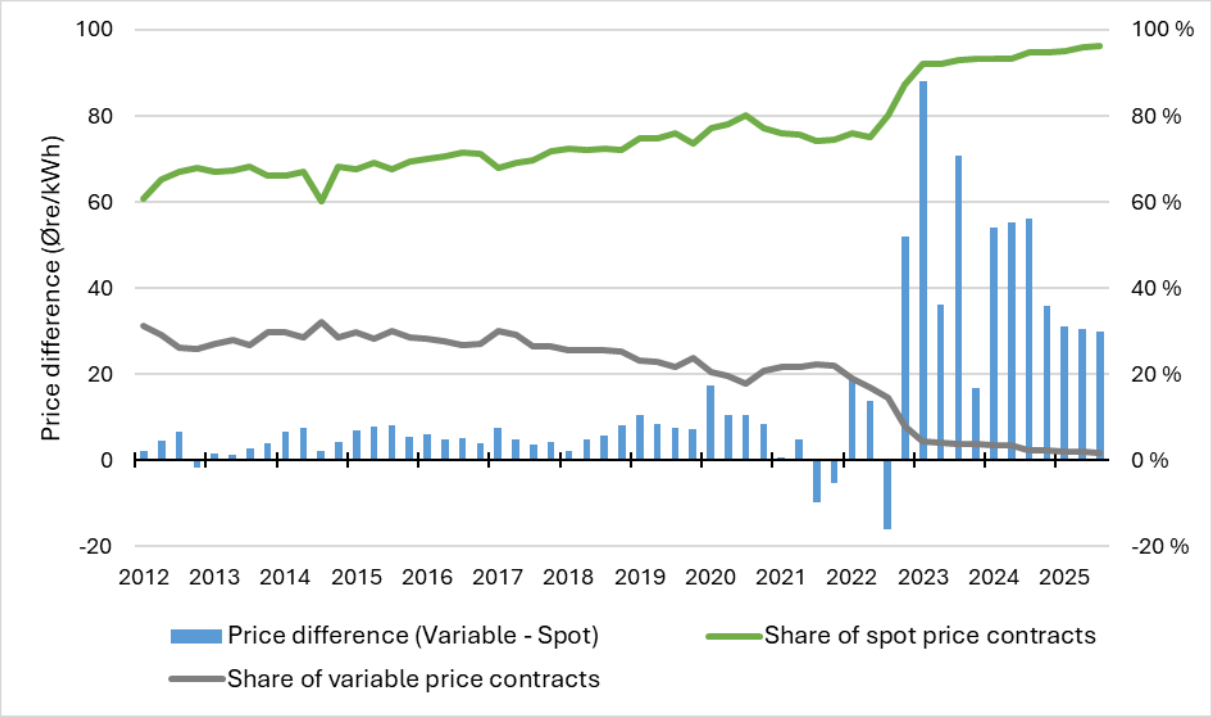

Figure 9: Quarterly price difference (excl. taxes) between variable price contracts and spot price contracts for Norwegian households (blue bars, left axis) alongside the share of households covered by spot price and variable price contracts (green and grey line, right axis) from 2012 to Q3 2025. Source: Statistics Norway (2025d).

2.3.4 Future predictions and market outlook

Long term market analyses conducted by the Norwegian Water Resources and Energy Directorate (NVE) and the Norwegian TSO (Statnett) indicate that price volatility is likely to increase further, driven inter alia by a higher share of intermittent and weather-dependent production, higher and more volatile fuel and emission allowance prices, increased interconnection with neighbouring systems and changes in market design. This also aligns with the assessments of a government appointed independent expert committee in 2023 ("The Electricity Price Committee"), tasked with assessing electricity price formation and what short- and long-term measures could ensure lower and more predictable prices for electricity consumers, within the scope of the EEA Agreement. The report of the committee states: *"The transition to more weather-dependent electricity production, under the current pricing system, leads to large and frequent changes in electricity prices (volatility)."* And "*Until our neighbouring countries find effective solutions to manage their dependence on solar and wind conditions, it is likely that the situation with large daily fluctuations in electricity prices will persist*." (Strømprisutvalget, 2023, p. 24)."

The fact that electricity is a necessity for Norwegian households, coupled with high prices and price volatility which is expected to increase further, has necessitated the introduction of a support scheme for households to provide for cost predictability. The main features of the scheme are described below.

2.4 The Norway Price scheme – overview of main features

The Norway Price scheme was introduced in Norwegian legislation in Norwegian Act No. 44 June 20, 2025 on Norway Price and electricity support for households (”the Norway Price Act”). Complementing provisions are given in the regulation on Norway Price FOR-2025-09-08-1790 ("the Regulation").

Norway Price is a cost predictability scheme for households, organized by the state as an alternative to the electricity support scheme. When the spot price is higher than the reference price, the state covers the difference, and when the spot price is lower than the reference price, households are required to pay the difference to the state. This is calculated hour by hour based on the difference between the spot price in the relevant bidding zone, and the reference price of (currently) NOK 0.40 per kWh, multiplied by actual consumption. Households that opt into Norway Price still need to have an electricity supply contract with an electricity supplier and the households' obligation to pay their electricity supplier the full contract price remains unchanged. The households' obligations to pay full grid tariffs to the Distribution System Operator (“DSO”), as well as taxes and levies to the state, are also unchanged. Taxes include the electricity tax, the Enova fee, and value-added tax. These taxes apply nationwide, with some exceptions.

Payments and disbursements under the scheme are settled monthly via the grid tariff invoice. In the state budget for 2026, NOK 9.1 billion are set aside for payments from the state to households covered by the Norway Price scheme.

Eligible customers and maximum consumption levels

Norway Price is available to household customers for electricity consumption which is defined as household use or holiday home use, cf. the Norway Price Act section 8. Consumption exceeding 5,000 kWh per month per metering point for households, and 1,000 kWh per month per metering point for holiday homes, falls outside the scope of the scheme. These maximum consumption levels are stipulated in section 13 of the Regulation.

Roles and actors

Households can opt in to the Norway Price scheme through a digital solution developed by Elhub or through their DSO. Elhub is Norway's IT platform for collection and distribution of metering data for electricity, owned by Statnett SF, the Norwegian TSO. The DSO will administer the scheme, and functions as the state's intermediary in providing it to households The DSOs do not receive any benefits from administering the scheme.

The Norwegian Energy Regulatory Authority (“RME”) is responsible for the transfer of payments to and from the DSOs. The DSOs submit a monthly overview of the support paid to and/or received from their grid customers to RME. The net amount is refunded from RME to the DSOs if it is negative and paid from the DSOs to RME if it is positive. RME is further responsible for supervision and handling of complaints and can issue binding decisions on the right to be covered by the scheme, suspension of payment and recovery of improperly granted support.

Detailed rules on unbundling requirements, tariffs, revenue regulation, neutrality obligations, universal service obligations, obligations to connect new feed-in or offtake customers to the grid, prohibition on cross-subsidization etc., are given in regulations adopted with basis in the Energy Act. These obligations are not in any way changed or influenced by the separate and additional tasks given to the DSOs in the Norway Price Act.

Setting of the reference price

The initial reference price of NOK 0.40 per kWh was set based on average historical electricity prices across the five Norwegian bidding zones and the future prices as a starting point. 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.

Contractual period

The reference price of NOK 0.40 per kWh applies from 1 October 2025 to December 31, 2026. A new reference price will be set for each subsequent calendar year until 2029. Eligible customers may opt in to Norway Price at any time during a reference price period. Once a customer has opted in, the relevant metering point remains bound to the Norway Price scheme until the end of the reference price period (contractual period). The customer has the right to cancel the Norway Price within 14 days.

Duration of the Norway Price scheme

The Norway Price Act section 28 stipulates that provisions given in or with basis in the Act shall apply until December 31, 2029. Any extension beyond 2029 will require amendment of the Act by Parliament. Whether the Government will propose an extension will be subject to an assessment taking into consideration the then-current situation in the power market and results from a planned evaluation of the scheme.

Safeguard provision

Section 22 of the Norway Price Act stipulates that the Ministry may adopt regulations on termination and the adjustment of the Norway Price scheme "in consideration of the power situation". The energy authorities and Statnett have rules, measures and tools to handle a serious energy shortage or a strained power situation. The purpose of the safeguard provision in section 22 is to add to the options of adjustment or termination of Norway Price (and electricity support) to the authorities' toolbox.

Planned evaluation

The Norway Price scheme is to be evaluated. As stated in Prop. 148 L (2024-2025) it is the Ministry’s view that a possible extension of the scheme beyond 2029 will need to be assessed in light of the situation in the power market, the effects that the scheme has had so far and future needs.

2.5 The need for and objective of the Norway Price scheme

The development of spot prices from 2021 and onwards triggered a major public debate on spot prices, the current organization of the Norwegian electricity market, the role of international interconnectors, and whether a shared electricity market with other countries sufficiently safeguards the interests of Norwegian consumers.

Norwegian households are dependent on electricity for heating and other essential needs. The recent years of high and volatile spot prices have led to increased focus on households’ uncertainty related to electricity costs. In a country with a large electricity surplus, and with higher spot prices generating substantial revenues for publicly owned Norwegian power producers, it has by many been perceived as unreasonable that Norwegian households should lack predictability in covering their essential electricity

needs. Furthermore, the emergence of significant regional price differences has led to large disparities in household electricity expenses depending on their geographic location. This has also been perceived as unreasonable by the public.

In response to very high electricity prices, the Government in 2022 assessed various measures to reduce the burden of high electricity prices on end-users. The Electricity Price Committee, appointed in 2023, was assigned with assessing electricity price formation, and the main task was to examine and discuss various models that can contribute to more stable, predictable, and competitive prices for households and industry. The committee's clear recommendation was to avoid intrusive interventions in the wholesale market, such as a maximum wholesale spot price, regulation of cross-border electricity trade, or mandates on hydropower reservoir levels – all of which had been proposed in the public debate on high electricity prices. The Electricity Price Committee stated: "*The energy transition increases the risk of exceptionally high wholesale prices, which can lead to adverse distributional effects. Strategies for extreme periods should be based on redistribution in the end-user market, not changes to the wholesale market*."

Norwegian authorities have implemented a number of measures to remedy the effects of high electricity costs on households since 2021 the main measure being the electricity support scheme, while maintaining the efficient functioning of the wholesale market and bidding zones. The electricity support scheme was first introduced via the temporary Act No. 170 of December 22, 2021, on Electricity Support to households due to extraordinary electricity costs.

The objective of the electricity support scheme is to provide financial support to households due to high electricity prices.[7] For this purpose, the electricity support scheme reduces the financial impact of the highest prices, while at the same time allowing households to benefit from periods with lower prices. Since 2021, several changes have been made to the electricity support scheme. The most significant change came in September 2023 when the scheme was altered from being based on the monthly average spot price to being based on the spot price hour by hour.

Although the electricity support scheme reduces the financial impact of electricity prices above a given threshold, it does not address the significant price differences that have emerged between the five Norwegian bidding zones. Without the electricity support scheme, the market price of electricity would have resulted in electricity expenses for an example household varying from NOK 11,313 in bidding zone NO2 to NOK 3,521 in bidding zone NO4 in Q1 2025, a difference of NOK 7,792.[8] With the electricity support scheme, the costs in the same period were NOK 9,667 in NO2 and NOK 3,470 in NO4 – a difference of NOK 6,197.[9] Furthermore, the electricity support scheme does not provide sufficient predictability related to household electricity costs during periods of increased price volatility.[10]

Alternative support schemes, such as consumption-independent cash-transfer schemes, have been considered. This way of providing support was found to be insufficient to ensure the objective of predictability in household electricity expenses, given the large variation in essential electricity needs between different households and geographic locations (both with regard to climate and bidding zones). On this basis, the Norwegian Parliament decided to offer Norwegian households the option to benefit

[7] Cf. section 1 of Regulation No. 1791 of 8 September 2025 on Electricity Support and section 1 of the now repealed Act No. 170 of 22 December 2021 on Electricity Support.
[8] Calculated for an example household with an hourly spot price agreement and an annual consumption of 20,000 kWh. The electricity cost includes the cost of electricity, grid tariffs, taxes, and electricity support. For NO4 VAT and electricity tax are not included.
[9] See figure A11 in Appendix 1.
[10] Also illustrated in Figure 8 and Figure A5-A10 in Appendix 1.

from a scheme that provides security and a high level of cost predictability. The Norway Price scheme was introduced in Norwegian legislation in June 2025. Section 1 of the Norway Price Act stipulates that the objective of the Act is to establish schemes for financial support and predictable prices. To achieve this aim, Norway Price was formally introduced as of October 1, 2025 as a voluntary opt-in alternative to the electricity support scheme for households.

Norway Price is a cost predictability scheme under which households are settled against a reference price per kWh. The reference price is set to NOK 0.40 per kWh excluding VAT for the period October 1, 2025 – December 31, 2026, subject to a consumption cap. Effectively, Norway Price functions as a support mechanism that, within the consumption cap, provides households with the same type of *ex ante* cost certainty as a fixed price contract, but without requiring electricity suppliers to hedge their electricity volume in a financial electricity market with limited liquidity.

Although the purpose of Norway Price is to remedy the shortcomings of the electricity support scheme in terms of predictability for household electricity costs, it is important to emphasize that Norway Price only provides predictability for a portion of the end-user cost of electricity per kWh (0.50 NOK per kWh including VAT). The end-user cost also consists of grid tariffs, value-added tax, and an electricity tax. Total electricity costs for households per kWh with Norway Price are estimated to range between 1.10 and 1.30 NOK per kWh, with some households experiencing even higher costs, depending on geographic location.[11] Further, RME has predicted that grid tariffs in the local distribution grid on average will increase with 23 percent from 2024 to 2030 due to the need for investments in grid infrastructure (RME, 2024a), meaning household electricity costs may increase.

The ability to choose between two different support schemes for high electricity costs accommodates the various households' needs and preferences. Norway Price is an opt-in scheme, and participation is not mandatory for Norwegian households. The Ministry recognizes that it may be preferrable for some households to be protected from the highest prices without missing out on periods of low spot prices. For these households, the electricity support scheme might be most suitable. However, for households that are more dependent on predictability in their electricity expenses, Norway Price may be a better alternative.

In light of the expected developments in the power market the need for a scheme that provides predictability will remain for a period of time. The duration of both the electricity support scheme and Norway Price are, pursuant to the Norway Price Act section 28, set to until the end of 2029. Both the schemes are subject to annual price adjustments. The electricity support scheme will be adjusted from 75 to 77 øre per kWh as of January 1, 2026, while the Norway Price will be adjusted from January 1, 2027 and onwards. Future adjustments of the reference price shall 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.

[11] Based on data from RME on average grid costs for households per kWh in 2025 in NO1, NO2 and NO5.

3. Assessment of the consequences of Norway Price

3.1 The complaint is based on unsubstantiated and unrealistic factual assumptions

3.1.1 Introduction

The basis for the complaint is the assumption that Norwegian households will increase their future electricity consumption substantially towards 2030 as a result of the Norway Price scheme.[12] The complaint is further based on an assumption that this foreseen development, in turn, will lead to higher electricity spot prices in Norway and neighbouring countries.

In the Ministry's view, the complaint is based on unrealistic assumptions that are not supported by recent empirical data from Norway and current Norwegian conditions. The Ministry acknowledges that there is fundamental uncertainty regarding the future development of all electricity consumption, also to some extent the consumption in Norwegian households.

However, any projection of future electricity consumption in Norwegian households and its interaction with other variables, such as electricity spot prices, cannot rely on speculative assumptions. The development will be influenced by several factors, including population growth and demographics, the development of the housing stock, the overall condition of the Norwegian economy, and climatic variations from year to year. Assessments must be based on the actual knowledge available: the fundamental characteristics of Norwegian households, observed historical consumption patterns, and relevant research studies. In addition, the assessments must be based on accurate facts regarding the prices and costs households will face under Norway Price compared to the current situation.

