ROYAL NORWEGIAN MINISTRY
OF ENERGY

EFTA Surveillance Authority
Internal Market Affairs Directorate

December 15, 2025

Att.: Anne de Geter

Complaint concerning Norway Price for electricity – case No. 94448

1. Introduction

On October 10, 2025, The Norwegian Ministry of Energy ("the Ministry") received a letter from the Internal Market Affairs Directorate ("the Directorate") of the EFTA Surveillance Authority ("the Authority"). The letter refers to a complaint against Norway "concerning the fixed price scheme for electricity in Norway" which is referred to as the "Norway Price" and invites the Norwegian Government to provide answers to a number of specific questions within November 7. By email from the Directorate on October 22, the deadline was upheld for a preliminary response to a prioritized list of questions, whilst the deadline for replying in full to the Authority's questions was extended to December 15, 2025.

The Ministry refers to our preliminary response letter dated November 7, with comments to the prioritized questions. In the following, we will also provide the Ministry's comments to the remaining questions in the Authority's letter from October 10. The Ministry has taken the opportunity to include minor adjustments and corrections to the text and figures in the preliminary response to the questions submitted on November 7, to ensure consistency throughout the updated document.

Before addressing the specific questions, the Ministry would like to provide the Authority with the Ministry's main comments to the complaint. The Ministry wishes to give an overall account of what the Norway Price scheme is and why the complaint must be dismissed as factually and legally unfounded. The Ministry will also provide the Authority with some background and information related to the objective pursued.

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 with high subscription rates to spot price contracts makes Norwegian households especially exposed to the wholesale 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[1] 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 to help reduce the impacts of these factors on Norwegian households’ electricity expenses.

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 Regulation No. 1790 of September 8, 2025, on Norway Price ("the Regulation").

Below, in text box 1, is a description of the main features of the Norway Price scheme. Section 2 contains a detailed description of the scheme’s background and objective. Section 3 explains the main reasons why the Ministry considers the complaint to rely on an untenable factual basis, while section 4 explains the legal arguments for the Ministry’s position that the Norway Price scheme is not a public intervention in the electricity markets and is not subject to Directive 2009/72/EC ("the Electricity Directive"). The Ministry will show that the Norway Price scheme does not interfere with the mechanism for setting the price for electricity based on supply and demand, that it does not limit the freedom of any undertakings to operate in the electricity markets solely based on their own commercial interests, and that the scheme is qualitatively different from all schemes dealt with in the case-law invoked by the complainants. Sections 2 through 4 expand and elaborate on the introductory remarks in the Ministry's letter dated November 7. After this overall account, section 5 includes answers to the Authority's questions.

[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.

Text box 1: Main features of the Norway Price scheme

The Norway Price scheme – overview of main features
The Norway Price scheme was introduced in Norwegian legislation in the Norway Price Act. Complementing provisions are given in regulation on Norway Price.

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 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 net payments to households and holiday homes covered by the Norway Price scheme for electricity.

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 Distribution System Operator ("DSO"). Elhub is an IT platform for collection and distribution of metering data for electricity, owned by Statnett SF (TSO). The DSOs will administer the scheme, and functions as the state's intermediary in providing it to households. 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.

Planned evaluation
The Norway Price scheme is to be evaluated. The Ministry’s view is that a possible extension of the scheme will need to be assessed in light of the situation in the power marked, effects of the scheme and future needs.

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.

2. Background and context to the Norway Price scheme

2.1 Developments in the electricity market

Higher spot prices than historical levels

Price levels in the southern parts of Norway remain higher than the historical level in the years before 2021–2022 (CPI-adjusted), cf. Figure 1 and 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.

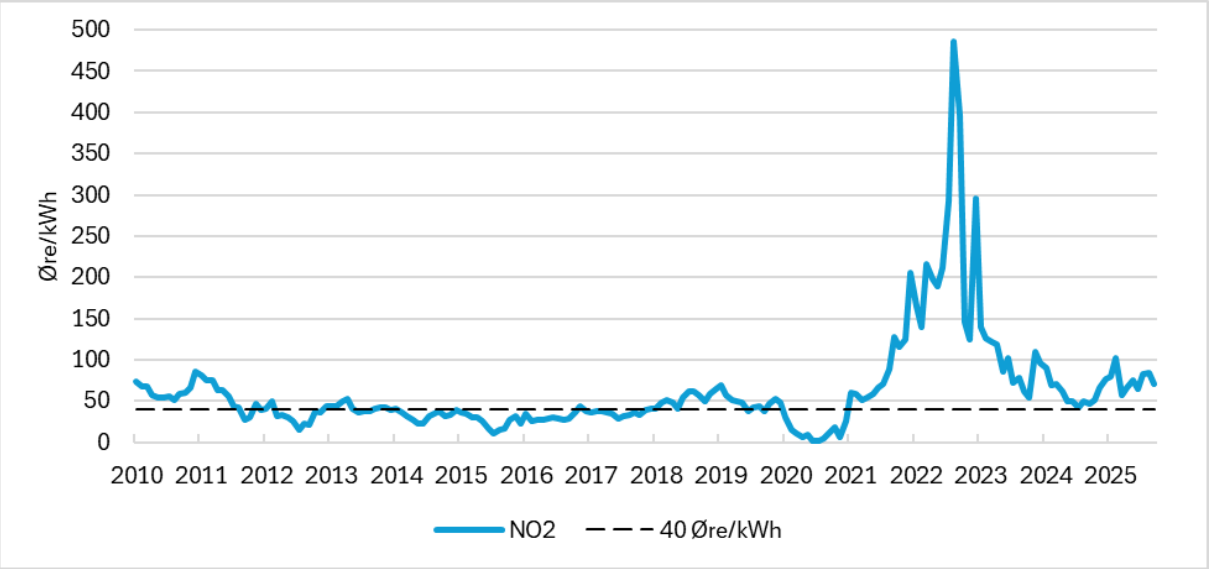

Figure 1: CPI-adjusted monthly spot price in bidding zone NO2 from 2010 to September 2025 and the Norway Price scheme at 40 øre per kWh. Source: Nord Pool

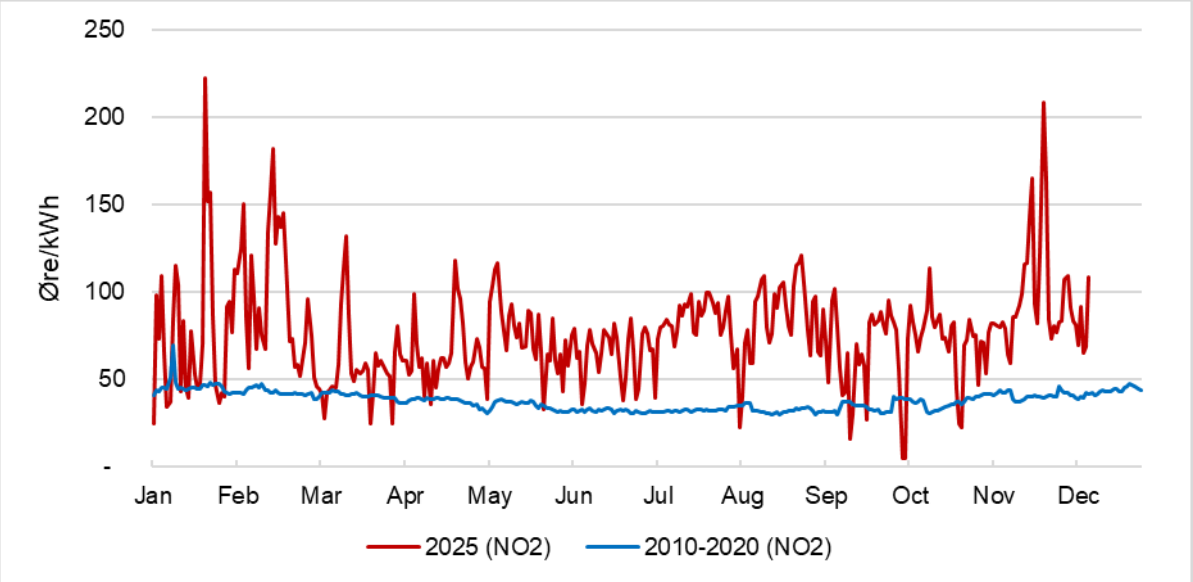

Figure 2: Daily spot prices in bidding zone NO2 in 2025 (up to 12 December) compared with the average daily CPI-adjusted spot prices for the period 2010-2020. Prices in øre per kWh. Source: Nord Pool.