The complaint presumes that Norway Price will trigger an unprecedented growth in household electricity consumption and, as a result, cause significantly higher Norwegian and Nordic electricity spot prices. The Ministry's review of the underlying material, including the attached Thema reports, shows that these claims lack empirical support. Based on the historical development in household consumption and available Norwegian studies, it cannot be substantiated that a voluntary cost predictability scheme covering a portion of Norwegian households[13] could raise household electricity consumption by as much as 5.8 - 9.1 TWh in 2030 (compared to a situation with the electricity support scheme and market prices, respectively), or 10.8 TWh relative to today's total household consumption.[14] The effects portrayed in the complaint are neither realistic nor foreseeable in light of the knowledge available regarding future electricity consumption.

It should also be noted that the various reports which are attached to the complaint differ in terms of what is analysed and, in their results, as described in Appendix 2. Generally, there is little transparency regarding the underlying assumptions that are essential to the analysis. There are also discrepancies

[12] The durations of both the electricity support scheme and Norway Price are set to until the end of 2029. The scheme will be subject to evaluation prior to 2029.
[13] As of December 6, 2025, around 53.7 percent of households and 69.5 percent of holiday homes in southern Norway (bidding zone NO1, NO2 and NO5) had chosen Norway Price. In central and northern Norway, the share is significantly lower, where only 1 percent have opted for the scheme.
[14] 5.8 TWh (13 percent) higher consumption in 2030 compared to the electricity support scheme in 2030, and 9.1 TWh (21 percent) compared to the market price. 10.8 TWh (26 percent) increase from 2024 (40.1 TWh) to 2030 (51.8 TWh). The 2024 consumption, sourced from Statistics Norway (2025c), includes electricity use in holiday homes and the charging of electric vehicles at home. Thema's 2030 consumption estimate also account for electricity use in holiday homes. Note that Thema has assessed the total effect of introducing the Norway Price scheme and reducing VAT on the grid tariff. The results do not reflect the isolated effect of the Norway Price scheme (Thema, 2025a, p. 16).

between the assumptions and estimates presented in the reports and the figures referenced by the complainants in the complaint text, for example concerning price elasticity and consumption response. It is therefore difficult to ascertain which estimates the complainants have based their complaint on.

Against that background, the following sections summarise the Ministry's main objections to the analytical basis relied upon by the complainants and explains why the underlying assumptions cannot serve as a factual basis for any assessment of the Norway Price scheme.

3.1.2 Observed and estimated development in electricity consumption for Norwegian households

Household electricity consumption depends largely on housing type, size, geography, and the number of household members. In general, household electricity consumption is highest during the period November–February but varies significantly over the course of the year and between years, primarily due to changes in heating needs resulting from temperature variations, cf. Figure 10. Electricity consumption also varies with income, but studies reveal no clear correlation between consumption and income given that other characteristics of individual households vary greatly (Statistics Norway, 2022b, p.39).

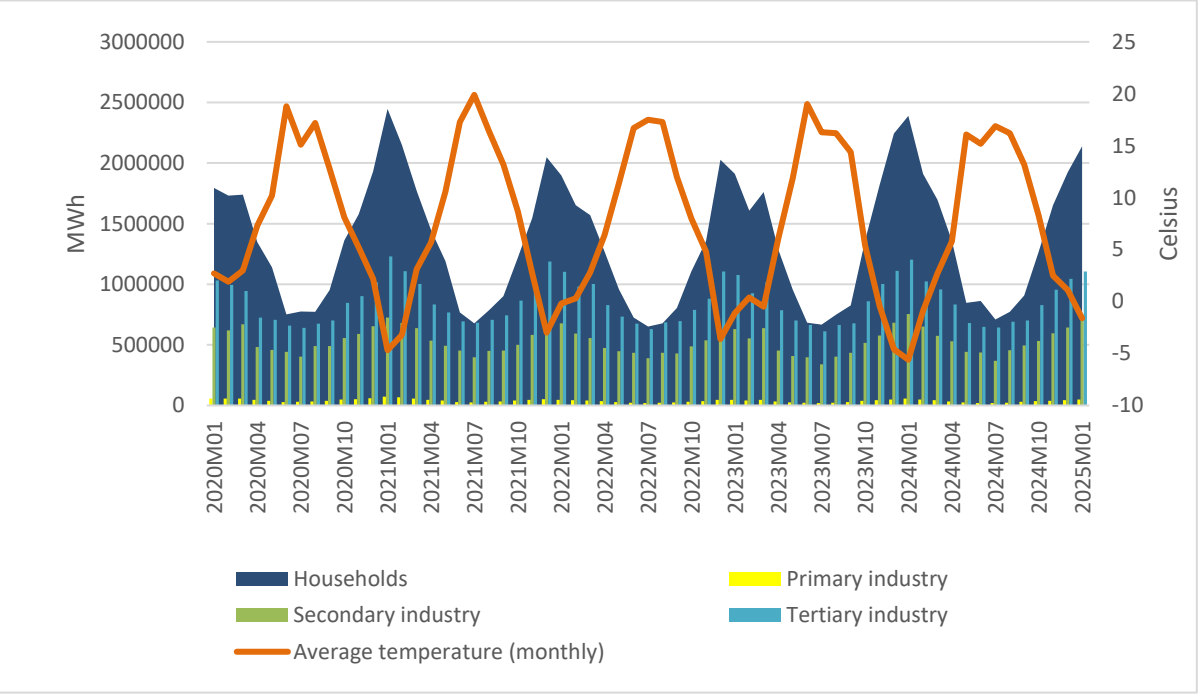

Figure 10: Monthly electricity consumption in Norwegian households and businesses in bidding zone NO1 from 2020 to 2025, and average temperature (recorded at Blindern, Oslo). Source: Statistics Norway (2025e) and the Norwegian Climate Service Centre (2025).

The historical development of household consumption shows two significant features: a strong correlation with temperatures and a clear downward trend in the last 30 years, despite year-to-year variation in spot prices. Figure 11 shows the historical development of electricity consumption per household in Norway for the period 1995-2024. Electricity consumption per household was around 17 percent lower in 2024 than in 1995, largely driven by policies promoting better building standards and more energy-efficient appliances.

During the last 30 years, total household electricity consumption in Norway has remained stable between 35-40 TWh, despite a growth of more than 600,000 households[15], higher living standards and the complete phase-out of heating with fuel oil and kerosene. At the same time, spot prices have shown relatively large annual fluctuations, without any clear correlation with consumption changes. The lowest recorded annual spot price occurred in 2020 and was accompanied by a decline in household consumption, supporting the argument that temperature[16], not price, is the primary driver of annual variations in consumption.

Power market analyses, as those of Statnett and NVE, project that electricity use in buildings and general supply (households and services) will continue to decline towards 2030, even in scenarios with a reduction in the long-term spot price. Continuous improvements in buildings standards in terms of energy efficiency together with more energy efficient appliances and milder winters will gradually reduce the need for electricity for household consumption. The dotted lines in Figure 11 illustrate the projected decline in consumption per household when applying forecasts from Statnett and NVE, using estimated reduction in general consumption and in buildings.

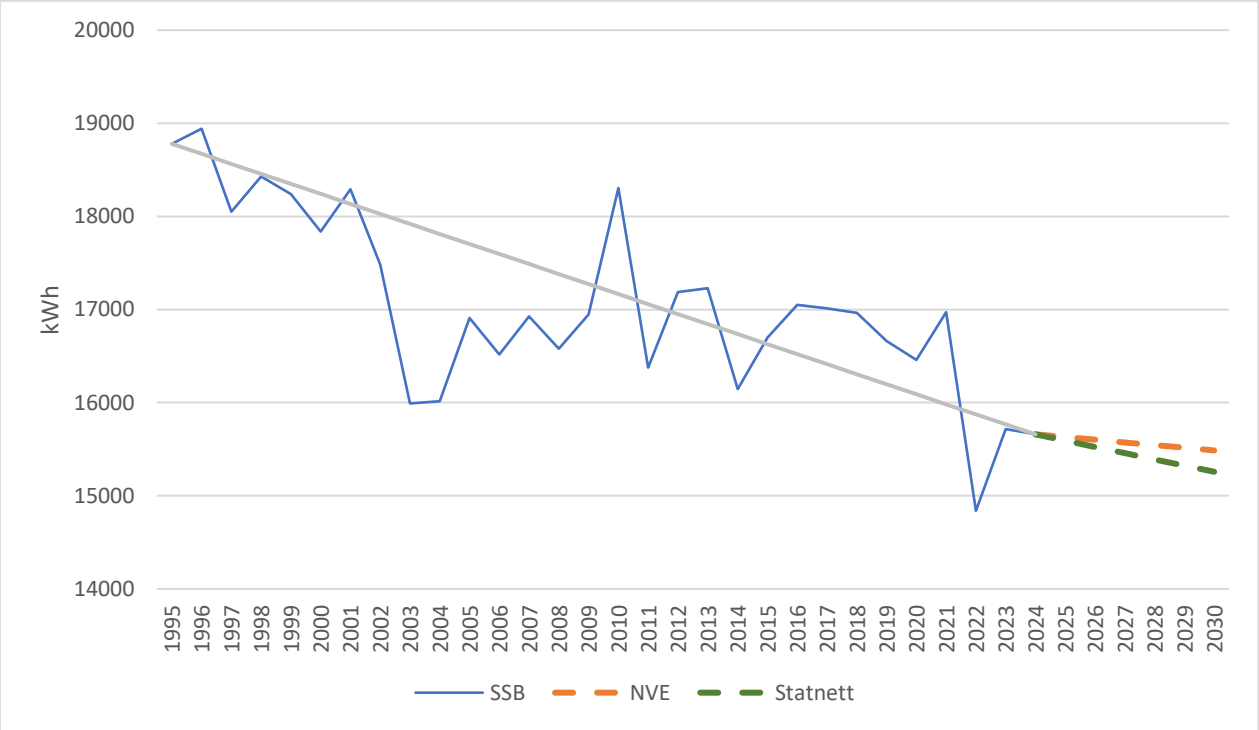

Figure 11: Historical development in electricity consumption per household and holiday home 1995-2024 (including charging of electric vehicles at home), and illustration of estimated consumption toward 2030 based on scenarios from NVE and Statnett. kWh per year. Source: Statistics Norway (2025c), NVE (2025) and Statnett (2025b).

Statnett publishes a short-term market analysis annually, assessing trends five years into the future. Statnett's 2025 short-term analysis points out: *"In the updated Medium scenario, Norwegian electricity consumption increases by 16 TWh by 2030. The growth is primarily driven by data centres, petroleum,*

[15] The number of households increased by approximately 655,000 from 2001 to 2024. Source: Statistics Norway (2025f).
[16] The year 2020 was exceptionally mild, with temperatures during the winter months of December, January, and February being as much as 4.5 °C above the climatological norm. This winter was the mildest since the Norwegian Meteorological Institute began measurements in 1900.

and transport. Industry and hydrogen see a moderate increase. Energy efficiency measures (ENØK) lead to a decline in general consumption, even with Norway Price" (Statnett, 2025a, p. 30). It is worth noting that the reduction in general consumption projected by Statnett in its short-term analysis from 2025 is identical to Statnett's short term analysis from 2024, which was conducted prior to the announcement of Norway Price, cf. Figure 12.

As Statnett's analyses projects an identical trajectory after Norway Price is incorporated as an assumption, this suggest that the Norway Price is not considered to have a measurable impact on the overall household consumption, nor have a significant impact on energy efficiency improvements in households, which provides the basis for the continued decline in household consumption in the coming years.

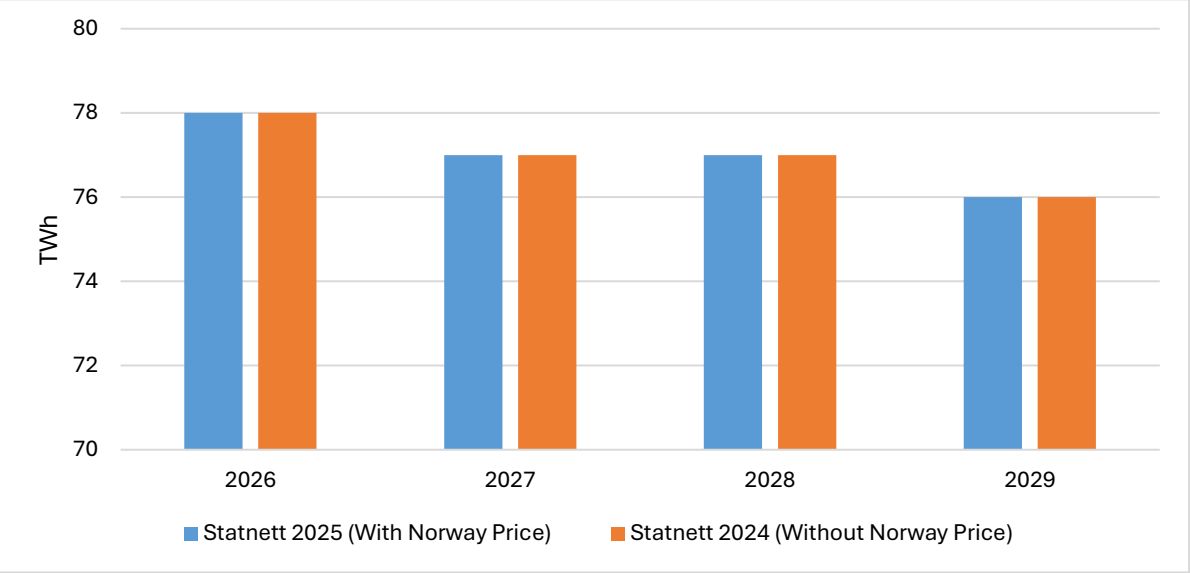

Figure 12: Comparison of general consumption in Statnett's short-term market analysis from 2024 and 2025. The short-term market analysis for 2025 includes the impact of the Norway Price scheme, whereas the 2024 short-term analysis does not include Norway Price. Source: Statnett (2025a) and Statnett (2024)

3.1.3 Observed consumption after the introduction of Norway Price

A robust assessment of how Norway Price affects household electricity consumption compared to the electricity support scheme requires knowledge about the characteristics of the households that choose the different schemes as well as observations over many years and under various conditions.

In general, it must be assumed that a larger share of those who choose the Norway Price scheme are households facing the highest electricity expenses. Households with lower electricity costs—such as those with district heating, or those living in smaller dwellings—may have less incentive to opt for the Norway Price scheme for electricity. Further, available data so far is not adjusted for temperatures. This makes the assessment of ongoing consumption changes among those with and without Norway Price not immediately comparable.

Furthermore, Norway's population has grown throughout 2024 and 2025. From the beginning of 2024 to the end of third quarter in 2025, the population increased by 68,000 people (Statistics Norway, 2025g),

corresponding to approximately 32,000 households.[17] In addition, the share of electric vehicles has continued to rise. All else equal, this implies that there may be an underlying growth in household electricity consumption over the past year.

Studies which adjust for temperatures and detailed household characteristics, observing development over time and across different situations, will not be available for some time. Given the above, preliminary data on household consumption provide limited information about actual changes in household consumption. That being said, there is no indication that households use more electricity than necessary, whether they receive electricity support or have opted into the Norway Price scheme.

Consumption in November 2025 in the bidding zones with the highest share of Norway Price is close to 2024-levels.[18] December so far this year has been a mild month, and preliminary data shows lower consumption in households than in 2024. This supports the conclusion that temperature is the most important factor influencing consumption trends, alongside underlying developments in population growth and the number of electric vehicles.

3.1.4 Changes in electricity consumption in households

Price elasticity measures how sensitive the demand for electricity is to a change in its price at a given point on the demand curve. Household price elasticity depends on numerous factors, including outdoor temperature and characteristics of the individual households and houses, such as household size and substitution possibilities.

There is no academic consensus on the accurate level of Norwegian households' price elasticity of electricity. The estimates vary considerably across different studies, depending on when the study is carried out, geographics, methods and scope of the studies, see Appendix 2. The common assumption is that households are among the least elastic consumers, since most electricity consumption is tied to basic necessities. Available studies on Norwegian households confirms the assumption that electricity consumption is inelastic and also indicates that the short- and medium-term price elasticity of electricity most likely is very low, see table 1 in Appendix 1. Studies also substantiate that electricity consumption in Norwegian households is closely linked to heating and primarily varies with outdoor temperatures.

In the long term, the most important variables for the development of household electricity consumption are economic growth, development of housing stock, population growth and other demographic trends. All these characteristics may change significantly over time, while the power market in itself is also changing rapidly. Consequently, it is methodologically challenging to assess the extent to which observed changes in consumption can be attributed to price responsiveness, as opposed to being driven by developments in other underlying factors. Currently, there are few studies of price elasticity for Norwegian households that examine the price response over 5-10 years.

More importantly, theoretical estimates of price sensitivity, derived from a given period or situation, are difficult to transfer. The price elasticity is situation-dependent, because households fundamental heating needs vary greatly with outdoor temperatures throughout the year and between different weather years. Further, one cannot transfer an observed price elasticity at very high prices to periods with lower prices, and media attention, as well as knowledge and possibilities of reducing energy consumption will also have an impact. The same applies to international estimates of price elasticity, which are drawn from countries that to a greater extent rely on other energy carriers than electricity for their basic needs.

[17] Assuming the same average household size as in 2024.
[18] See Figure A8 and A9 in Appendix 1 for hourly spot prices during the cold period in November 2025.

3.1.5 The complaint is based on exaggerated and poorly grounded assumptions about household behaviour in Norway

A critical component of the complainants' claim is the use of high price elasticities for Norwegian households. In attachment I to the complaint (Thema 2025a) a long-term elasticity of -0.6 is assumed. The application of such a high price elasticity result in large increases in household electricity demand. The elasticity assumptions are based on a report by Vista Analyse and DNV (2022), which in turn refers to an outdated Norwegian study (Halvorsen et al. 2005) that relies on household data from 1993-1995 and international findings. The study is based on data from more than 30 years ago, right after the Energy Act introduced a market-based power supply system (from 1991), and at a time when fossil fuels (heating oil, kerosene) and firewood still were widely used for heating in Norwegian homes, see Figure A1 in Appendix 1.

The Ministry emphasizes that the Norwegian electricity market and the situation in Norwegian households have changed fundamentally over the past 30 years. Dependence on electricity has increased, fossil heating has been phased out[19], building standards and appliance efficiency have improved and the building stock, as well as the power market itself has evolved. An elasticity estimate based on yearly average prices, derived from household data from the early 1990s is therefore not suitable for assessing household responses 30 years later, and the complainants' use of a long-term elasticity of -0.6 leads to exaggerated predictions on demand responses.

The Ministry would further like to emphasize that international studies on household price elasticity are not representative of Norwegian conditions. Unlike Norway, where most households rely on electric heating, households in 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 Thema reports, on which the complaint is based, acknowledge that electricity is largely a necessity good, and that households respond less to changes in spot prices than to other goods. The Thema reports also state that long-term price elasticity is "*highly uncertain*" and that it is "*highly uncertain how much household consumption will respond to a price change*". These important caveats are not acknowledged in the complaint, which presents the elasticity scenarios in the Thema reports as if they were robust and undisputed.

By basing its analysis on this price elasticity, Thema arrives at a consumption development that largely deviates from observed historical trends and projections like those of Statnett and NVE. Thema estimates that under the Norway Price scheme, household and holiday home electricity consumption will be 5.8 TWh higher in 2030 compared to a scenario with the electricity support scheme, and 9.1 TWh higher in 2030 compared to a market price scenario. For consumption to be 5.8–9.1 TWh higher in 2030, as Thema projects, there would need to be substantial growth in per-household consumption over the coming years, cf. Figure 13.[20] In the Ministry's view Figure 13 highlights the implausibility of the assumed price elasticity claimed by the complainants. For comparison, to reach Thema's projected consumption growth, every single Norwegian household would have to increase their electricity consumption by an amount comparable to the annual electricity consumption of more than two residents in neighbouring

[19] Since January 1, 2020

[20] Thema's scenario with Norway Price scheme also includes a reduction in VAT on the grid tariff. The results therefore do not reflect the isolated effect of the Norway Price scheme.

Denmark.[21] Given that the historical trend from 1995-2024 includes years with both low and high prices, varying temperatures, and different economic conditions for households – yet it still shows a downward trend – this assumption appears extreme and unrealistic.

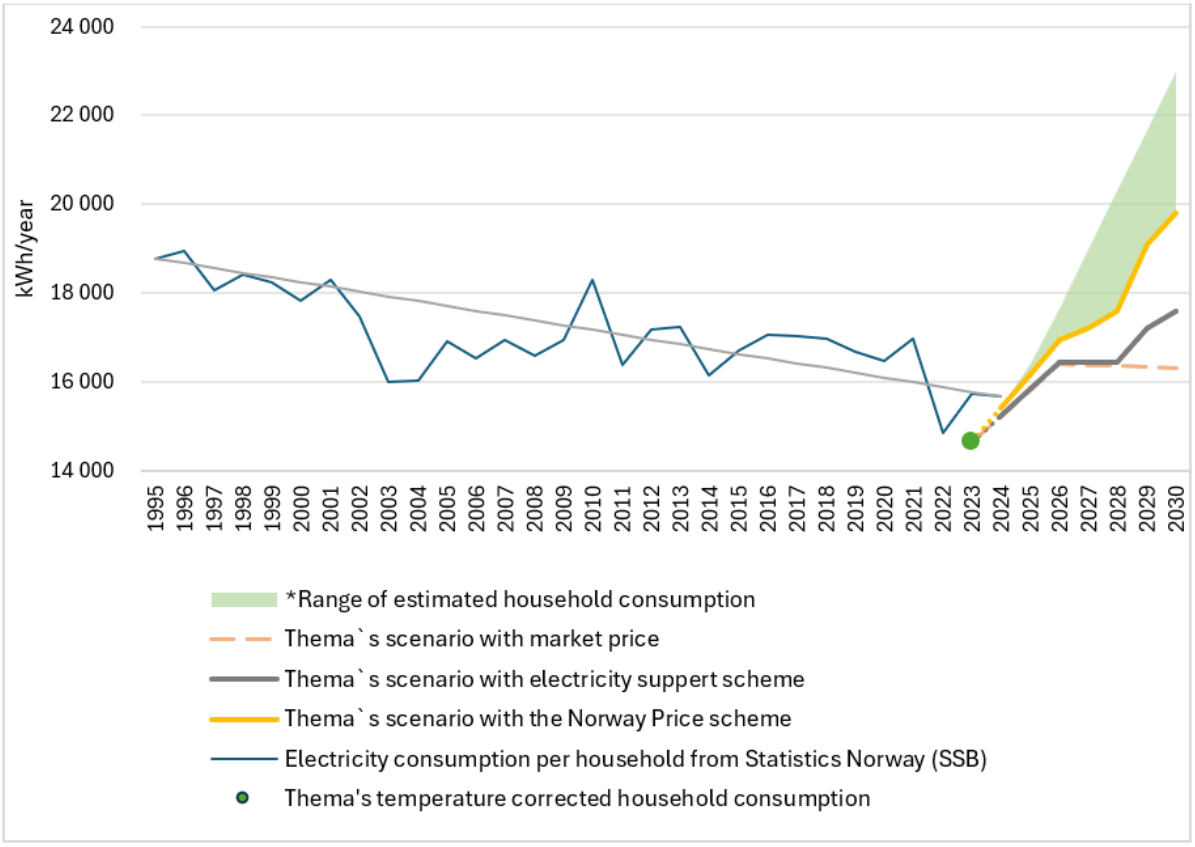

Figure 13: Historical development in electricity consumption per household and holiday home 1995-2024[22], and illustration of estimated consumption toward 2030 based on estimates from Thema[23]. Source: Statistics Norway (2025c) and Thema (2025a).

As a starting point, it must be assumed that other factors that may increase the basic need for electricity, as population growth, demographics, development in residential areas, as well as the situation in the Norwegian economy, will be the same with or without Norway Price.

Household electricity demand is largely determined by basic heating needs, which in turn depends on outdoor temperatures, and by other essential uses, such as cooking, hot water and laundry. Thema's projected consumption growth, which is attributed to Norway Price, therefore implies that households will respond to the Norway Price by substantially increasing comfort and luxury consumption, as other factors must be assumed not to be affected by Norway Price. It is unlikely that households would start heating their homes considerably beyond what is necessary for a comfortable indoor temperature.

The Ministry notes that in the presentation of the first Thema report as well in later media coverage, it has been suggested that Norwegian households might start using more electricity for things like hot

[21] Comparing actual household consumption in 2024 reported by SSB with Thema's Norway price scenario in 2030, using the reported annual household electricity consumption per capita in Denmark of 1,830 kWh per year from attachment I to the complaint (Thema, 2025b, p. 3).
[22] Historical household consumption includes charging of electric vehicles at home.
[23] See Figure 20 for a detailed description.

tubs. Given the investment costs in the tens or hundreds of thousands of NOK, it is unlikely that the Norway Price, which in the most expensive bidding zone (NO2) is estimated to provide households with a savings of around 580 NOK per month (around 7,000 NOK per year[24]) for an average household, would trigger large-scale investments in hot tubs. Even if one assumes this as a potential driver of increased consumption, households would on average need to invest in more than two outdoor hot tubs each (corresponding to 5-6 million new hot tubs in total), between 2024 and 2030 to reach the consumption levels projected by the complainants.[25]

3.1.5 Weaknesses related to the complaints assessment of the price effect

The Ministry rejects the claim that Norway Price will lead to substantial changes in household electricity consumption. Hence, there is no basis for the assumption that the measure will have noticeable affect wholesale electricity prices. This assessment is based on a range of empirical studies, as mentioned above in section 3.2. The Ministry furthermore emphasizes that the presumption of increasing spot prices in Norway and neighbouring countries as a result of the Norway Price scheme, are based on inaccurate assumptions and assessments of the Norwegian power system.

Norway has Europe's most flexible power system, with an electricity supply largely based on dispatchable hydropower (around three-quarters of 34,000 MW installed hydropower capacity is dispatchable) and about 9,000 MW of interconnector capacity to neighbouring countries and Europe. Norway currently has a historically high electricity surplus of around 18 TWh and, unlike certain other Nordic and European countries, a surplus in capacity balance throughout the year. Norway is therefore a net exporter of electricity and contributes with important dispatchable capacity and flexibility to neighbouring countries. This situation is expected to continue in the coming years.

Spot prices are determined by a complex interaction between several factors, including hydrological conditions, temperatures and wind conditions in Norway and the Nordics. Gas- and CO2 prices, volatility driven by weather-dependent power production in the wider European market and the trading capacity available at any given time between areas and countries are all key factors for the formation of prices in Norway. In a dynamic power market, where substantial changes in consumption, production, and trade occur continuously throughout the year, the Ministry considers that there is no basis for assuming that the Norway Price scheme, which covers a share of households, would lead to higher prices for other consumers. See the description of shares below.

An argument that has been put forward, in addition to the claim that household consumption will increase significantly over time, is that the Norway Price increases the risk that prices will be severely affected during periods of high load and capacity constraints in the power system. Consequently, this is presented as a potential disadvantage for Norway's neighbouring countries. Firstly, the Ministry would like to point to that households' exposure to real-time wholesale spot prices (spot price contracts) in other Nordic and European countries is generally very low, without this having been identified as a challenge for price formation or the operation of the power system. Secondly, the Ministry would like to note that several of the studies presented in Table 1 in Appendix 1 find very low or no demand elasticity during periods of extremely cold weather and high heating demand, which correspond to typical peak load hours. For example, Hofman and Lindberg (2019) find that: *"Model results show that no price*

[24] The amount an average household in NO2 will save through the Norway Price scheme in 2026 is estimated by the Norwegian Energy Regulatory Authority in relation to the 2026 national budget, based on consumption profiles and hourly price variations from 2024 (from Elhub), and monthly forward prices from July 2025.
[25] Assuming that a jacuzzi has an annual electricity consumption of 2,000 kWh. The example is based on the difference between actual electricity consumption 2024 from SSB and the complainants' estimate of 51.8 TWh for 2030 where all households are assumed to have opted for the Norway Price scheme.

elasticity is existent on the coldest days, and therewith days with highest peak demand for electricity." and "The analysis of different variables that influence demand concluded with that temperature is the most important explanatory variable when developing a model for estimating the short-term price elasticity". This is also supported by other studies shown in Table 1 in Appendix 1.

In light of this, the claim that a partial reduction in Norwegian households' exposure to hourly spot prices would lead to substantial price and trade effects, as portrayed by the complainants, cannot be regarded as credible. In the years ahead, as today, temperature will remain the main determinant of electricity consumption in Norwegian households.

According to the Ministry's estimates, consumers covered by Norway Price would account for around 16 percent of total electricity consumption, even if as many as 70 percent of households and 90 percent of holiday homes in Southern Norway opt into the scheme in 2026.[26] As of December 6, 2025, around 53.7 percent of households and 69.5 percent of holiday homes in Southern Norway (bidding zones NO1, NO2 and NO5) had chosen Norway Price. In Central and Northern Norway (NO3 and NO4), the share is significantly lower, with around 1 percent of all households and holiday homes having chosen the scheme. As of December 6, the share covered by Norway Price would account for around 12 percent of total electricity consumption.

Additionally, any price changes in the power market will depend on how the total electricity consumption evolves and how power producers and other actors in the power system adapt. This is not captured in the Thema report on which the complaint is based, as only a partial analysis is conducted. Thema has assumed that increased household demand leads to higher market prices but does not take into account how demand response in other sectors, such as industry, businesses and the public sector, would adapt - if prices where to change substantially.

The Ministry recalls that about two-thirds of electricity consumption in Norway are covered neither by the electricity support scheme nor the Norway Price. This applies to actors in the primary, secondary, and tertiary industries. If prices were to increase substantially as a result of the suggested increase in household demand, this would normally induce some reduction or shifting of consumption among energy-intensive industries and some non-essential users. By omitting this effect, Thema overestimates the extent to which prices would rise for more price-sensitive sectors, especially in dry years or periods of prolonged high prices. Thema itself states in the report that "the final price effects will be smaller" if the demand response of other sectors is taken into account.

Furthermore, Thema assumes that increased demand does not lead to increased production, establishment of new production, investment in flexibility or any impact on the establishment of new businesses, even over a ten-year period. This is not a realistic scenario if prices were to become higher and more volatile, as claimed by the complainants.

The Ministry would like to highlight four additional inaccuracies that lead to unrealistic expectations regarding price effects. Firstly, Thema does not take into account the flexibility of Norwegian hydropower, as they assume that multi-year reservoirs are unable to transfer water between years ("without the possibility of moving water between years in multi-year reservoirs", (Thema, 2025b, p. 29)). This contributes to inflated prices and risk assessments in dry years, because hydrology and reservoir management are foundational to price formation in Norway, and the flexibility of the Norwegian power system helps to dampen demand fluctuations.

[26] Calculated based on annual consumption data from Elhub for 2024.

Secondly, Thema uses a Nordic price trajectory that is considerably higher than both NVE's long-term baseline and Statnett's short-term analyses, partly due to assuming a weaker Norwegian power balance. With higher underlying prices, as in Thema's trajectory, the gap to the Norway Price reference price becomes larger, which in turn increases the modelled consumption response.

Thirdly, Thema projects effects up to 2035 under an assumption of a fixed Norway Price throughout the period, even though the scheme is by law set to last only until December 31, 2029 and the reference price shall be adjusted annually from 2027, accounting for future price developments and the objective of the scheme. The misalignment between the Norway Price scheme's price-setting mechanism and the model assumptions used by Thema leads to distorted estimates of long-term effects.

Fourthly, the complainants' scenario assumes both a higher opt-in rate than has been observed and ignores mechanisms such as the consumption cap. It is therefore not an appropriate base for assessing the effects of the scheme.