Significant price differences across different parts of the country

The recent years has seen 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) so far in 2025 has been 10 øre per kWh[2]. The comparable average spot price in the southern bidding zones (NO1, NO2, NO5) were 68, 77 and 54 øre per kWh. As a result, there are considerable differences in electricity costs for households in Northern and Southern Norway.

Increased spot price volatility

The recent years has seen a substantial increase in *volatility* in spot prices, cf. 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.

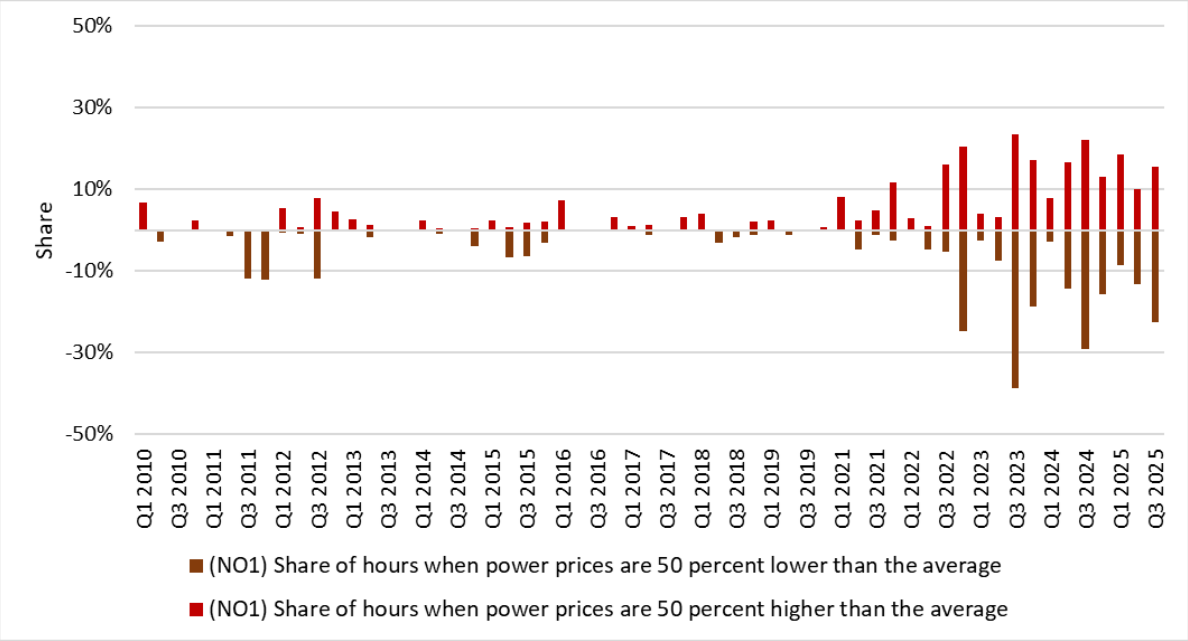

Figure 3: Variation in electricity spot prices in Eastern Norway (bidding zone NO1), hours when electricity spot prices are 50 percent higher or lower than the average. (Q1 2010 – Q3 2025, excluding Q1 2020 – Q4 2020). Share in percent. Source: Nord Pool, Norwegian Ministry of Energy

[2] 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.

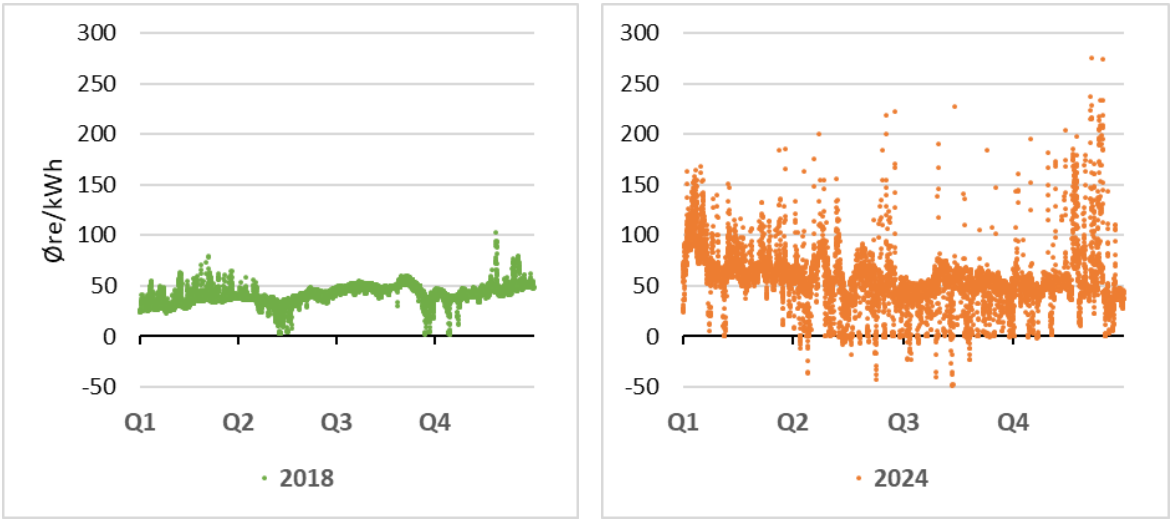

Figure 4: Hourly electricity spot prices in bidding zone NO2 throughout the year in 2018 and 2024. The average price was NOK 0.42 per kWh in 2018 and NOK 0.58 per kWh in 2024. The Y-axis is cropped at -50 and +300 øre per kWh. In 2024, the hourly electricity spot price ranged from -71 to +1,047 øre per kWh in NO2. Some observations from 2024 are therefore not included in the figure. Source: Nord Pool.

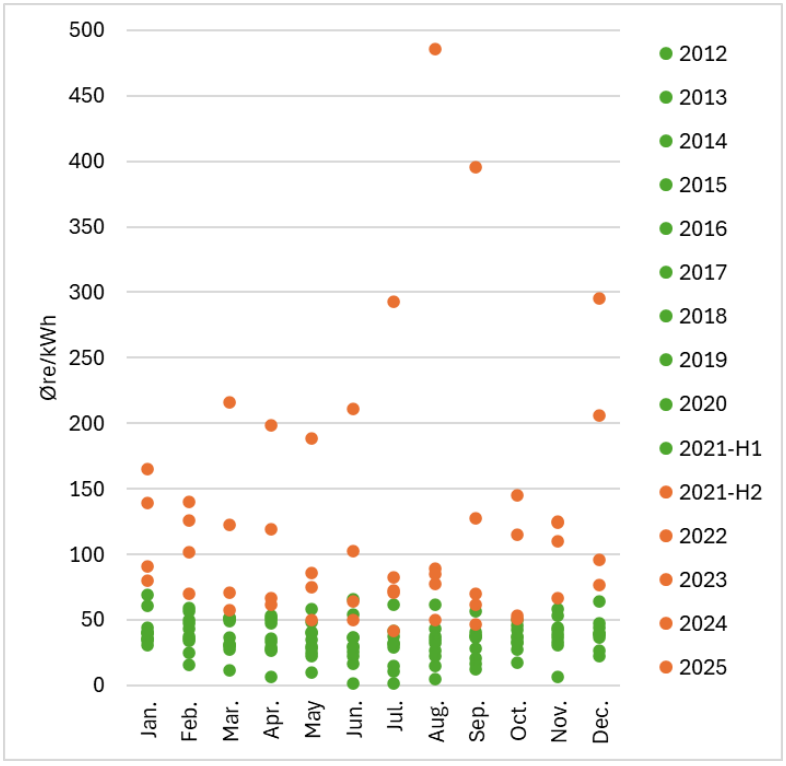

Figure 5: Monthly spot prices in bidding zone NO2 from 2012 to September 2025, adjusted for consumer price inflation. Øre per kWh. Source: Nord Pool.

Household electricity consumption in Norway is different than in Europe

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). The electricity consumption in household is therefore largely temperature-dependent, which 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. 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). 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).

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[3]. According to 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[4] accounted for only about 2 percent of household electricity consumption (Statistics Norway, 2025d).[5] 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.