3.1.6 Heat pumps and heating with wood

The Ministry's considers that predictability related to electricity costs will provide a good basis for making sound decisions regarding energy efficiency measures. The Ministry notes that the total electricity cost level when opting in to the Norway price scheme is still considered to be substantial, comparable to historical electricity costs, and gives a financial incentive to invest in energy efficiency measures. In addition to the electricity cost per kWh, households pay surcharges to their electricity supplier, grid tariffs, value-added tax (VAT), electricity tax and the Enova fee. As mentioned in section 2.1 above, total electricity costs for households in southern Norway may typically amount to NOK 1.10 to NOK 1.30 per kWh, with some households experiencing even higher costs.[27] Furthermore, grid tariffs are expected to increase with 23 percent on average from 2024 to 2030.

NVE estimates that around 1.3 million heat pumps are installed in Norway to date, mainly air-to-air heat pumps in households. The European Heat Pump Association (EHPA) operates with a higher number and reports 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, 2025). As shown in Figure 14 Norway had the greatest amount of heat pumps sold in Europe in 2024.

The profitability of heat pumps depends on a number of factors, such as the size and age/energy standard of the dwelling, investment and maintenance costs for the heat pump in addition to electricity costs. According to the Norwegian Heat Pump Association air to air heat pumps is a technology "*with relatively low investment cost, which is normally paid off within 3 to 6 years. With an expected lifespan of 12 to 15 years, this is one of the economically favourable investments you as a homeowner can make. This is also one of the reasons why more than one million of this heat pump type has been sold in Norway"* (Norwegian Heat Pump Association, 2025). The Ministry expects air-to-air heat pumps, the most common heat pump technology, to normally still be a profitable investment with Norway Price. This is also confirmed by several heat-pump market actors (EnergiAktuelt, 2025). A high number of already installed heat pumps also means that the replacement market is growing year by year, and experience shows that most people will replace their air-to-air heat pump with a new one. High degree of market adoption and profitability is why Enova does not offer financial support for installation of air-to-air heat pumps.

[27] Based on data from RME on average grid costs for households per kWh in 2025 in NO1, NO2 and NO5.

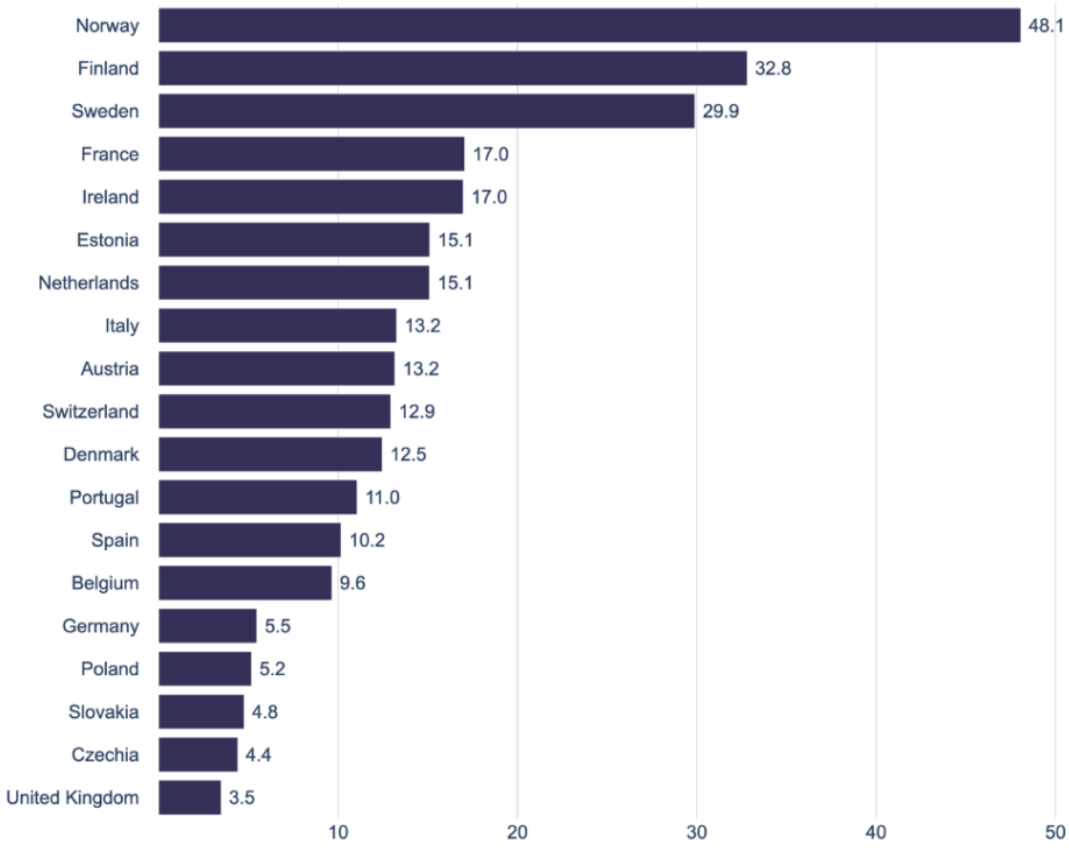

Figure 14: Sales of heat pumps per 1000 households. Source: European Heat Pump Association (2025).

Heating with wood in Norway has over the years been reduced in houses as heat pumps have become more and more common. Although electricity (including heat pumps) is the main source of heating in Norway, wood burning is still a common additional energy source, especially during cold periods, and as it provides a cozy ambiance. Wood stoves and firewood also have an emergency preparedness functions as a backup energy source. With regards to wood burning, the Ministry notes that heating with firewood is first and foremost correlated with temperature in Norway, as shown in Figure 15.

The Ministry therefore rejects the allegation in the complaint paragraph 123 that Norway Price "*creates an incentive to retain or buy new electric heating devices at the expense of alternative heating systems, in particular wood-burning stoves and heat pumps*". The allegation and its plausibility rely on the unrealistic and unsubstantiated assumptions which are refuted above.

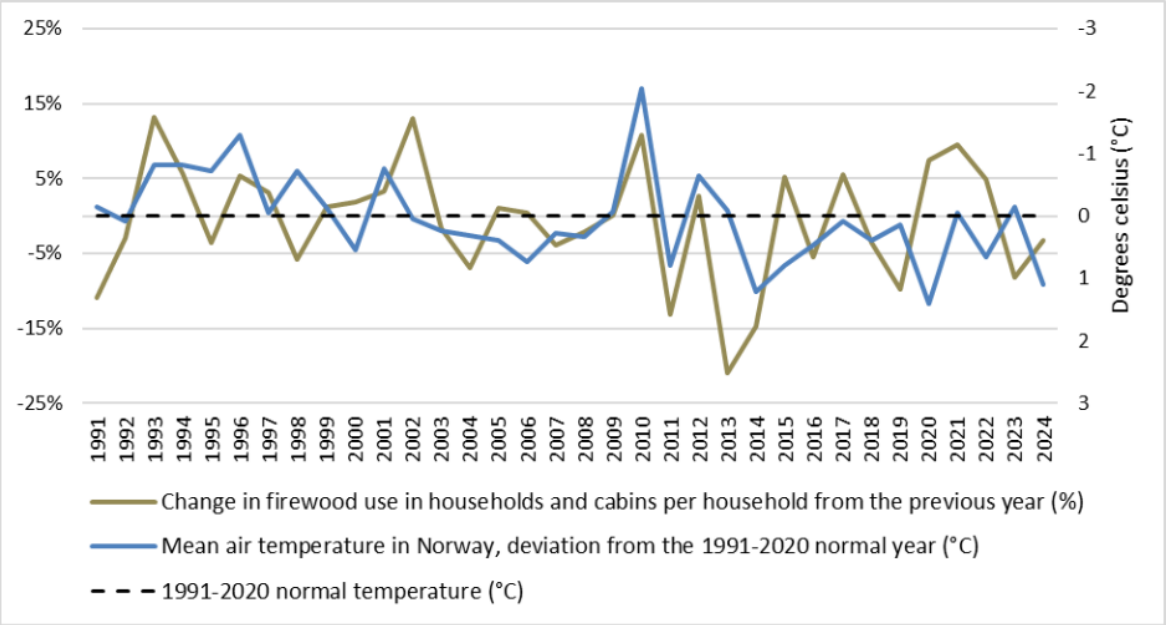

Figure 15: Change in annual firewood consumption in households and holiday homes per household from the previous year 1991-2024 (Statistics Norway (2025c), left y-axis) and annual deviation from normal temperature in Norway (Norwegian Climate Service Centre (2025), right y-axis [NOTE! Inverted axis]).

3.1.7 Incentives for energy efficiency, energy savings and flexibility

Energy efficiency has been high on the Norwegian Government's agenda in the recent years. An energy efficiency action plan was launched in 2023, the first of its kind (Handlingsplan for energieffektivisering i alle deler av norsk økonomi - regjeringen.no), and financial support schemes for energy efficiency measures in households and businesses has been strengthened. A total of NOK 4,4 billion has been allocated by the Government for the period 2021–2026 to financial support schemes for residential energy efficiency measures administered by Enova and the Norwegian State Housing Bank (Husbanken). There are also local financial support schemes for residential energy efficiency measures, for example in the municipalities of Oslo (Energi- og klimatilskudd til Oslos befolkning og næringsliv) and Stavanger (Klimavennlig støtte og utlån | Klimastavanger).

Regulatory requirements are a strong driver of energy efficiency in Norwegian houses. The Norwegian Building Regulations set requirements for the energy performance of buildings. The requirements apply to new buildings and existing buildings in the event of significant changes or upgrades. The energy requirements in the Building Regulations are among the strictest requirements in Europe (SINTEF, 2025). The Ecodesign requirements include minimum energy performance standards and has historically also shown to be a strong driver for reduced household electricity consumption. Electricity consumption in buildings is expected to continue to decline due to more energy-efficient buildings replacing less energy efficient buildings, as well as more energy-efficient electrical appliances (NVE, 2024).

With regard to flexibility, the share of households that have opted in to Norway Price (42 percent of houses and holiday homes as of December 6, 2025), will - similar to European households on fixed price contracts - not have financial incentives built into the electricity price to move consumption from one hour to another. However, these households will still have financial incentives for flexibility through the grid tariffs. For the remaining 58 percent the incentives are unchanged.

While the introduction of Norway Price may, in isolation, reduce households' financial incentives to adjust their electricity consumption in response to price fluctuations, as well as to invest in energy efficiency measures the Ministry does not consider this to be the foreseeable effects of Norway Price.

On the contrary, as explained below, the Ministry assesses that many energy efficiency investments will remain economically viable for households covered by Norway Price, and that effects on flexibility will be limited due to financial incentives through the grid tariffs.

The Ministry considers that predictability related to electricity costs will provide a good basis for making sound decisions regarding energy efficiency measures also with Norway Price and that households will still have ample incentives to invest in heat pumps and use wood for heating.

3.2 Norway Price will not substantially increase electricity consumption

3.2.1 Basic characteristics of Norwegian household energy consumption

Electricity is a basic necessity for Norwegian households and is widely used for heating, whereas other countries mainly rely on alternative energy sources such as gas, district heating, and biofuels, as illustrated in Figure 16. This is due to historical reasons, where the development of hydropower and a nationwide transmission network in the early 20th century laid the foundation for the distribution of electricity to larger parts of the country.

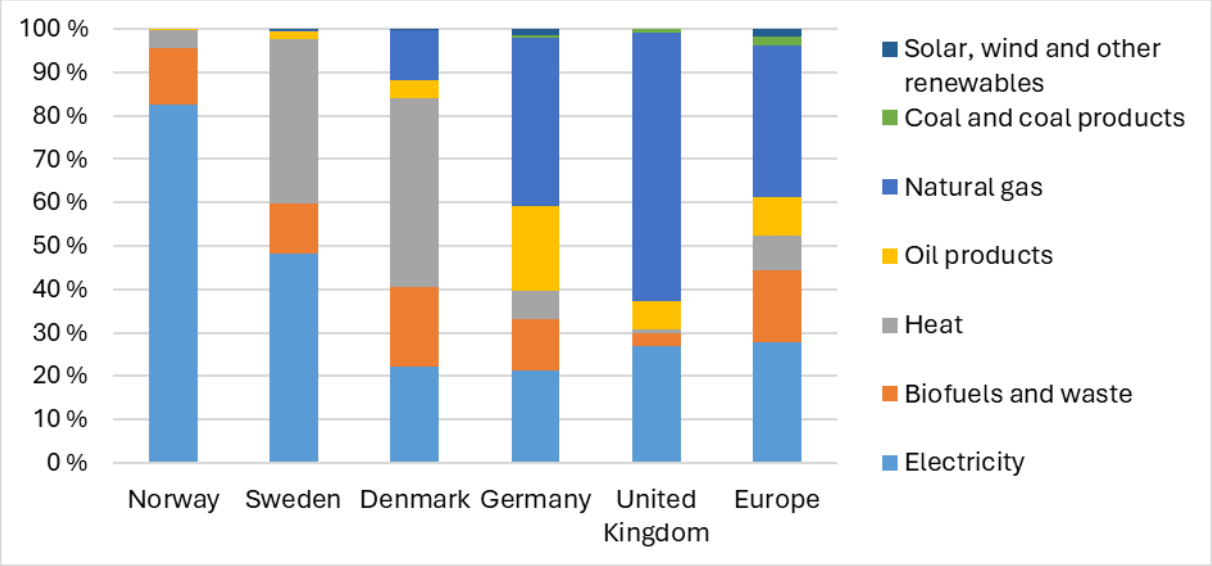

Figure 16: Residential total final consumption by source. 2023. Source: IEA (2023).

Norway is an elongated country with a near-Arctic or Arctic climate, characterized by particularly low temperatures during the winter months and longer winters compared to other European countries, see illustration A1 in Appendix 1. There are settlements in all parts of the country. The lowest recorded minimum temperature and the highest recorded maximum temperature at selected regionally typical stations are (The Great Norwegian Encyclopedia, 2025):

- Vardø –24/+27 °C
- Kárášjohka (Karasjok) –51/+32 °C
- Bodø –20/+30 °C

- Trondheim –26/+35 °C
- Bergen –16/+32 °C
- Oslo (Blindern) –26/+34 °C
- Røros –50/+31 °C
- Nesbyen –38/+36 °C
- Finse –40/+25 °C

Approximately three-quarters of Norwegian households energy use for space heating is electricity (Statistics Norway, 2022a). The demand for electricity is high during the winter months, and unlike consumption in most industries, electricity use is strongly correlated with temperature, see Figure 17 and Figure 18 and table A6 in Appendix 1. Hourly electricity consumption in households during winter can be up to 5–6 times higher than in summer. Total household consumption in any given year thus largely depends on how cold and how long the winter is. The importance of temperature for consumption levels is supported by the fact that consumption per household is 40 percent higher in the northernmost areas of Norway compared to the southern regions, see Table A5 in Appendix 1. Many people do not have the option to replace electric heating with another energy source. This contributes to electricity being even more of a necessity in Norway than in many other European countries.

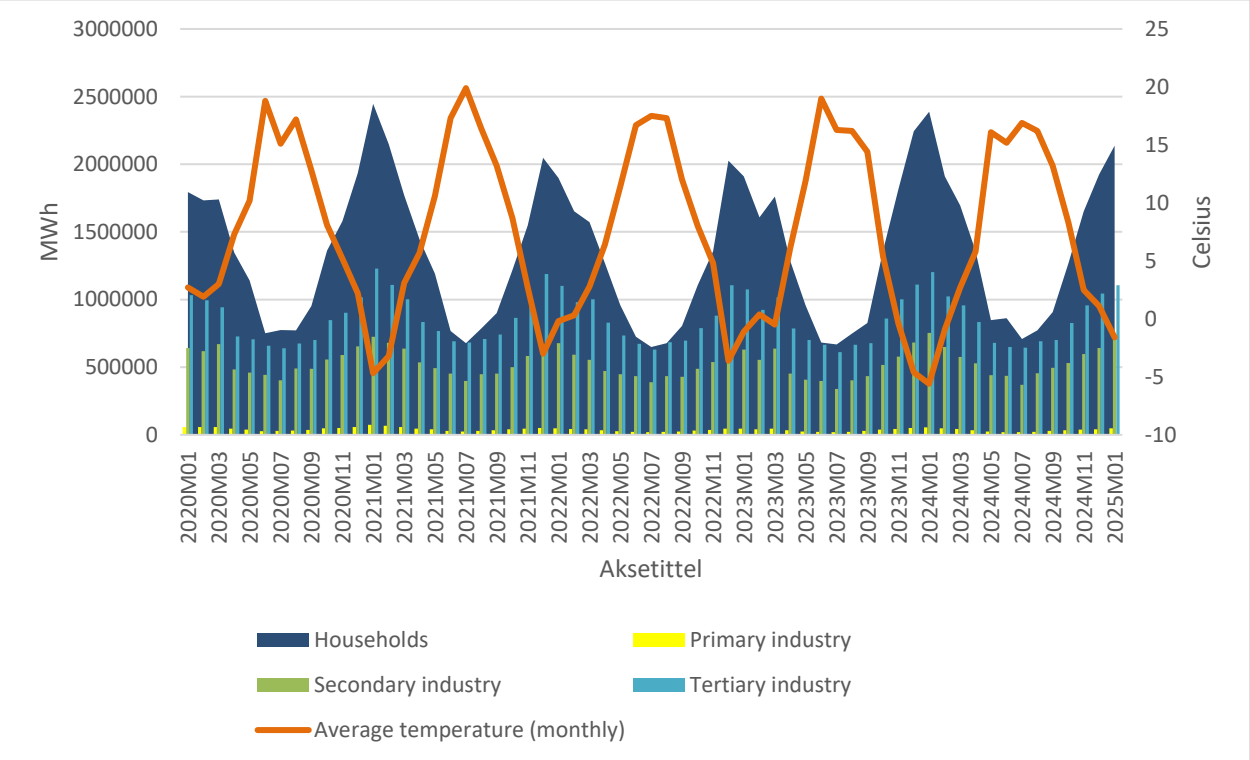

Figure 17:Monthly electricity consumption in Norwegian households and businesses in bidding zone NO1 from 2020 to 2025, and average temperature (recorded at Blindern, Oslo). Source: Statistics Norway (2025e) and the Norwegian Climate Service Centre (2025).

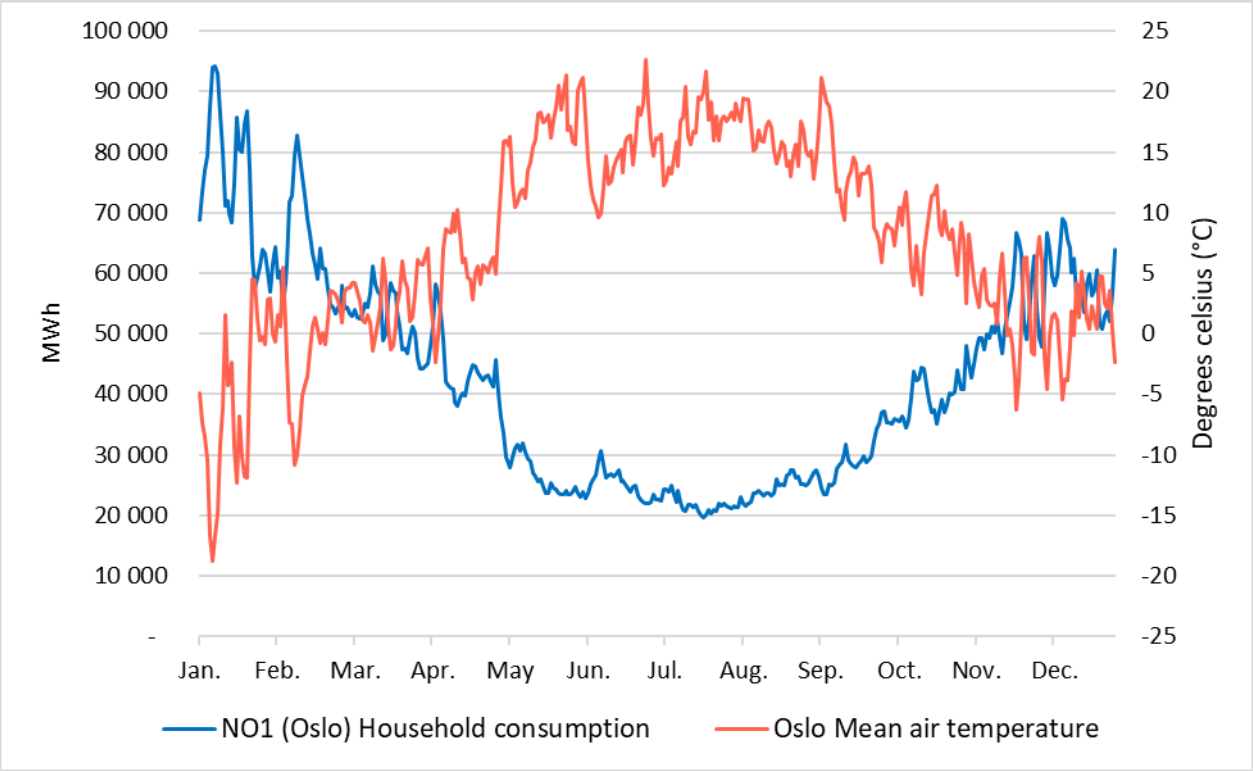

Figure 18: Daily mean temperature and household daily total electricity consumption in bidding zone NO1 (Oslo – Blindern) in 2024. Source: Norwegian Climate Service Center (2025) and Elhub.

3.2.2 Price Flexibility in Norwegian Households

Several studies have assessed the price elasticity of Norwegian households in the period following the liberalization of the household electricity market in Norway, which was one of the first countries in the world to introduce competition in the retail market in the early 1990s.

Table A1 in Appendix 1 provides an overview of recent studies published on household price responsiveness. The estimates of price elasticity vary depending on the methodology used, the time resolution of the elasticity being examined (response to hourly, weekly, or annual prices), whether spot prices or end-user prices are analysed, the reference price used to assess price changes, the time period under consideration, the geographical areas in Norway studied, the number of households included in the sample, and the extent to which adjustments are made for other factors such as price developments of other goods, real wage trends, temperature, public attention to electricity prices, etc. The various studies also use different definitions of short and long term.

However, in overall, the various studies show very low price elasticities for Norwegian households, consistent with electricity being a necessity commodity (elasticity below 1). The studies indicate an average estimated price elasticity between 0.03 and 0.05, some slightly lower or higher, even in analyses covering monthly and yearly periods. Other studies find no or close to zero short-term flexibility in situations where heating needs are particularly high during winter. Some studies point to greater price responsiveness during the period of extremely high electricity prices in Europe and Norway. The outbreak of war in Europe's neighbouring regions and the subsequent energy crisis led to significant daily media attention on high electricity prices. This coincided with a period of rising interest rates, high inflation, and declining real wages for Norwegian households. Studies conducted by Statistics Norway show that the increase in electricity prices during this period resulted in a welfare loss for many

Norwegian households. In their 2022 report on the consequences of rising electricity prices, Statistics Norway (SSB) writes, for example, that "the avoided costs resulting from electricity savings are smaller in monetary terms than the welfare loss households experience due to these savings." (Statistics Norway, 2022b, p. 74). The Consumer Council's electricity survey from 2023 also showed that a total of 35 percent of the population reported that their saving of electricity negatively impacted their quality of life (The Norwegian Consumer Council, 2023, p. 26).

The Ministry considers this period unrepresentative of price responsiveness both historically and in the coming years but concurs with several studies indicating that access to information plays a significant role in triggering energy efficiency measures in households.

3.2.3 The Ministry's views on the complainants' Assumptions About Price Elasticity

The complainants' assumption regarding the level of price elasticity among Norwegian households is critical to their claim that Norway Price will have a large effect on household electricity consumption, which in turn would lead to increased electricity prices in the market. The Ministry considers the assumptions of the complainants to be implausible.

In attachment I to the complaint (Thema, 2025a), a long-term price elasticity of 0.6 is assumed, based on a report by Vista Analyse and DNV (2022), which in turn refers to a Norwegian study from 2005. This study was conducted using household data from 1993, 1994, and 1995 and is based on the study of annual price data. This period was right after the Electricity Act of 1991 was adopted together with a market based system, and at a time where fossil fuel energy sources for heating still were widely adopted in Norwegian households[28], see Figure A1 in Appendix 1 that illustrates development in energy consumption per household. The Ministry emphasizes that the Norwegian electricity market and the situation of Norwegian households have changed significantly over the past 30 years, and the analysis referenced is not suitable for assessing the likely response of today's households. The consequence of Thema's assumption of a 0.6 elasticity, is, in the Ministry's view, that the complainants' conclusions are unrealistic. See Figure 19 and Figure 20. The Ministry also has further objections to the analysis and has further elaborated this in Appendix 2.

The Ministry emphasizes that the Thema reports, on which the complaint is based, include important caveats regarding price elasticity: "*Electricity is largely a necessity good, and households respond less to changes in electricity prices than to changes in the prices of other goods*." (Thema, 2025b, p. 8), "*Even long-term price elasticity is highly uncertain, with widely varying estimates*." (Thema, 2025a, p. 16), "*It is highly uncertain how much household consumption will respond to a price change*." (Thema, 2025b, p. 8). These caveats are not reflected or carried forward in the complainants' assessment of potential consumption and price effects. Currently, there are few studies on long-term price elasticities for Norwegian households. There are good reasons for this. Estimating price response over many years is challenging because the economy, households, building stock and the electricity market itself undergo significant changes over time. This makes it difficult to isolate the various effects, while also requiring assessments of the impact of temperature on consumption across hours, weeks, and months over a long period.

The Ministry is aware of another *unpublished* study, in which the long-term elasticity estimates are - 0.11 (Bergland, 2021) and which the complainants also give reference to. This estimate is not used when assessing the consequences of Norway Price in the enclosed Thema reports. However, several

[28] From January 1, 2020, the use of mineral oil (fossil fuel oil) for heating in buildings was prohibited.

other studies in Table A1 in Appendix 1 have examined monthly price response in households over number of years and found elasticities of 0.03 – 0.05, some slightly higher and some slightly lower. The Thema report's source for elasticities also refers to selected international studies with high electricity price elasticities. The Ministry underlines that international studies on household price elasticity are not representative of Norwegian conditions, as most other countries use different energy sources than electricity for heating and often have climates that differ significantly from Norway's. This will affect consumption both in winter and summer. 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.

Regarding other customers, it is normally assumed in power market analysis, including those of Vista Analyse and DNV (2022) and Thema, that various sectors of the Norwegian economy have a greater ability to adapt to price changes than households, as their consumption is not considered essential. However, the actual adaptability of different sectors and companies will vary depending on the type of production or services.

Figure 19 shows the historical development of electricity consumption per household in Norway for the period 1995-2024.The Ministry notes that household electricity consumption over time has shown a clear downward trend during the past 30 years. Consumption per household is now around 17 percent lower than in 1995, largely driven by policies promoting better building standards and more energy-efficient appliances.

Total electricity consumption in the household sector has remained stable between 35–40 TWh throughout this period, despite significant growth in living standards since 1995, an increase of more than 600,000 households[29], and the complete phase-out of heating with fuel oil and kerosene (Statistics Norway, 2025f). During this period, electricity prices have also shown large annual fluctuations, without any clear correlation to changes in consumption from year to year. The lowest recorded spot price for electricity occurred in 2020, a year with high inflow to the Norwegian hydropower system. That year, household consumption declined. This supports the argument that the strongest driver of changes in electricity consumption in Norway is temperature variation, similar to what is observed for gas use in European households.

Many power market analyses, as those of Statnett and NVE, assume that the decline in electricity use in buildings or general supply will continue when projecting future consumption, even in analyses that show a reduction in the long-term spot price of electricity. This is due to assumptions about continued improvements in building standards, more energy-efficient appliances, and milder winters as a result of climate change. In their short-term analysis from 2025 Statnett points out: "*In the updated Medium scenario, Norwegian electricity consumption increases by 16 TWh by 2030. The growth is primarily driven by data centres, petroleum, and transport. Industry and hydrogen see a moderate increase. Energy efficiency measures (ENØK) lead to a decline in general consumption[30], even with Norway Price"* (Statnett, 2025a, p. 30). The dotted lines in Figure 19 illustrate the projected decline in consumption per household when applying forecasts rate of decline in general consumption and in buildings from Statnett and NVE.[31]

[29] The number of households has increased by approximately 655,000 from 2001 to 2024.
[30] General consumption consists of households and service sector
[31] Statnett uses general consumption (alminnelig forbruk) and NVE uses household consumption and service sector consumption

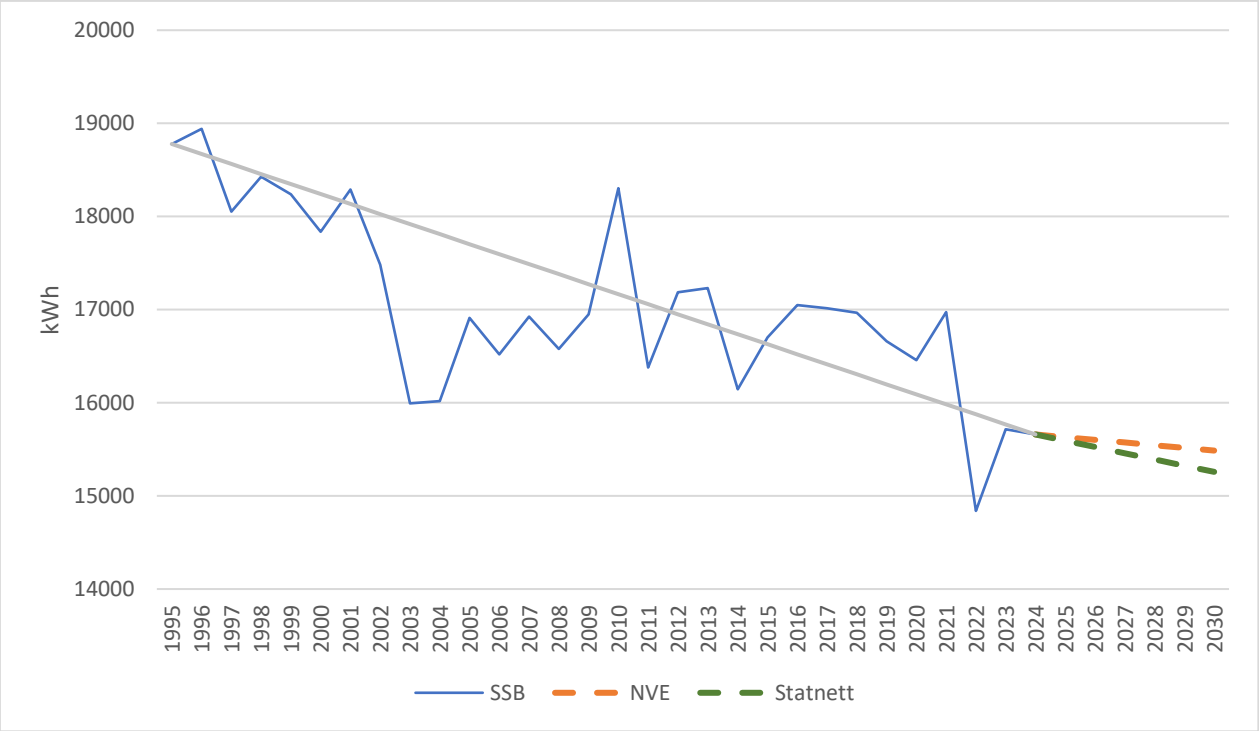

Figure 19: Historical development in electricity consumption per household and holiday home 1995-2024 (including charging of electric vehicles at home), and illustration of estimated consumption toward 2030 based on scenarios from NVE and Statnett. kWh/year. Source: Statistics Norway (2025c), NVE (2025) and Statnett (2025b).