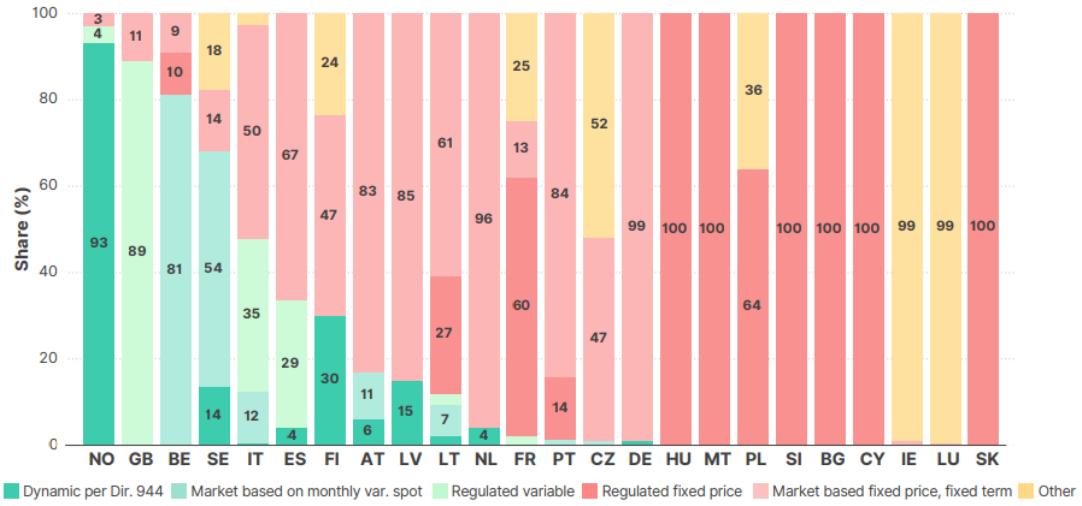

Figure 6: Share of household contract uptake per EU Member State, Norway and Great Britain in 2023. Source: ACER/CEER (2024).

[3] 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.

[4] 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.

[5] 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, cf. the answer to question 4.

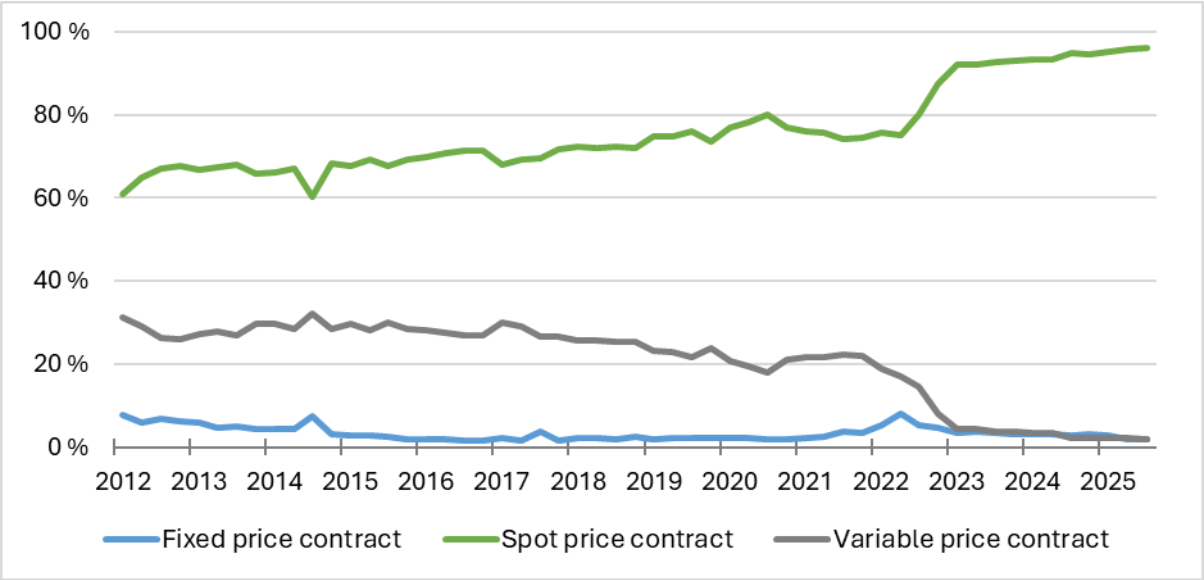

Figure 7: Share of household electricity consumption covered by different contract types from 2012-2025Q3. Source: Statistics Norway (2025d).

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.

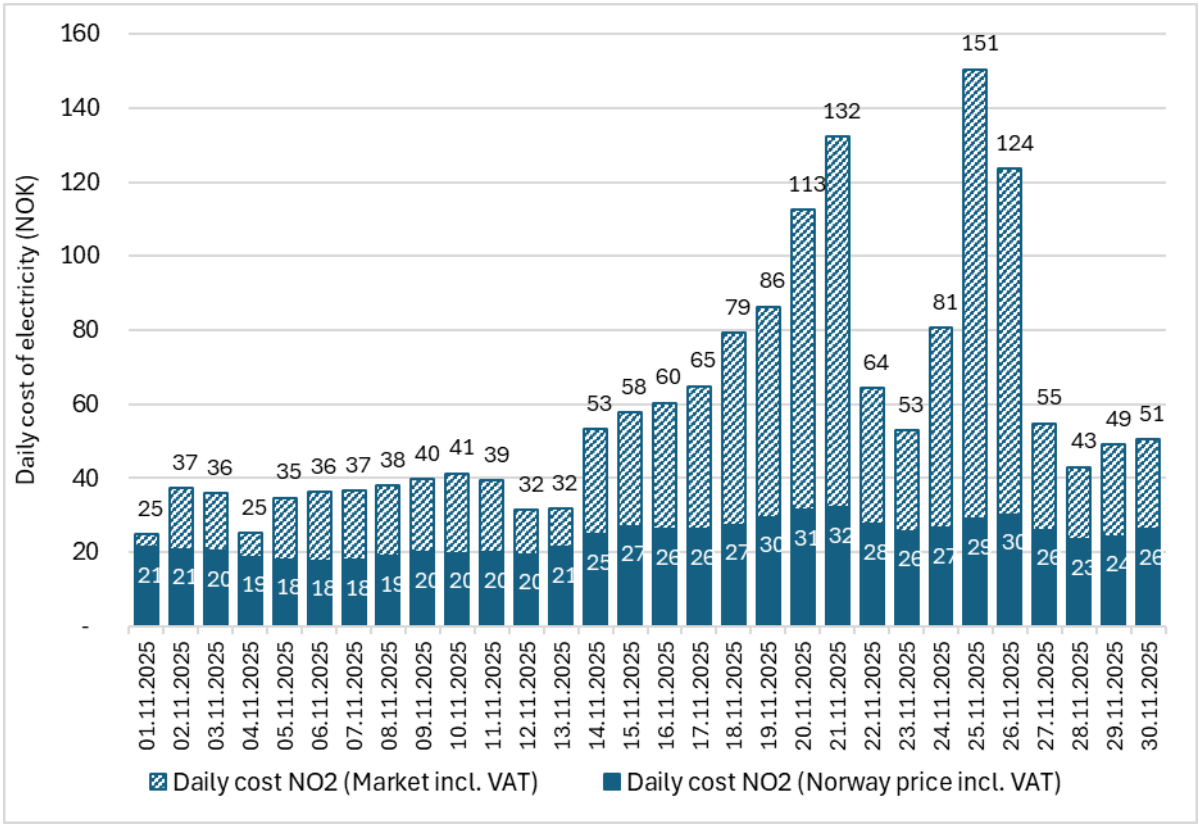

Figure 8: Variations in daily electricity cost for an example household due to variations in spot prices, NOK. The example household has an average daily electricity consumption in NO2. Sources: Nord Pool and Elhub.

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.

Low liquidity in the Nordic financial electricity market

Low liquidity in the Nordic financial electricity market and volatile spot prices have 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, 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. 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.