Figure 20 shows, for comparison, the historical development of electricity consumption per household in Norway from 1995 through 2024, alongside the projected consumption trends in the attached Thema report submitted by the complainants (Thema, 2025a). The figure illustrates the expected consumption growth per household under the three different scenarios presented by Thema: Market price, Electricity support scheme, and Norway Price.[32]

In the Ministry's view, Figure 20 highlights the implausibility of the assumed price elasticity claimed by the complainants. The Thema reports estimates that under the Norway Price scheme, household and holiday home electricity consumption will be 5.8 TWh higher in 2030 compared to a scenario with the electricity support scheme in 2030, and 9.1 TWh higher compared to a market price scenario. The complainants assume in their report that all households, including those in the two northernmost bidding zones (NO3 and NO4), will opt for Norway Price. Given the current price levels and forward electricity prices, this is an unrealistic assumption, see figure A12 in Appendix 1. The Ministry notes that, as of December 6, 2025, a total of 40.7 percent of households and 50.4 percent of holiday homes had chosen Norway Price.

The Ministry has estimated that 70 percent of households in Southern Norway (bidding zone NO1, NO2 and NO5) will choose Norway Price. Given the Ministry's assumption, average consumption per household would need to be approximately 4,000–6,500 kWh higher compared to the support scheme and market price scenario in 2030, to reach the level of consumption that Thema project in 2030. Even if all Norwegian households were to choose Norway Price, the average consumption per household would need be approximately 2.200–3.500 kWh higher in 2030.

[32] Thema's scenario with Norway Price scheme also includes a reduction in VAT on the grid tariff. The results therefore do not reflect the isolated effect of the Norway Price scheme.

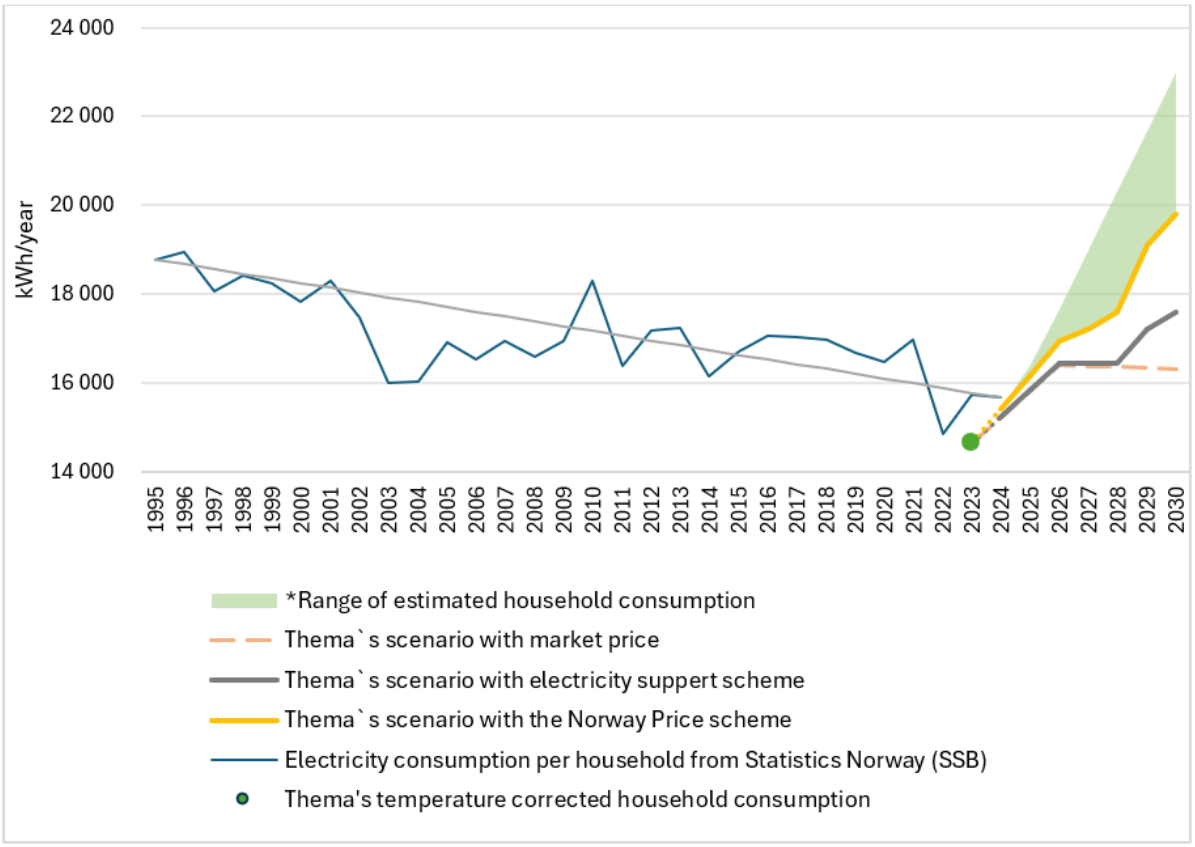

Figure 20: Historical development in electricity consumption per household and holiday home 1995-2024, and illustration of estimated consumption toward 2030 based on estimates from Thema.[33] The uncertainty band illustrates how much households with Norway Price would need to consume to reach the total household consumption level projected by Thema in the 2030 Norway Price scenario at different opt-in-rates.[34] Source: Statistics Norway (2025c) and Thema (2025a).

To reach Thema's projected consumption level in 2030, it would have to be assumed that households covered by Norway Price – estimated at 70 percent of households in Southern Norway – would need to increase their annual consumption from 15.660 kWh in 2024 to approximately 22.000 kWh.[35] If all households choose Norway Price throughout the period, the average consumption per household would need to increase to 20.000 kWh. Given that the historical trend from 1995–2024 includes years with both low and high prices, varying temperatures, and different economic conditions for households – yet it still shows a downward trend – this assumption appears extreme and unrealistic.

[33] Thema's temperature corrected household consumption and estimated total household consumption from the three scenarios "*Market prices", "Electricity support scheme"* and *"Norgespris + reduced VAT on grid tariffs"* is divided by the number of households in Norway from SSB.
[34] The uncertainty band illustrates how much electricity an average household that has chosen the Norway Price scheme would need to consume for total household consumption in Norway to correspond to Thema's estimate for the Norway Price scheme of 51.8 TWh in 2030. The uncertainty band covers the interval for the share of households that has opted for the Norway Price scheme between 41 percent (as of 8 December 2025) and 100 percent. In the illustration, it is assumed that the remaining share of households increases consumption comparable to that in Thema's Electricity Support scenario, which makes the peak of the uncertainty band more conservative than it would have been if a lower consumption growth had been assumed for households not choosing the Norway Price scheme.
[35] How much electricity an average household that has chosen the Norway Price scheme would need to increase their consumption for total household consumption to correspond to Thema's estimate for the Norway Price scheme of 51.8 TWh in 2030. It is assumed that the remaining share of households increases consumption comparable to that in Thema's Electricity Support scenario.

The required increase would be even greater if one takes into account the projected downward trend in consumption that NVE and Statnett project due to improved building standards and more efficient appliance by 2030, as shown in Figure 10 and Figure A2 inn Appendix 1.

The assumed *level* of total consumption growth is critical for Thema's model result regarding price effects of Norway Price. The Ministry would therefor like to highlight two key points regarding the realism of the consumption growth estimates made by the complainants and Thema. First, the Norway Price support scheme will only provide predictability for a portion of the end-user electricity price. The final price paid by consumers can vary due to differences in local grid tariffs and is also affected by the households' power demand (capacity-based grid tariffs). Therefore, the actual end-user price for households with Norway Price can be estimated to range between 1.10 and 1.30 NOK per kWh, depending on location.[36] Increased consumption therefore leads to increased electricity expenses – also with Norway Price.

Second, the Ministry emphasizes that there are limits to how much electricity it is realistic for individual Norwegian households to increase their consumption by, given expected developments in the building stock and projected population growth in the coming years. The complainants' consumption estimates are far above the historical range of household electricity use – even in years with historically low electricity prices in Norway or during particularly cold winters.

It is important to underline that it is still the amount of electricity used that determines what households pay – higher consumption leads to higher costs. It is unlikely that households would heat their homes significantly beyond what is necessary for a comfortable indoor temperature. Expansion of living space is expected to follow broader economic trends in Norway – such as population growth, housing prices, interest rates, and real wage development – which are largely unrelated to Norway Price. It is also assumed that other factors, as development in buildings stock and population growth, remains unchanged under Norway Price. The potential for increased electricity use must largely involve various household appliances or other home-related measures. In the presentation of the Thema report and in media coverage, it has been suggested that Norwegian households might use more electricity for things like hot tubs. However, with an investment cost from 50.000 up to several hundred thousand NOK in the mid-range of tubs, it is unlikely that the Norway Price – which in the most expensive bidding zone (NO2) is estimated to provide households with a savings of around 580 NOK per month (around 7.000 NOK per year[37]) for an average household – would trigger large-scale investments in hot tubs. Even if one assumes this as a potential driver of increased consumption, households would on average need to invests in more than two outdoor hot tubs each between 2024 and 2030 —that is, 5-6 million hot tubs in total – to reach the consumption levels projected by the complainants.[38]

3.3 Norway Price will not foreseeably affect electricity prices

Contrary to the complainants' assumption, the Ministry considers that Norway Price will not lead to substantial changes in household electricity consumption, and that the impact on electricity prices therefore will be limited.

[36] Based on data from RME on average grid costs for households per kWh in 2025 in NO1, NO2 and NO5.
[37] The amount an average household in NO2 will save through the Norway Price scheme in 2026 is estimated by the Norwegian Energy Regulatory Authority in relation to the 2026 national budget, based on consumption profiles and hourly price variations from 2024 (from Elhub), and monthly forward prices from July 2025.
[38] Assuming that 70 percent of households in Southern Norway choose the Norway Price scheme and that a jacuzzi has an annual electricity consumption of 2,000 kWh, and that the projected consumption level corresponds to the complainant's estimate for 2030 where all households are assumed to have opted for the Norway Price scheme.

This assessment is based on a range of empirical studies and the historical development of electricity use among Norwegian households.

Norway has Europe's most flexible power system, with an electricity supply largely based on dispatchable hydropower and a high level of interconnection capacity with other countries. Three quarters of the installed hydropower capacity of 34 000 MW is dispatchable. This provides a basis for adapting to ongoing changes in the power market at a lower cost than in most other countries. Furthermore, Norway currently has a historically high electricity surplus of 18 TWh and, unlike some Nordic and European countries, also a surplus in capacity balance through the year. Norway is therefore a net exporter of electricity and contributes important dispatchable capacity and flexibility to neighbouring countries. This situation is expected to continue in the coming years.

Based on the Ministry's calculations, Norway Price is expected to affect around 16 percent of the total Norwegian consumption[39], though the current share is lower. Norway Price is not expected to lead to a substantial increase in consumption. In any event, any modest behavioural changes among a portion of Norwegian consumers choosing Norway Price, must be assumed to have little impact on Norwegian electricity prices, and therefore no verifiable effect on electricity trade or price formation in other Nordic countries.

Norway is highly integrated with the European power market through interconnections totalling a capacity of 9,000 MW. Spot prices are thus determined in a complex interaction between a large number of factors in Norway and abroad. In the current price landscape, temperatures, inflow conditions, and wind conditions in Norway and the Nordics are – along with the situation in the European market regarding weather conditions, gas prices and CO_2-prices – the most significant factors influencing price formation. In the long run, price development is also affected by the expansion of new capacity as well as the total consumption growth in Norway and surrounding countries, where there is significant uncertainty about the development, see reference to Statnett and NVE's long term analysis in Appendix 4.

The Ministry also notes that exposure to real-time wholesale electricity prices (spot price contracts) among households in other Nordic and European countries is generally very low, without this being identified as a challenge for price formation or the operation of the power system. In the years ahead, as today, temperature will remain the main determinant of energy and electricity consumption in Nordic households.

The Ministry's assessment is that the Norway Price scheme will have very limited effects on household electricity consumption and wholesale electricity prices and have no traceable effect on electricity trade or prices in other Nordic countries, further described in Appendix 2. Any specific quantification of effects on consumption and/or wholesale prices, however, is inherently difficult to predict, due to *inter alia* uncertainties in estimating price elasticity in Norwegian households, uncertainties in consumption growth in industry, the petroleum sector, data centres, hydrogen production, the transportation sector etc. The percentage of households who will opt in to the Norway Price scheme through its duration is also uncertain.

[39] If as many as 70 percent of household and 90 percent of holiday homes in Southern Norway opt into the scheme in 2026. Calculated based on annual consumption data from Elhub for 2024.

Although difficult to quantify, the Ministry thorough review of historical data, research material, and various forecasts for future consumption trend supports the Ministry's position that the effects of Norway Price will be limited.

3.4 Norway Price will not create substitution effects

For situations where total electricity costs with Norway Price is lower than without, the financial incentives to implement major energy efficiency measures is, in isolation, reduced. However, the Ministry considers that predictability related to electricity costs will provide a good basis for making sound decisions regarding energy efficiency measures. It is the Ministry's assessment that the overall impact of Norway Price on energy efficiency, energy saving and flexibility will be limited due to *inter alia* that the total electricity cost for households is still substantial, that many energy efficiency measures remain economically viable, that other policies aim to stimulate energy efficiency and that there still are financial incentives built into the grid tariffs.

Energy efficiency has been high on the Norwegian Government's agenda in the recent years. An energy efficiency action plan was launched in 2023, the first of its kind, and financial support schemes for energy efficiency measures in households and businesses has been strengthened. A total of NOK 4,4 billion has been allocated by the Government for the period 2021–2026 to financial support schemes for residential energy efficiency measures through Enova and the Norwegian State Housing Bank (Husbanken).[40] There are also local financial support schemes for residential energy efficiency measures, such as in the municipalities of Oslo (Klimatilskuddet) and Stavanger (Klimavennlig støtte og utlån | Klimastavanger). In addition, the energy labelling scheme for buildings was recently improved making it better suited for existing buildings. The amendments will enter into force on January 1, 2026 and will help the energy labelling scheme to better support other energy efficiency support schemes, such as Enova, and the EU's taxonomy regulations.

Regulatory requirements are a strong driver of energy efficiency in Norwegian buildings. The Norwegian Building Regulations set requirements for the energy performance of buildings. The requirements apply to new buildings and existing buildings in the event of significant changes or upgrades. The energy requirements in the Building Regulations are among the strictest requirements in Europe (SINTEF, 2025). The Ecodesign requirements include minimum energy performance standards and has historically also shown to be a strong driver for reduced household consumption. Electricity consumption in buildings is expected to continue to decline due to more energy-efficient buildings replacing less energy efficient buildings, as well as more energy-efficient electrical appliances (NVE, 2024).

With regard to the impact of the Norway Price on local energy production profitability may improve in the case of solar PV systems with a high degree of self-consumption. During the summer, the spot price for electricity in Norway will often be below the reference price of NOK 0.4 per kWh excl. VAT. During such periods, households who have their own solar PV systems and have opted for Norway Price obtain a higher value of self-consumption than households with solar PV systems without Norway Price. This is because much of the benefit of solar power for households comes from self-consumption. By reducing the power purchased form the grid households save money from their solar PV systems. With a higher cost for electricity with Norway Price the value of self-consumption increases, and the profitability of the solar PV system increases for the household.

[40] The Norwegian State Housing Bank's grant scheme for municipal rental housing, nursing homes, and assisted living facilities, as well as residential energy measures through Enova.

With regard to flexibility, households opting in to Norway price, will not have financial incentives built into the electricity price to move consumption from one hour to another. Household incentives for flexibility are therefore identical to customers of electricity, gas or district heating supply contracts that are not following spot prices, which are common in most other European countries. However, Norwegian households still have financial incentives for flexibility built into the grid tariffs, and the overall impact on household flexibility of introducing Norway Price is expected to be limited.

In addition to the electricity cost per kWh, households pay surcharges to their electricity supplier, grid tariffs, value-added tax (VAT), electricity tax and the Enova fee. Total electricity costs for households in southern Norway may typically amount to NOK 1.10 to NOK 1.30 per kWh, with some households experiencing even higher costs.[41] Furthermore, grid tariffs are expected to increase with 23 percent from 2024 to 2030. These examples are comparable to historical electricity costs and gives financial incentives to invest in energy efficiency measures. For example, air-to-air heat pumps will normally still be profitable with Norway Price.[42] According to the Norwegian Heat Pump Association air to air heat pumps is a technology" *with relatively low investment cost, which is normally paid off within 3 to 6 years. With an expected lifespan of 12 to 15 years, this is one of the economically favourable investments you as a homeowner can make. This is also one of the reasons why more than one million of this heat pump type has been sold in Norway"* (Norwegian Heat Pump Association, 2025). High degree of market adoption and profitability is why Enova does not offer financial support for installation of air-to-air heat pumps.