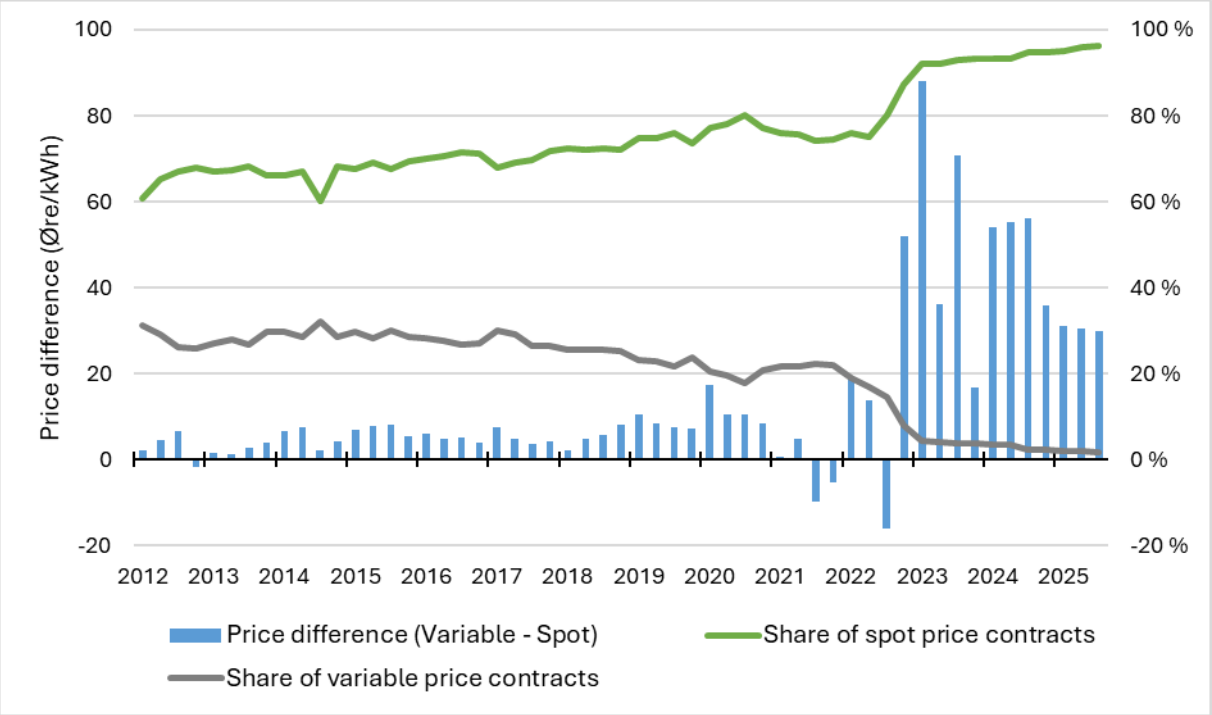

Figure 9: Quarterly price difference (excl. taxes) between variable price contracts and spot price contracts for Norwegian households (blue bars, left axis) alongside the share of households covered by spot price and variable price contracts (green and grey line, right axis) from 2012 to Q3 2025. Source: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

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.

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)."

2.2 The objective pursued

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 very high electricity costs on households since 2021 - the main measure being the electricity support scheme - (see answer to question 1 for a full list), 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, and is further described in the answer to the Authority's question 1.

The objective of the current electricity support scheme is to provide financial support to households due to high electricity prices.[6] For this purpose, the electricity support scheme reduces the financial

[6] 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.

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.[7] 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.[8] Furthermore, the electricity support scheme does not provide sufficient predictability related to household electricity costs during periods of increased price volatility.[9]

As described in the answer to question 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 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.

The underlying rationale for the scheme is closely linked to the following three main developments in the Norwegian power market in recent years: 1) higher spot prices than historical levels (on average), 2) significant price differences across different parts of the country, and 3) increased spot price volatility. These developments have been discussed in detail in Section 2.1. See Text box 1 for an overview of the scheme.

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[10], 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. The end-user cost

[7] 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.

[8] See also Figure 18 in question 2.

[9] Also illustrated in Figure 8 and Figure A5-A10 in Appendix 1.

[10] This assessment assumes households are linked to spot price contracts. In 2024 the percent of household electricity consumption covered by spot price contracts was 95 percent.

also consists of grid tariffs, value-added tax, and an electricity tax. Total electricity costs for households per kWh with Norway Price can be 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, the Norwegian Energy Regulatory Authority ("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 several years. The durations 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.

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 predictability.

3. Assessment of the consequences of Norway Price

3.1 The complaint is based on unsubstantiated and unrealistic factual assumptions

The complaint is based on 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. The development will be influenced by several factors, including population growth and demographics, the evolution of the housing stock, the

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

[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.

overall condition situation of the Norwegian economy and varying temperature conditions from year to year.

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. 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 5.8 to 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 (Statistics Norway, 2025c).[14]

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 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 section summarises 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.

3.2 Observed and estimated development in electricity consumption of 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, cf. answer to question 6 (c).

[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).

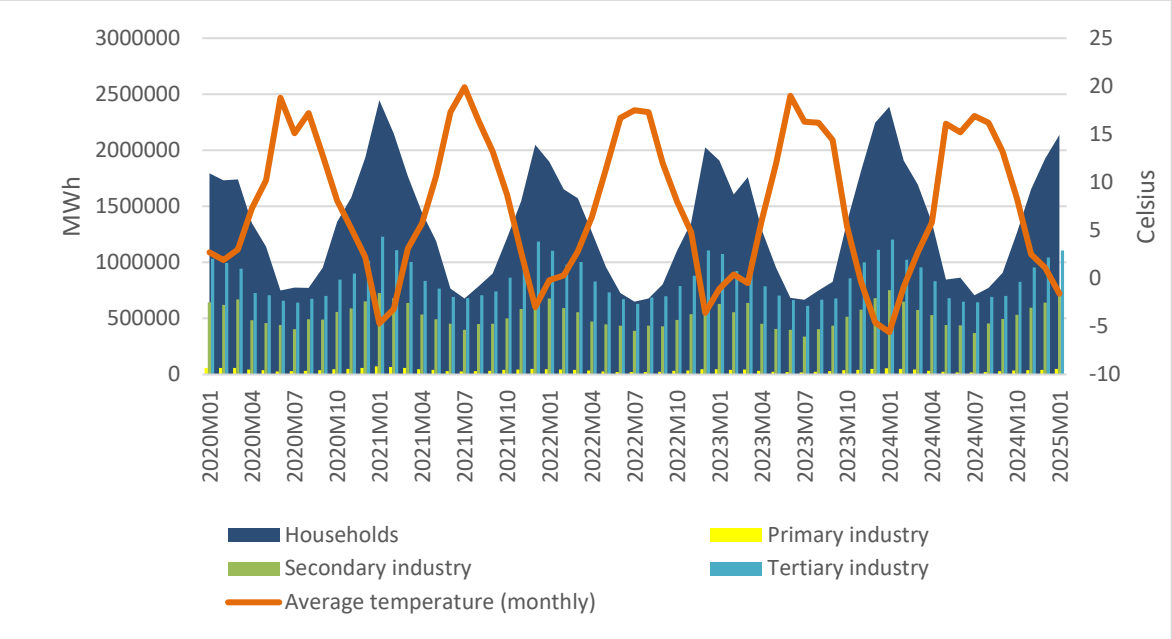

Figure 10: Monthly electricity consumption in Norwegian households and businesses in bidding zone NO1 from 2020 to 2025, and average temperature (recorded at Blindern, Oslo). Source: Statistics Norway (2025e) and the Norwegian Climate Service Centre (2025).

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 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 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.

[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.

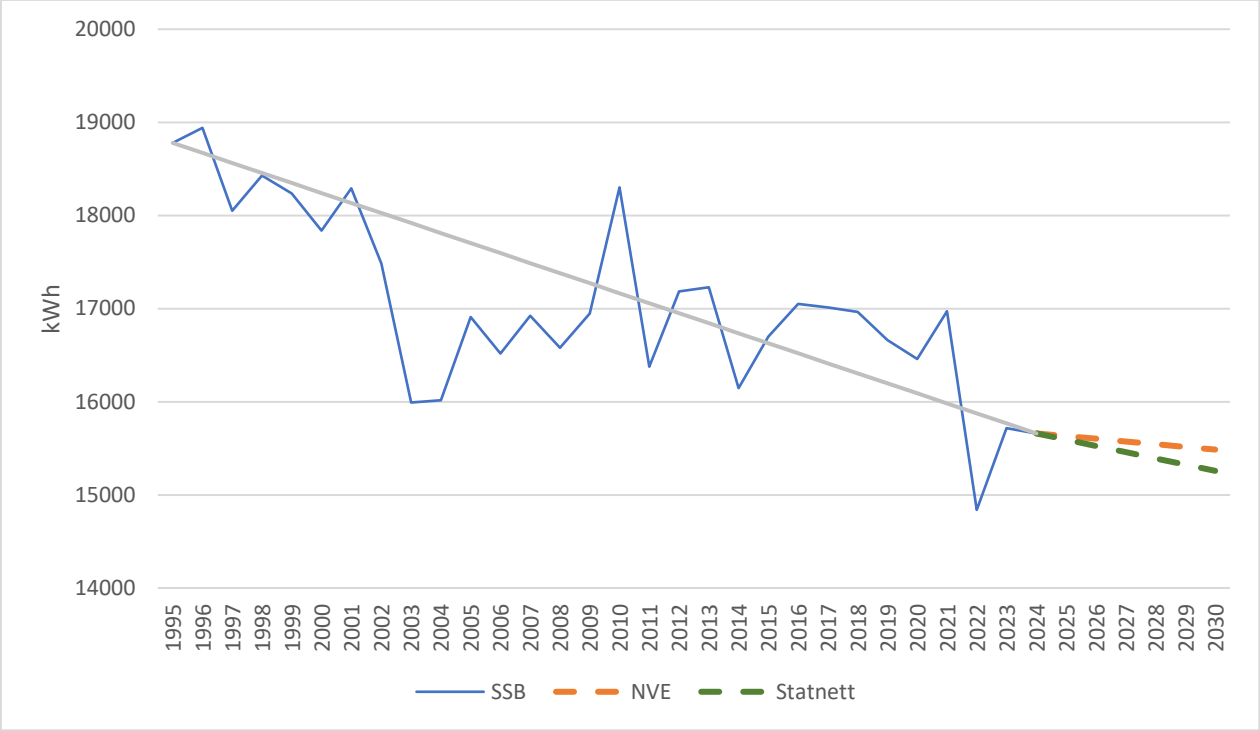

Figure 11: Historical development in electricity consumption per household and holiday home 1995-2024 (including charging of electric vehicles at home), and illustration of estimated consumption toward 2030 based on scenarios from NVE and Statnett. kWh per year. Source: Statistics Norway (2025c), NVE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

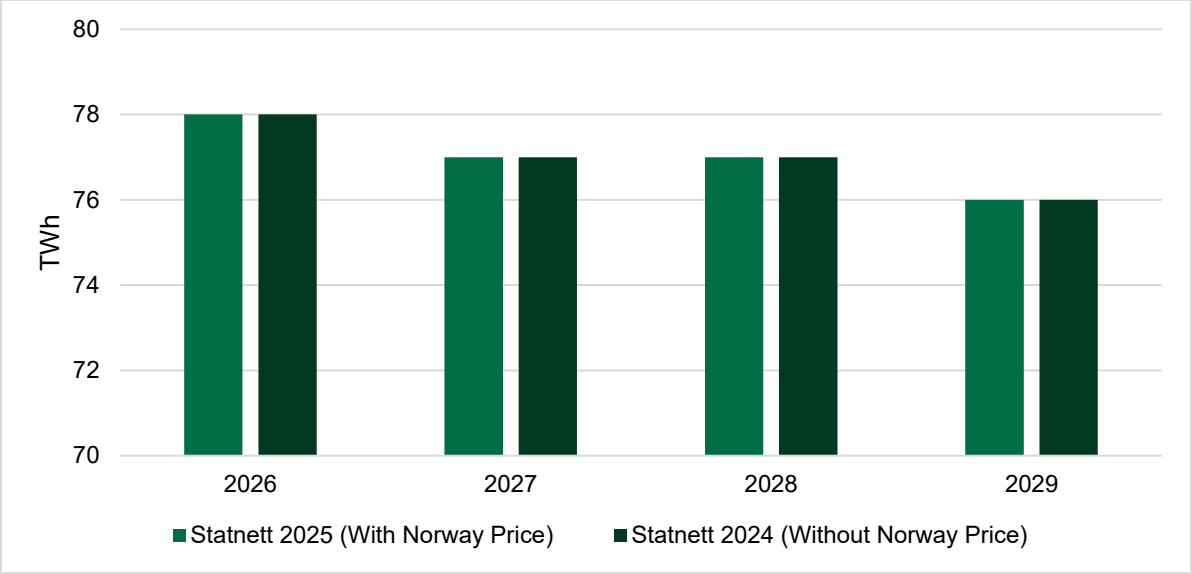

Figure 12: Comparison of general consumption in Statnett's short-term market analysis from 2024 and 2025. The short-term market analysis for 2025 includes the impact of the Norway Price scheme, whereas the 2024 short-term analysis does not include Norway Price. Source: Statnett (2025a) and Statnett (2024)

3.3 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 small households, 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 is so far 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 total 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

[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.

important factor influencing consumption trends, alongside underlying developments in population growth and the number of electric vehicles.

3.4 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 as well as 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 confirm the assumption that electricity consumption is inelastic and also indicate 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.

3.5 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 changes in prices of 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 (of -0.6), 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 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.

[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.

[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: *Virkninger av Norgespris (*Thema, 2025b, p. 3).

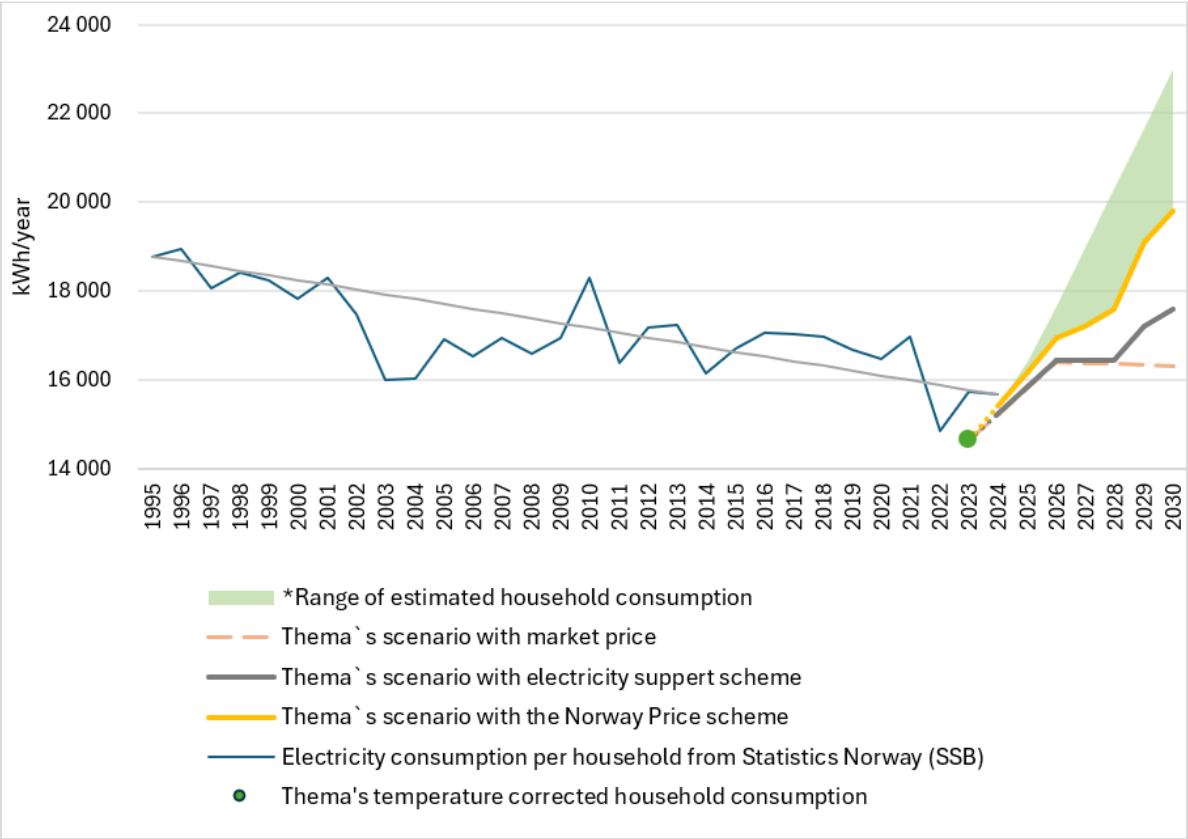

Figure 13: Historical development in electricity consumption per household and holiday home 1995-2024[22], and illustration of estimated consumption toward 2030 based on estimates from Thema[23]. Source: Statistics Norway (2025c) and Thema (2025a).

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 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

[22] Historical household consumption includes charging of electric vehicles at home.

[23] See Figure 26 for a detailed description.

[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.

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]

3.6 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 and in answers to question 3 g). 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 CO_2 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 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

[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.

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 should 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 would like to remind 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.

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 in 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

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

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.

3.7 Heat pumps and heating with wood

The complainants claim that Norway Price weakens the incentives to invest in heat pumps and to use wood for heating.

The Ministry 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 2.2 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 an average of 23 percent 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, 2025a). 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.