NVE estimates that around 1.3 million heat pumps are installed in Norway to date, mainly air-to-air heat pumps in households. The European Heat Pump Association (EHPA) operates with a higher number and reports 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, 2025). As shown earlier in the text, in Figure 14, Norway had the greatest amount of heat pumps sold in Europe in 2024.

The profitability of heat pumps depends on a number of factors, such as the size and age/energy standard of the dwelling, investment and maintenance costs for the heat pump in addition to electricity costs. According to the Norwegian Heat Pump Association air to air heat pumps is a technology" with *relatively low investment cost, which is normally paid off within 3 to 6 years. With an expected lifespan of 12 to 15 years, this is one of the economically favourable investments you as a homeowner can make. This is also one of the reasons why more than one million of this heat pump type has been sold in Norway"* (Norwegian Heat Pump Association, 2025). The Ministry expects air-to-air heat pumps, the most common heat pump technology, to normally still be a profitable investment with Norway Price. This is also confirmed by several heat-pump market actors (EnergiAktuelt, 2025). A high number of already installed heat pumps also means that the replacement market is growing year by year, and experience shows that most people will replace their air-to-air heat pump with a new one. High degree of market adoption and profitability is why Enova does not offer financial support for installation of air-to-air heat pumps.

Heating with wood in Norway has over the years been reduced in houses as heat pumps have become more and more common. Although electricity (including heat pumps) is the main source of heating in Norway, wood burning is still a common additional energy source, especially during cold periods, and as it provides a cozy ambiance. Wood stoves and firewood also have an emergency preparedness

[41] Based on data from RME on average grid costs for households per kWh in 2025 in NO1, NO2 and NO5.
[42] The profitability of heat pumps depends on a number of factors, such as the size and age/energy standard of the dwelling, investment and maintenance costs for the heat pump in addition to total electricity costs.

functions as a backup energy source. With regards to wood burning, the Ministry notes that heating with firewood is first and foremost correlated with temperature in Norway, as shown earlier, in Figure 15.

The Ministry therefore rejects the allegation in the complaint paragraph 123 that Norway Price "*creates an incentive to retain or buy new electric heating devices at the expense of alternative heating systems, in particular wood-burning stoves and heat pumps*". The allegation and its plausibility rely on the unrealistic and unsubstantiated assumptions which are refuted above.

4. Legal analysis

4.1 Introduction

The qualification of a measure as State aid within the meaning of Article 61(1) EEA requires the following cumulative conditions to be met: (i) the beneficiary must be an undertaking (i.e. exercise an economic activity); (ii) the measure must be granted by the State or through State resources; (iii) it must confer an advantage; (iv) it must favour certain undertakings or the production of certain goods (selectivity); and (v) it must distort or threaten to distort competition, and affect intra-EEA trade.

The main argument put forth in the complaint is that Norway Price confers an indirect selective advantage for electricity producers, based on the assumption that Norway Price will result in substantially higher electricity consumption, and in turn higher wholesale spot prices. Further, the complainants argue that producers and sellers of traditional electric heating devices will receive an indirect selective advantage since Norway Price will disincentivise investments in alternative heating technologies such as wood-burning stoves and heat pumps, which would be present in absence of the scheme.

The Ministry disagrees with this assessment.

In our view, Norway Price is a cost predictability scheme directed at private households and therefore falls outside the ambit of the state aid rules. In particular, Norway Price does not confer an indirect selective advantage to any undertakings, as explained further below.

4.2 The Norway Price scheme benefits households and not undertakings

The direct beneficiaries of the Norway Price scheme are private households / consumers, which do not constitute undertakings within the meaning of Article 61(1) EEA. Measures directed at private consumers generally fall outside the ambit of the state aid rules.

The fact that schemes benefitting households do not entail state aid was confirmed by the European Commission in case SA. 104994, approving a Dutch support scheme under the Temporary Crisis Framework for State aid measures to support the economy following the aggression against Ukraine by Russia. The Dutch measure consisted in a monthly reduction of the natural gas, electricity and heating bill to all small energy users in the Netherlands.[43] The aid was calculated for each beneficiary based on its average monthly energy consumption and the difference between the individual contractual energy price and the maximum prices set for electricity under the measure. The final beneficiaries of the measure were households and small and medium-sized enterprises ('SMEs') that qualified as small energy users.[44]

[43] SA. 104994, para. 23.
[44] SA 104994, para 16.

In its legal analysis of the measure, the Commission clearly states that the part of the measure that benefits households did not constitute state aid. This follows from paragraph 50 of the Decision:

> "With respect to the part of the measure that benefits households, the Commission notes that households do not qualify as undertakings (see recital (19)). It is clear from Article 107(1) TFEU that State aid can only be provided to undertakings. Since households do not qualify as undertakings, the support provided to them under the measure cannot be considered as State aid. In light of the foregoing, the Commission concludes that the part of the measure providing support to households does not involve aid pursuant to Article 107(1) TFEU."

The Ministry notes that the Commission did not consider it necessary to question whether the support granted to households entailed an indirect advantage to producers. [45]

The same reasoning should apply in this case. The objective of the Norway Price scheme is to provide Norwegian households with security and predictability during a time of volatile and occasionally very high electricity prices. Norway Price is a cost predictability scheme for households under which they are settled against a reference price per kWh. The scheme is neither intended nor designed to favour undertakings. The Norwegian authorities consider that this alone should be sufficient for ESA to close the case. However, to facilitate ESA's assessment, the Ministry will nonetheless provide its views on whether the measure entails indirect state aid below.

4.3 The Norway Price scheme does not confer an indirect advantage on undertakings

4.3.1 Norway Price differs significantly from measures entailing an indirect advantage

The complainants argue that Norway Price amounts to unlawful State aid because it could confer an *indirect advantage* on certain undertakings. The Ministry does not dispute that Article 61(1) EEA with its reference to "*aid granted* (…) *in any form whatsoever*" covers direct as well as indirect aid. However, contrary to the depictions in the complaint, Norway Price does not confer an indirect advantage on certain undertakings which conflict with the State aid rules.

Point 116 of ESA's Guidelines on the Notion of Aid ("NoA") clarifies that indirect advantages should be distinguished from mere secondary economic effects that are inherent in almost all State aid measures. An indirect advantage is present "*if the measure is designed in such a way as to channel its secondary effects 'towards identifiable undertakings or groups of undertakings*." This applies, for example, when direct aid is conditional—de facto or de jure—on purchasing goods or services only from certain undertakings, for instance those located in specific regions. By contrast, a mere secondary economic effect in the form of increased output is not considered indirect aid. To distinguish between the two, the foreseeable effects of the measure should be assessed from an ex-ante point of view.

When assessing the foreseeable effects of the measure, it is necessary to consider how the measure is designed. The complainants argue that "designed" should not be interpreted as referring to the aim of the aid, but that only the actual effect of the scheme is relevant (see paragraph 77 et seq. in the complaint). While Article 61(1) EEA does not distinguish between state aid measures by reference to their aims but rather defines them in relation to their effects, case law nonetheless demonstrates, that the design how the scheme including what the measure is intended to achieve, is relevant to determine whether effects are foreseeable ex-ante.

[45] Similarly, in case SA. 104606 (TCF: Temporary cost containment of natural gas, heat and electricity price increases), the Commission did not consider it necessary to examine whether part of the measure benefitting households conferred an indirect advantage on producers.

A common feature of the cases where the indirect advantages have been found to be present is that the primary objective of the scheme was to stimulate demand for specific products or technologies and to facilitate a shift in consumer behaviour. The respective schemes were explicitly designed to incentivise consumers to make new purchases or transition to alternative solutions, thereby directing secondary effects towards identifiable undertakings. This differs fundamentally from how Norway Price has been devised.

In *Ryanair and Malta Air v Commission*[46]*,* the General Court held that*,* "since the objective of the measure at issue [was] to find a financing solution in order to meet Air France's liquidity needs" and Air France-KLM played a certain role in financing the Air France-KLM group, the measure would have "the foreseeable ex ante effects of (i) improving the financial situation of that holding company – which is a party to the agreements at issue and has significant contractual rights and obligations in that capacity – and thus of the group as a whole, and (ii) ensuring the financial stability – including in the eyes of the financial markets – of that group as a whole, including KLM." (para 158).[47]

In case T-424/05 *Italy v Commission*[48], the General Court observed that the measure was "intended to promote the market capitalisation of small- and medium-cap companies", and that "its purpose is to direct subscribers' savings towards specialised investment structures" (paragraph 112). The Court further held that if the measure, "in accordance with its purpose, induces subscribers to acquire units in specialised investment structures", those undertakings or their managers would derive an advantage from the scheme (paragraph113). [49]

In ESA's decision in the so-called "*Pellets-case*"[50], which is referenced in the complaint, ESA noted that the primary purpose of the scheme was to promote the sale of specific heating technologies.[51] By granting subsidies to private households for investments in certain types of renewable heating technology, the scheme was designed to provide a direct economic incentive for consumers to purchase these products and to *switch* from traditional electric heating to alternative systems—thereby conferring an indirect advantage to undertakings active in the sector for alternative, renewable heating systems.

A similar approach was applied in ESA's decision concerning a *VAT exemption for electric vehicles*.[52] The objective of this scheme was to support the demand and use of electric vehicles.[53] ESA noted that, by reducing the purchase price of electric vehicles, the exemption could stimulate increased demand for both electric vehicles and their batteries compared to a scenario in which no such aid was provided. Accordingly, this measure was found to provide an indirect benefit to manufacturers and dealers of such vehicles and batteries (paragraph 83).

In *Mediaset*[54], which the complainants also reference to substantiate their claim that Norway Price entails an indirect advantage, Italy provided a grant of EUR 150 to users who purchased or rented set-top boxes or decoders capable of receiving digital terrestrial TV signals and associated interactive services. Devices unable to receive digital terrestrial signals were not eligible for the grant. The Commission

[46] Judgement of the General Court of 20 December 2023, Ryanair and Malta Air v Commission, T-216/21, EU:T:2023:822.
[47] The Commission has appealed the ruling.
[48] Judgement of the General Court 4 March 2009, Italy v Commission, T-424/05, EU:T:2009:49.
[49] A comparable case was considered by the General Court in a Judgement of 4 March 2009, Associazione italiana del risparmio gestito and Fineco Asset Management v Commission, T-445/05, EU:T:2009:50.
[50] ESA's case 329/09/COL.
[51] See section 1.2.1.
[52] Decision 150/15/COL: Letter
[53] Ibid, para. 23.
[54] Judgement of the Court of Justice of 28 July 2011, *Mediaset SpA v Commission,* C-403/10 P, EU:C:2011:533.

concluded that this measure incentivised consumers to switch from analogue to digital terrestrial television (paragraph 86), thereby providing an indirect advantage to digital terrestrial broadcasters by relieving them of the cost of subsidising decoders—a common strategy to build their audience.[55]

Norway Price differs significantly from these measures. Contrary to the cases referenced above, Norway Price is not specifically designed to stimulate consumption or promote a shift to new business models or technologies. Norway Price aims to provide Norwegian households with predictability during a time of volatile and occasionally very high electricity prices. The scheme does not contain incentives for consumers to increase their consumption. The scheme is not designed to channel secondary effects towards identifiable undertakings or groups of undertaking.

4.3.2 Norway Price does not confer an indirect advantage on undertakings

As follows from case law and the NoA, to assess whether the Norway Price scheme entails an indirect advantage to electricity producers and producers and sellers of electrical heating appliances, the foreseeable effects of the measure should be examined from an ex-ante point of view.

The complainants allege that Norway Price confers an indirect advantage to these producers and sellers because it will lead to a substantial increase in consumption of electricity and that this will foreseeably drive up the spot price for electricity, which in turn will lead to increased revenues for electricity producers. Further, the complaint states that Norway Price will disincentivize investments in alternative heating technologies, thus conferring an indirect advantage on producers and sellers of traditional electric heating appliances.

The Ministry disagrees.

First, there is no empirical data supporting that Norway Price will have the foreseeable effect of substantially increasing household electricity consumption. The premise that household electricity consumption will increase substantially as a result of the scheme, which in turn will lead to higher spot prices, is incorrect in several respects.

The Ministry recalls that electricity consumption in Norwegian households is largely determined by basic heating needs, and other essential uses, such as cooking, hot water and laundry, which occur at roughly the same times during the day or week. Norway is an elongated country with a near-Arctic or Arctic climate, characterized by particularly low temperatures during the winter months and longer winters compared to other European countries. Consequently, electricity demand is especially high in the winter months, and unlike consumption in most industries, household electricity consumption is strongly correlated with temperature. Household consumption in any given year largely depends on how cold and how long the winter is. The importance of temperature for consumption levels is supported by the fact that consumption per household is 40 percent higher in the northernmost areas of Norway compared to the southern regions. Consequently, households have traditionally had limited opportunities to adjust their consumption patterns, particularly across days and seasons.

Electricity made up 83 percent of total household energy consumption in Norway in 2023. In comparison, electricity made up only 28 percent of household energy consumption in Europe (IEA, 2023).[56] For heating specifically, electricity accounted for only 5 percent of energy use in the EU in 2020, but nearly three quarters in Norway—and around 95 percent for water heating (Statistics Norway, 2022a). Norway thus has a distinct position compared to most other European countries regarding household electricity consumption patterns. Examples of common electricity-based heating technologies in Norway are panel heaters and air-to-air heat pumps. Most Norwegian households do not have the option to replace

[55] See SA.20152.

electricity-based heating with another energy source. This contributes to electricity being even more of a necessity in Norway than in many other European countries.

Traditionally, the assumption has been that households are among the least elastic electricity consumers in Norway, since most electricity consumption is tied to basic necessities. Several studies confirms the assumption that households consumption is inelastic, and indicate that the short and medium term price elasticity of electricity may be very low. The low elasticity is supported by historical data, which show that outdoor temperatures are the main driver of electricity use.[57]

As previously mentioned, the complainants' assumption that household consumption will increase as a result of Norway Price is based on an outdated study using data from 1993-1995. These data do not reflect the Norwegian electricity market and the situation of Norwegian households today. Further, the international studies referred to are not representative for Norwegian conditions, as most other countries use different energy sources than electricity for heating and often have climates that differ significantly from Norway's. This will affect consumption both in winter and summer. The overall results when looking at various studies, show very low price elasticities for Norwegian households, consistent with electricity being a necessity commodity (elasticity below 1). The studies indicate an average estimated price elasticity between 0.03 and 0.05, some slightly lower or higher, even in analyses covering monthly and yearly periods. Other studies find no or close to zero short-term flexibility in situations where heating needs are particularly high during winter.

As mentioned above, Thema predicts that household and holiday home electricity consumption will raise by 5.8–9.1 TWh in 2030 (compared to a situation with the electricity support scheme and market prices, respectively), or 10.8 TWh relative to today's total household consumption, due to Norway Price. For consumption to be 5.8–9.1 TWh higher in 2030, there would need to be a substantial growth in household consumption over the coming years. This consumption appears extreme and unrealistic given that the historical trend from 1995–2024 includes years with varying electricity prices, varying temperatures, and different economic conditions for households – and still shows a downward trend in household electricity consumption.

Based on these market realities, Norway Price does not have the foreseeable effect of leading to a substantial increase in household electricity consumption.

The Norway Price scheme only applies to a portion of the end-user electricity costs and the final end-user cost is still considered to be substantial compared to historical levels. Increased consumption will still lead to increased electricity expenses – even with Norway Price. As a result, consumers remain incentivised to use electricity prudently also with Norway Price.

Moreover, there are limits to how much electricity it is realistic for individual Norwegian households to increase their consumption by, given expected developments in the building stock and projected population growth in the coming years. As demonstrated above, the complainants' consumption estimates are far above the historical range of household electricity use – even in years with historically low spot prices in Norway or during particularly cold winters, rendering them unrealistic.

The Ministry also rejects the claim that Norway Price will foreseeably drive up wholesale spot prices. According to the Ministry's estimates, consumption covered by the Norway Price is likely to account for approximately16 percent of Norway's total electricity consumption. Norway has Europe's most flexible power system, with an electricity supply largely based on dispatchable hydropower and a high level of

[57] Prop. 148 (2024-2025), p. 24.

interconnection capacity with other countries. Minor behavioral changes among a portion of Norwegian consumers due to Norway Price is expected to have little impact on Norwegian spot prices.

Based on the above, the Ministry upholds that the Norway Price scheme will have limited effects on household electricity consumption and wholesale spot prices. The Ministry further notes that any specific quantification of effects on consumption and/or wholesale prices, however, is inherently difficult to predict, due to inter alia uncertainties in estimating price elasticity in Norwegian households, uncertainties in consumption growth in industry, the petroleum sector, data centers, hydrogen production, the transportation sector etc. The percentage of households who will opt in to the Norway Price scheme through its duration is also uncertain.

Given that electricity is an essential good, it is likely that any savings consumers obtain through election of Norway Price will either increase household savings or be spent on goods and services in general. On this basis, it is difficult to see that Norway Price is designed in such a way as to channel its secondary effects towards electricity producers and producers and sellers of electric heaters, as a group of identifiable undertakings or groups of undertakings. Several other actors—such as food producers, clothing manufacturers, and others—may also experience positive secondary economic effects from the measure. This suggests that any effects of Norway Price are comparable to those present in any support scheme, without conferring an indirect advantage to any undertakings.[58]

The complainants' assertions that Norway Price creates an incentive to retain or buy new electric heating devices at the expense of alternative heating systems, in particular wood-burning stoves and heat pumps, is also speculative and overly simplistic.

Heat pumps are a common energy efficient heating technology in Norway. The profitability of heat pumps depends on a number of factors, such as the size and age/energy standard of the dwelling, investment and maintenance costs for the heat pump in addition to electricity costs. The Ministry expects air-to-air heat pumps, the most common heat pump technology, to normally still be a profitable investment with Norway Price. This is supported by the fact that heat pump suppliers themselves note that installing and operating heat pumps will remain profitable, even with the Norway Price scheme, as heat pumps still will continue to result in lower electricity expenses (Energiaktuelt, 2025).

The introduction of the Norway Price may, in isolation, reduce households' financial incentives to invest in technologies for energy efficiency. Nevertheless, the Ministry assesses that many energy efficiency investments will remain economically viable. Compared to the situation before the energy crisis and compared to a situation with only the electricity support scheme, it is the Ministry's assessment that the overall impact of the Norway Price scheme on the adoption of energy efficiency measures and energy savings will be limited.

With regards to wood burning, the Ministry notes that heating with firewood is first and foremost correlated with temperature in Norway. Although electricity (including heat pumps) is the main source of heating in Norway, wood burning is still a common additional energy source, especially during cold periods, and as it provides a cozy ambiance. Wood stoves also have additional emergency preparedness functions, as a backup energy source. The Ministry also notes that suppliers of wood and wood stoves have expressed differing views on the effect of Norway Price on the market outlook for heating with firewood (E24, 2025; NRK, 2025).

[58] The Ministry notes that a similar reasoning was followed by the General Court in Joined Cases C-331/20 P, *Volotea v Commission*, and C-343/20 P, *easyJet Airline v Commission*. See also SA.117659 and ESA's decision regarding rate of taxation on electricity directly provided to vessels in 216/16/COL.

Electricity costs for households covered by the Norway Price scheme are still considered to be substantial and comparable to historical electricity costs. Thus, the incentive to save electricity and to choose alternative measures remains in place. Accordingly, it would be incorrect to assume that Norway Price removes the benefits of investing in and using heat pumps or wood stoves as explained above

Consequently, the scheme does not create any indirect advantages for electricity producers and producers and sellers of electric heaters at the expense of producers of products such as heat pumps and firewood.

On this basis, the Ministry submits that Norway Price is not designed to channel secondary effects toward specific undertakings or groups. Its design is fundamentally different from cases where indirect advantages have previously been established.

4.4 Norway Price does not selectively benefit certain undertakings/ sectors

4.4.1 Introduction

To fall within the scope of Article 61 (1) of the EEA Agreement, a State measure must favour "certain undertakings or the production of certain goods". As follows from NoA "…*not all measures which favour economic operators fall under the notion of aid, but only those which grant an advantage in a selective way to certain undertakings or categories of undertakings or to certain economic sectors*".[59]

The fact that a measure is sectoral is not sufficient to make a measure selective, and there is no presumption of selectivity. The judgments of the Court in *Hansestadt Lübeck and Comunidad Autónoma de Galicia* and *Retegal* dealt with sectoral measures (airport charges at the Lübeck airport, and digitisation and extension of terrestrial television network in Spain, respectively). The Court found in these judgments that it is necessary to determine a particular legal regime and thereafter assess whether a measure favours 'certain undertakings or the production of certain goods' over others which, in the light of the objective pursued by that regime, are in a comparable factual and legal situation.[60]

This implies first, that the system of reference must be identified. Second, the position of the undertaking benefiting from the measure must be compared to other undertakings, which are in a comparable factual and legal situation in the light of the objective pursued by the measure. If the measure is *prima facie* selective, it must be examined whether the exemption can be justified within the nature and logic of the general scheme of the system.

Even though the Ministry considers that no advantage is conferred on any undertakings through Norway Price, any advantage would in any event not be selective in nature, as shown below.

4.4.2 Identification of the reference system

The Ministry notes that the identification of the relevant reference framework constitutes the starting point for the comparative analysis required under Article 61(1) EEA. It is an important step of the analysis that cannot be dispensed with, as the very existence of an advantage may only be established in relation to what constitutes the "normal" situation within a given legal system.

In Joined Cases C-51/19 P and C-64/19 P *World Duty Free Group*, the CJEU in Grand Chamber stated that the determination of the reference framework must follow from an "*objective examination of the*

[59] NoA, paragraph 117.
[60] See also T-489/21 Spain v Commission, where the General Court also uses the three-step test.

content, the structure and the specific effects of the applicable rules under the national law of that State".[61]

In a situation where the measure cannot be linked to any broader or pre-existing legal regime, the measure itself may constitute the appropriate reference framework. According to *World Duty Free Group,* it must be assessed whether the measure is "*clearly severable from the general system*" and has "*its own legal logic*" without it being possible to "*identify a consistent body of rules external to that measure*". In such a case, the reference framework may equate to the measure itself. [62]

This also follows from C-233/16 *ANGED*, where the CJEU examined a Catalonian regional environmental tax imposed on large retail establishments exceeding 2 500 m² ("the IGEC"). The purpose of the tax was to offset the environmental and territorial effects caused by such establishments, in particular increased traffic and land use.[63] When identifying the reference framework, the CJEU considered that the IGEC was not a derogation from a broader national regime but rather a self-contained system pursuing its own environmental and town-planning objectives. These objectives were "extrinsic" to Spain's general taxation system, which was primarily fiscal in nature.[64] The Court thus reasoned that the differentiation between undertakings had to be assessed in light of those regulatory aims rather than by reference to general tax rules. This reasoning reflected the Court's view that the IGEC pursued a distinct regulatory purpose — "*to contribute towards environmental protection and town and country planning*" (para 52) — and that the relevant comparison had to be made within that specific framework. Accordingly, when later assessing the exemptions and reductions in the IGEC scheme, the CJEU explicitly held that they "*derogate from the framework established by that specific tax*".[65]

In C-487/06 P*, British Aggregates Association v Commission*, the CJEU examined the UK's Aggregates Levy ("the AGL"), an environmental tax imposed on the commercial exploitation of virgin aggregates such as sand, gravel and rock. When determining the reference framework, the Court of First Instance ("General Court") held that the AGL pursued a specific environmental objective and therefore constituted a self-contained regime distinct from the general tax system.[66] The CJEU endorsed this reasoning, confirming that "*Member States are free (…) to set their priorities as regards the protection of the environment and, as a result, to determine which goods or services they decide to subject to an environmental levy, with the result that the fact that such a levy does not apply to all similar activities which have a comparable impact on the environment does not mean that similar activities, which are not subject to the levy, benefit from a selective advantage*."[67] Thus, CJEU confirmed that the selectivity assessment had to be made in light of the purpose and internal logic of the environmental levy rather than by reference to the general tax system.

The Ministry submits that Norway Price, established under the Norway Price Act, must be assessed in light of, and in accordance with, these principles.

At the outset, the Ministry notes that there are no general rules governing the price of electricity for households in Norway. Norway has consumer-protection regulation governing the marketing of

[61] Judgement of the Court of 6 October 2021 in Joined Cases C-51/19 P and C-64/19 P, *World Duty Free Group*, ECLI:EU:C:2021:793, paragraph 62.
[62] Judgement of the Court of 6 October 2021 in Joined Cases C-51/19 P and C-64/19 P, *World Duty Free Group*, ECLI:EU:C:2021:793, paragraph 63.
[63] Judgement of the Court of 26 April 2018 in Case C-233/16, *ANGED*, ECLI:EU:C:2018:280, paragraph 52–53.
[64] Judgement of the Court of 26 April 2018 in Case C-233/16, *ANGED*, ECLI:EU:C:2018:280, paragraph 43.
[65] Judgement of the Court of 26 April 2018 in Case C-233/16, *ANGED*, ECLI:EU:C:2018:280, paragraph 58.
[66] Ibid, para. 115.
[67] Judgement of the Court of 22 December 2008 in Case C-487/06 P, *British Aggregates Association*, ECLI:EU:C:2008:757, paragraph 86.

electricity supply agreements, invoicing of electricity supply to consumers etc., but the electricity price has been left to market mechanisms. Consequently, there are no general rules that can be compared to, for example, a general framework of corporate taxation.

Prior to the adoption of the Norway Price Act, the only legislation governing electricity costs for Norwegian households was the temporary electricity support scheme established under the Temporary Act on Support to Households for Extraordinary Electricity Expenses (*Norwegian*: Midlertidig lov om stønad til husholdninger som følge av ekstraordinære strømutgifter) in December 2021. The Norway Price Act maintains the electricity support scheme as an alternative to Norway Price. Households who do not opt in to Norway Price for their primary residence, automatically receive electricity support.

According to the preparatory works, the purpose of the Norway Price Act is to "*establish schemes for financial support and predictable prices"*.[68] To that end, the Act creates two complementary mechanisms: (i) an electricity support scheme and (ii) the Norway Price system. The objective of the electricity support scheme is to provide financial support to households due to high electricity prices.[69] The Norway Price scheme is designed to provide Norwegian households with security and predictability during a time of volatile and occasionally very high electricity prices. The Norway Price Act thus establishes autonomous framework designed to achieve a specific public-interest goal; to provide financial support and predictable prices to households whose energy needs are first and foremost met by electricity (and not other energy sources).

As explained in section 2 above, the Norway Price scheme is also clearly defined in terms of its scope, objective, how the scheme is to be administered, the support mechanism, eligible customers and duration. The scheme has been devised based on the circumstances and logic that Norway is a country where electricity is a basic necessity, where a large share of households are exposed to hourly wholesale spot prices and where low liquidity in the financial power market poses challenges for electricity suppliers in offering variable and fixed-price contracts on competitive terms, and is consistent with the objective of the Norway Price Act. The Ministry considers that the Norway Price Act, and more specifically the Norway Price scheme, constitutes the relevant reference framework for assessing any differentiation within the system. Any differentiation under the Norway Price scheme must thus be assessed considering its own objectives and internal logic, not by reference to hypothetical market conditions in the absence of the Norway Price Act, as the complainants appear to suggest.

4.4.3 No prima facie selectivity - no deviation from the reference system

The complainants argue that Norway Price constitutes a selective measure on the ground that, by reducing consumers' incentive to save electricity, the scheme allegedly confers an indirect advantage on an identified group of undertakings — electricity producers — at the expense of (i) other energy producers and (ii) manufacturers of energy-efficient heating products. The complainants' reasoning is based on a comparison between the situation under the Norway Price scheme and a hypothetical scenario in the absence of the Norway Price Act.

The Ministry does not agree with this analysis. As mentioned above, properly assessed, Norway Price is a self-contained regulatory framework pursuing a legitimate consumer-protection objective, namely, to provide households with greater security and predictability in a period of volatile and occasionally very

[68] Prop. 148 L (2024–2025), section 1. In the original language: *"Regjeringen vil gi norske husholdninger økt trygghet og forutsigbarhet i en tid med volatile og tidvis svært høye strømpriser*" and "*Formålet med loven er å etablere ordninger for økonomisk stønad og forutsigbare strømpriser og fjernvarmepriser til husholdnings- og fritidsboligforbruk*".
[69] Cf. section 1 of Regulation No. 1791 of 8 September 2025 on Electricity Support **and** section 1 of the now repealed Act No. 170 of 22 December 2021 on Electricity Support.

high electricity prices. The relevant reference framework is therefore the Norway Price Act and the scheme itself.

Within that specific framework, the scheme does not differentiate between undertakings that are in a comparable legal and factual situation *in light of its objective*. As mentioned in section 2, Norwegian households are dependent on electricity for heating and other needs. The comparison to other energy sources is, in a Norwegian context, and in view of the objectives of the Norway Price Act and the scheme, not meaningful.

Neither the Norway Price Act nor the scheme entails any legal or factual discrimination against manufacturers of energy-efficient heating technologies. These undertakings do not fall within the scope of the Act, which applies exclusively to household consumers and influences the households' total cost of electricity. Consequently, both producers of conventional and energy-efficient technology are treated identically under the measure: neither category is granted or denied any right, obligation, or advantage.

The Norway Price Act is intended to provide financial support and predictable prices for households. For Norwegian households, the need for protection against volatility, which Norway Price aims to remedy specifically, arises only in the electricity market, where most end-users are directly exposed to short-term fluctuations in the wholesale spot market. The Norway Price Act and the scheme targets electricity costs and thus reflect structural differences between markets and does not amount to discrimination. A comparable example, referred to in the legal literature, concerns a tax on diesel vehicles from which cars equipped with particulate filters are exempt. Although only some vehicles are relieved from the tax, the two categories are not in a comparable situation in light of the measure's objective (environmental protection). The exemption therefore follows from the purpose of the scheme and does not entail selectivity.[70] Just as the owners of diesel vehicles equipped with particulate filters were held not to be in a comparable situation to those without such filters in view of a measure pursuing public-health objectives, producers of electricity and other energy sources are not in a comparable situation in the light of the consumer-protection objective pursued by the Norway Price Act, and more specifically the scheme. Accordingly, the measure is not selective.

Nor does the Norway Price Act produce any discriminatory effect in the market for heating appliances. Manufacturers of conventional and energy-efficient technologies are in an identical position under the Act, as neither group is conferred any right, obligation, or advantage. As mentioned above, Norwegian heat pump suppliers themselves note that installing and operating heat pumps will remain profitable, even with the Norway Price scheme, as heat pumps still will continue to result in lower electricity expenses (EnergiAktuelt, 2025).

The boundaries of the Norway Price Act and the specific conditions governing Norway Price has been designed in a consistent manner and is neither arbitrary nor biased so as to favour certain undertakings over others. Based on the above, the Norwegian authorities submit that the Norway Price Act is not *prima facie* selective. It is therefore not necessary to proceed to Step 3 of the analysis.

5. Summary

The Norwegian authorities respectfully submit, that the Norway Price scheme does not confer any indirect unlawful state aid to electricity production and producers and suppliers of electric heating appliances, at the expense of alternative (heating) energy sources. The Ministry welcomes the

[70] Michael Honoré, 'Chapter 4: Selectivity', in Vincent Verouden and Philipp Werner (eds), *EU State Aid Control: Law and Economics* (Second Edition), p. 168.

opportunity to discuss the case further with ESA, if ESA should so wish as part of its case handling procedure.

Med hilsen

Kaja Moe Winther (e.f.)
avdelingsdirektør

Hege Smith Heiberg
fagsjef

Dokumentet er elektronisk signert og har derfor ikke håndskrevne signaturer

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