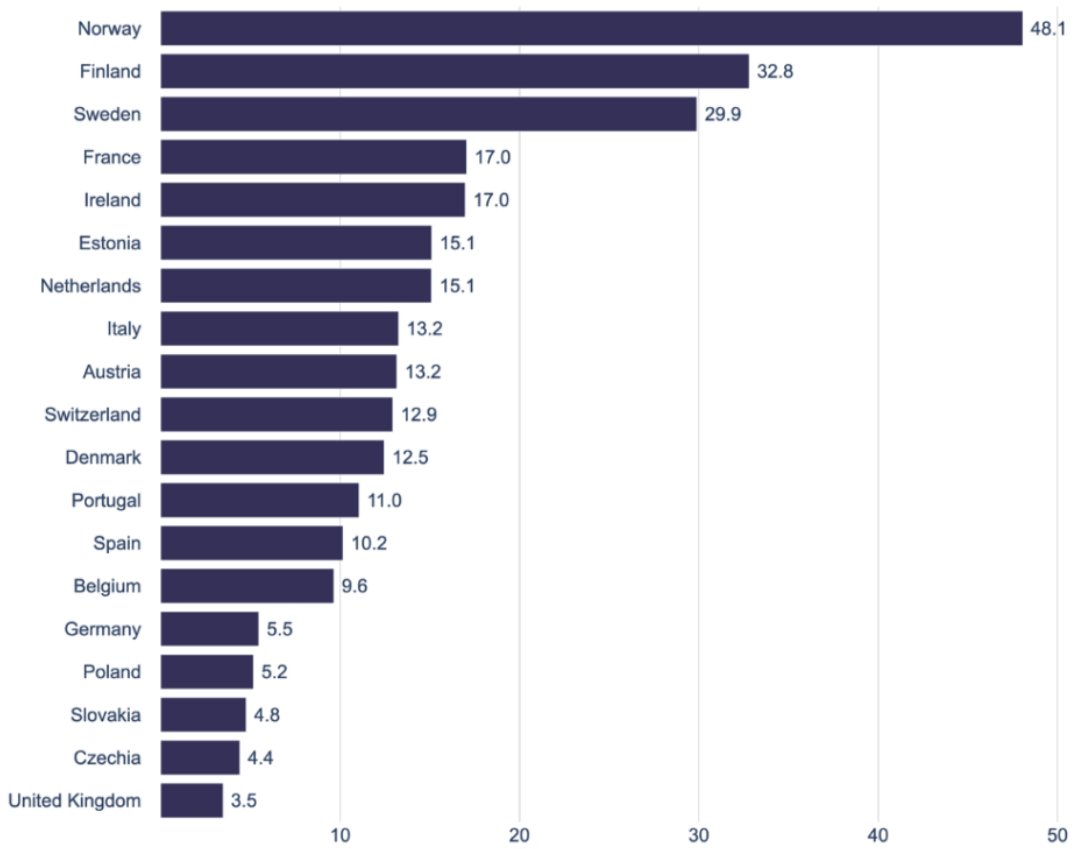

Figure 14: Sales of heat pumps per 1000 households. Source: European Heat Pump Association (2025).

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.

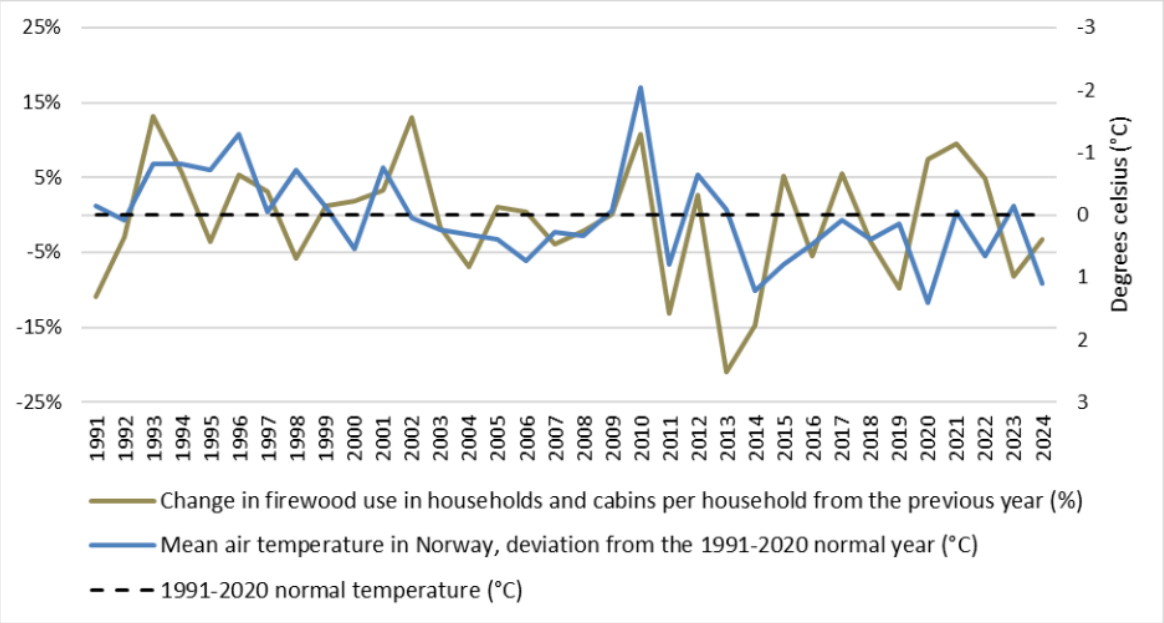

Figure 15: Change in annual firewood consumption in households and holiday homes per household from the previous year 1991-2024 (Statistics Norway (2025c), left y-axis) and annual deviation from normal temperature in Norway (Norwegian Climate Service Centre (2025), right y-axis [NOTE! Inverted axis]).

3.8 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).[28] There are also local financial support schemes for residential energy efficiency measures, for example in the municipalities of Oslo (Klimatilskuddet) 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

[28] 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.

one hour to another.[29]However, these households will still have financial incentives for flexibility through the grid tariffs. For the remaining 58 percent the incentives are unchanged.

The introduction of the 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. Nevertheless, 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. Compared to the situation before the energy crisis and compared to a situation with all households being covered by the electricity support scheme, it is the Ministry's assessment that the impact of the Norway Price scheme on the overall adoption of energy efficiency measures, energy savings and flexibility will be limited.

4. The complaint is based on a flawed legal analysis

4.1 Norway Price is not a public intervention in the electricity markets

Article 3(2) of Directive 2009/72/EC provides that Member States may, in the general economic interest, impose "public service obligations" ("PSO") on "undertakings operating in the electricity sector", and that such obligations shall be clearly defined, transparent, non-discriminatory and verifiable and shall guarantee equality of access for electricity undertakings of the Community to national consumers. According to the wording Article 3(2) applies where two main conditions are met: (i) the addressees of a state measure are undertakings operating in the electricity sector, and (ii) the measure in question is a public service obligation within the meaning of that provision. Where either of these elements is absent, Article 3(2) will not be engaged.

To further clarify the concept of public service obligation, the CJEU stated in C-683/19 *Viesgo*, paragraph 31, that PSOs "*correspond to public intervention measures in the functioning of the electricity market, which require undertakings operating in the electricity sector, for the purpose of pursuing a general economic interest, to act on that market on the basis of criteria imposed by the public authorities. The freedom of those undertakings to act on the market is thereby limited, in that, solely having regard to their own commercial interest, they would not have supplied certain goods or services, or would not have supplied them to the same extent or under the same conditions*." (emphasis added)

This reading of Article 3(2) is confirmed and refined in C-523/18 *Engie Cartagena*. That case concerned a Spanish measure requiring certain electricity generators to make a mandatory financial contribution to help fund a national energy efficiency action plan. The question was whether this contribution, which was treated in national law and by the referring court as a "public service obligation", constituted a PSO within the meaning of Article 3(2). The Court answered the question in the negative and held that "*since that mandatory contribution does not impose any requirement on the undertakings concerned which would restrict their freedom to act on the electricity market, such a contribution cannot come within the concept of 'public service obligations' for the purposes of Article 3(2) of Directive 2009/72. In particular, by the imposition of that contribution, those undertakings are in no way required to supply certain goods or services which they would not have supplied, or which they would not have supplied to the same extent or under the same conditions, if they were considering only their own commercial interest.*" (para 51). Thus, the fact that the revenue from the

[29] Their incentives 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.

contribution was used to finance a measure pursuing a general economic interest (energy efficiency) did not transform the financing obligation itself into a PSO.

Even more importantly, the Court further noted that not every obligation to make a financial contribution imposed on an electricity undertaking qualify as a PSO within the meaning of Article 3(2) of Directive 2009/72. As the Court stated: "*acceptance of the position taken by Engie Cartagena and the companies intervening in the main proceedings would presuppose that any obligation to make a financial contribution, provided for in national legislation, imposed on operators in the electricity market would constitute, with regard only to the destination of the end product of that contribution, a 'public service obligation' for the purposes of Article 3(2) of Directive 2009/72, which would clearly exceed the scope of that concept as used by the EU legislature in the context of that provision*." (para 54, emphasis added).

The complainants contend, in the complaint pp. 12-13, that if a measure has the effect of influencing the prices electricity consumers must pay, there is a state intervention in the meaning of the Court's jurisprudence. They further assert that Norway Price will cause retail electricity prices to be "almost fully detached from market prices". The Ministry reiterates that the Norway Price scheme does not influence the prices electricity consumers pay to their suppliers, and retail electricity prices are not at all being detached from market prices. When the complainants claim that Norway Price has such characteristics, it is because they view the *economic effect* of an elaborate financial contribution scheme which provides predictable electricity costs on the consumers' hand as the same thing as ("tantamount to", in their words) direct state intervention in the price formation in the market. This is an interpretation of the concept of State intervention which goes beyond what can be inferred from the Court's existing jurisprudence. *Engie Cartagena* shows, to the contrary, that a measure which has an economic effect in the electricity sector, is not a PSO in the meaning of Article 3(2) unless it will *"impose any requirement on the undertakings concerned which would restrict their freedom to act on the electricity market"*.

When read in conjunction, *Viesgo* and *Engie Cartagena* confirm that, in order for a measure to constitute a PSO under Article 3(2) of the Electricity Directive, the measure must require electricity undertakings to change their behaviour in the liberalised electricity market in line with criteria imposed by the State. A purely financial obligation, or a scheme that only reallocates costs without constraining how undertakings bid, price or contract in the market, does not, as such, constitute a PSO. In other words, a PSO exists only where the State instructs participants in a liberalised electricity market to behave in a manner that departs from the commercial behaviour they would otherwise adopt. None of these elements are present in Norway Price. The scheme does not require generators or suppliers to change their market behaviour. Wholesale bids continue to be placed solely on commercial grounds. Retail suppliers remain free to set their own contract prices, their own margins and to structure their products the way they see fit. Consumers remain contractually bound to pay the full supply price agreed with their supplier. Norway Price neither fixes nor caps the price for the supply of electricity in any contract and it does not require suppliers to offer a regulated tariff or discount, nor to finance such a discount.

Further, although distribution system operators (DSOs) are regarded as "electricity undertakings" in the broad, structural sense used in the EU directives, they do not operate as market participants in the same way as electricity generators and suppliers. DSOs operate regulated monopoly networks. Their role is to provide non-discriminatory access to the grid and to facilitate competition in generation and supply. The DSOs' tasks and responsibilities are regulated in Chapter VI of the Electricity Directive, and a fundamental part of the regulation is that the DSO activities are to be separate from (unbundled from) the competition-based activities of generation and supply of electricity. The DSOs do not

compete themselves in the wholesale or retail electricity markets. Their revenues and network tariffs are determined and supervised under a specific regulatory regime and are not the result of commercial price setting in a liberalised market.

The Ministry submits that the Court's case law on public intervention in price formation under the Electricity Directive Article 3(2) concerns State measures that regulate the behaviour of undertakings in their capacity as participants in competitive markets. This jurisprudence primarily addresses retail suppliers and, in certain cases, generators, where the State prescribes the prices, discounts or bidding rules they must apply to customers or in the market. By contrast, the case law does not concern administrative or ancillary functions entrusted to network operators, which do not operate in competitive market segments. Such tasks are assessed under the sector-specific requirements of *inter alia* clarity, transparency and non-discrimination[30], and do not fall within the notion of State interventions in market pricing in the competitive segments of the electricity sector.

The conclusion that Norway Price falls outside of the scope of the Electricity Directive is further reinforced by the fact that it could in principle have been organised without the involvement of any electricity undertakings whatsoever. Norway Price could for example have been implemented as a pure cash-flow arrangement, handled and distributed entirely through a government agency, such as the Norwegian Labour and Welfare Administration ("NAV"), RME or Enova. A public body could, based on metering data from Elhub, have calculated each household's monthly price-hedging amount. Subsequently the public body could have made a monthly payment (or issued a monthly invoice in months with negative net hedging amounts) directly to the consumer, completely separate from electricity and grid bills.

Such alternative organisation of the Norway Price scheme would clearly not constitute a PSO within the meaning of the Electricity Directive, as no electricity undertakings would have been involved. Accordingly, no electricity undertaking would be required to act on the market on the basis of State-imposed criteria rather than its own commercial interest. The same is true, however, under the actual design of Norway Price. No obligations are imposed on any market participant in the wholesale or retail electricity markets, they all remain free to act on those markets solely based on their own commercial interest. This shows that Norway Price is not an intervention in the electricity market, but a mere financial support measure to the benefit of consumers. The additional task given to DSOs does not concern their behavior in any competitive electricity market but is a separate function to facilitate the administration of the support measure.

The reason this alternative structure was not chosen is solely practical. DSOs already possess metering data, customer systems and account information for all connected households. It is therefore administratively simpler and less costly to use DSOs as the State's intermediary for calculating the hourly price-hedging amounts and settling net amounts monthly via the grid tariff invoice rather than building a parallel administrative apparatus in a government agency. Importantly, this does not alter the core role of DSOs in facilitating the electricity market. Their DSO tasks under the Energy Act and its regulations remain unchanged. DSOs merely perform an additional and separate task on behalf of the State. The decision, for reasons of convenience, to route payments through DSOs rather than through a central agency cannot convert a budget-financed support and hedging scheme between the State and households into a "public intervention in the electricity markets" or a PSO-type price regulation for electricity undertakings.

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[30] See, in particular, Articles 15(2), 15(6)–(7), 17(2)(c), 25(2), 25(5)–(6), 32(1)–(2) and 37(6)–(7) and (10) of Directive 2009/72/EC, which require that system operation, dispatch, balancing, third-party access and network tariffs be based on objective, transparent and non-discriminatory criteria and on published methodologies.

4.2 The relevant case law supports the Ministry's position

4.2.1 General comments

Norway Price differs fundamentally from the measures examined in the case law and Commission practice invoked by the complainants. Norway Price is a budget-financed support and price-hedging scheme – a cost predictability scheme – between the State and households, based on an *ex ante* reference price and the spot price, administered via DSOs. It is not an electricity supply contract; households must still have a separate contract with an electricity supplier and remain fully liable to pay the agreed contract price, as well as grid tariffs, taxes and levies. Neither suppliers nor generators have any role or obligations under the scheme. Norway Price does not alter how the market participants bid, set prices or structure their products. Rights and obligations arise only between the State, DSOs and participating consumers, with RME overseeing settlement and supervision.

Against that background, none of the factual patterns in the cases relied on by the complainants mirror Norway Price. *Federutility*[31], *ENEL*[32], *Commission v Poland*[33], *ANODE*[34], *Viesgo*[35], *PGI Spain*[36] and the Dutch State aid decision[37] all concern situations where the State fixes or caps prices in supply contracts, dictates bidding behavior, or imposes public service obligations on undertakings to grant and/or finance regulated tariffs or discounts. Norway Price has none of these features. The following subsections therefore discuss each of the cited decisions in turn and show why, given the specific design of Norway Price described above, those precedents do not support classifying the scheme as a public service obligation or a public intervention in the price of supply of electricity.

4.2.2 Case C-265/08 *Federutility*

Case C-265/08 *Federutility* concerned the interpretation of the second Gas Market Directive 2003/55/EC. In that case, an Italian law empowered the authorities to set reference prices for gas for certain final customers (all household customers), which all suppliers, on their own account, had to offer.[38] In practice, this meant that the State directly determined the retail price level for gas to households, and suppliers were obliged to supply gas at that price at their own commercial risk.

The complainants state that *"the principal presumption of the rules on the internal energy market is the development and maintenance of competitive markets. Accordingly, the price for the supply of energy should be the result of market forces, not one which is set by the State"*.[39] They further refer to the Court's reasoning that *"although it is not explicitly stated in that provision, or indeed in any other provisions of that directive, that the price for the supply of natural gas must, as from 1 July 2007, be determined solely by the operation of supply and demand, that requirement follows from the very purpose and the general scheme of that directive"*.[40] However, the complainants omit that the Court subsequently emphasizes that the end goal is a "competitive market in natural gas", which the Member State is required to ensure on the basis of its institutional organization and with "due regard to the

[31] Case C-265/08 *Federutility*

[32] Case C-242/10 *ENEL*

[33] Case C-36/14 *Commision v Poland*

[34] Case C-121/15 *ANODE*

[35] Case C-683/19 *Viesgo*

[36] Case T-596/22 PGI Spain v Commision

[37] SA.104994 (2022/N) – Netherlands

[38] Case C-265/08 *Federutility* paragraph 15.

[39] Complaint form part 2/2 to the ESA concerning failure to comply with EEA law (August 10, 2025), p. 10.

[40] Case C-265/08 *Federutility* paragraph 18.

principle of subsidiarity".[41] This means that Member States are free to determine the structure of their energy markets, provided that the outcome is a competitive market.[42]

Against this background, there is one fundamental difference between *Federutility* and the present case in that the former concerned a direct intervention in the setting of electricity prices. By contrast, Norway Price is a cost predictability scheme which does not affect the contractual price for the supply of electricity between suppliers and consumers. Norway Price is a financial support measure between the State and consumers, not an energy-market regulation within the meaning of the Electricity Directives and the understanding in *Federutility*. The scheme neither regulates nor sets wholesale or retail electricity prices. Producers and wholesale suppliers continue to submit offers purely on commercial grounds; retail suppliers remain entirely free to structure and price their contracts; and consumers must still pay their supplier the full contractual price. When a consumer opts into Norway Price, the supply contract remains unchanged, and the consumer's right and incentive to switch supplier in search of lower margins or better products is untouched. The DSOs' fundamental rights and obligations under the Energy Act (which implements the Electricity Directive) are likewise unaffected. The DSOs are merely the instrument through which the State channels the Norway Price scheme to the households.

On this basis, Norway Price does not impose any public service obligations on electricity undertakings concerning the "price of supplies" of electricity, nor does it interfere with the mechanism of price formation based on supply and demand that the electricity market directive seeks to protect. Rather, it is a general, non-discriminatory budgetary arrangement that reallocates risk and cost between the State and households outside the contractual sphere of energy undertakings, leaving the organization and operation of the liberalized electricity market unchanged. In light of the principle of subsidiarity and Member States' and EEA EFTA States' autonomy in tax and social policy, the scheme therefore falls outside the scope of the case law on State interventions in energy pricing.

4.2.3 Case C-242/10 *ENEL,* Case C-36/14 *Commision v Poland* and Case C-121/15 *ANODE*

In all three cases, the existence of a state intervention in price formation was easily confirmed, given the facts and very nature of the schemes at issue. In *ENEL*, the Italian regime under Directive 2003/54/EC allowed the transmission system operator Terna to classify certain power plants as "essential installations".[43] For the volumes and periods in which a plant was essential, the owner was legally required to bid on the day-ahead, intra-day and balancing markets on terms laid down in regulatory decisions, including at a zero-equivalent price or at a price fixed by reference to the day-ahead price, instead of choosing its bids freely.[44] In other words, the authorities dictated how and at what price those generators had to offer electricity in the wholesale electricity markets. The Court then examined whether those compulsory bidding rules could nonetheless be compatible with Directive 2003/54, in particular Article 3(2).

In *Commission v Poland* and *ANODE*, which both relate to Directive 2009/73/EC, the intervention was even more evident. In both cases, national law maintained regulated gas tariffs for categories of final customers. Suppliers were under a legal duty to apply prices that had been set or approved by the public authorities or risk administrative penalties, rather than freely negotiating prices with customers.

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[41] Case C-265/08 *Federutility,* paragraph 19.

[42] References to "Member States" in the case law should, in the EEA context, be read as covering also the EEA EFTA States.

[43] Case C-242/10 *ENEL*, paragraph 12.

[44] Case C-242/10 *ENEL*, paragraph 20.

In *Commission v. Poland*, the Court itself describes the Polish system as a "*system of State intervention*" consisting in an obligation to apply regulator-approved gas prices.[45] In *ANODE,* the Court examined the French system of regulated tariffs for the sale of natural gas. These regulated tariffs were maximum prices applicable to certain final customers and had to be offered by the incumbent supplier and a number of local distribution undertakings. Even though the undertaking concerned was free to also determine a lower price than those tariffs, this was not sufficient. As the Court puts it, these tariffs were "*not in any way the result of a free determination deriving from the play of supply and demand in the market*" but "*the result of a determination made on the basis of criteria imposed by the public authorities*".[46] On that basis, the Court held that State intervention in fixing the price of supply of natural gas to the final consumer was "*by its very nature an obstacle to the achievement of a competitive natural gas mark*et",[47] even if competing offers below the regulated tariff were legally possible.

These factual and legal features are not present in the Norway Price scheme. The scheme does not require suppliers to bid at particular prices, to apply State-set tariffs or to grant any regulated discount in the supply contracts, nor does it oblige a subset of undertakings to finance such discounts. Wholesale and retail prices continue to be set by electricity undertakings on the basis of their commercial strategies, and consumers remain contractually bound to pay the full price agreed with their supplier. Any support is provided through a budget-financed hedging arrangement between the State and consumers, and not through compulsory pricing behavior by electricity undertakings. Against that background, *ENEL*, *Commission v. Poland* and *ANODE* do not support the notion that a scheme like Norway Price, which leaves contractual prices free, should be placed in the same "State intervention in the price for the supply of energy" category as the measures examined in those cases.

4.2.4 Case C-683/19 *Viesgo*

Viesgo concerned Article 3(2) of Directive 2009/72/EC. A Spanish law on the protection of vulnerable household customers – defined by income, purchasing-power and consumption criteria – required that these customers receive a ("regulated discount") on the electricity price linked to a "tariff of last resort".[48] This discount was not a voluntary commercial offer. Suppliers of last resort were legally obliged to apply a fixed percentage reduction to the bills of eligible customers. The granting of this regulated discount was classified as a PSO imposed on certain vertically integrated electricity companies (or the parent companies of vertically integrated groups), which were also obliged to finance the cost of the discount.[49] Undertakings not active in all three segments of the chain (generation, supply and distribution) were exempted.[50] The Court held that the regulated discount and its financing *together* constitute a single PSO within the meaning of Article 3(2).[51] It was undisputed that the measure pursued a legitimate objective and was proportionate. The main issue in dispute was whether the financing mechanism was non-discriminatory, which the Court ultimately found it was not.

In *Viesgo*, the Court itself explains why the Spanish scheme constitutes a single PSO. The mandatory financial contributions were paid into a special account, and their sole purpose was to finance the

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[45] Case C-36/14 *Commision v Poland*, paragraph 64. Note that this is an unofficial translation of the French version ("un régime d'intervention de l'État").

[46] Case C-121/15 *ANODE*, paragraph 29.

[47] Case C-121/15 *ANODE,* paragraph 30, with further reference to Advocate General Mengozzi opinion, paragraph 31.

[48] Case C-683/19 *Viesgo*, paragraph 6.

[49] Case C-683/19 *Viesgo*, paragraph 37 and 41.

[50] Case C-683/19 *Viesgo*, paragraph 53.

[51] Case C-683/19 *Viesgo*, paragraph 40 and 41.

regulated discount. The total amount levied was determined by the cost of that discount. On that basis, the Court holds that the public service obligation "consists of two elements (…) which are inextricably linked", namely the price reduction for vulnerable consumers and the financial contribution covering its cost, and that the contribution falls under Article 3(2) because it forms an integral part of that PSO.[52] Building on *Engie Cartagena*, Advocate General Bobek explains that a public service obligation in the sense of Article 3(2) covers measures that intervene in the functioning of the electricity market by requiring undertakings to provide certain goods or services, or to refrain from normal commercial behavior, under conditions they would not themselves choose.[53] By contrast, a purely monetary obligation that simply requires undertakings to pay funds into the public system, without affecting how they act on the electricity market, does not restrict their commercial freedom and is closer in nature to a parafiscal tax, falling outside the concept of a PSO.[54]

Against this background, *Viesgo* supports a far narrower proposition than the complainants suggest. The judgment confirms that there is a State intervention and a public service obligation where electricity undertakings are legally required to grant a regulated discount in the supply contract and/or to finance that discount through a mandatory contribution. In other words, *Viesgo* deals with a situation where suppliers are required to change their pricing behavior in a way they would not have chosen on purely commercial grounds. The judgment does not address a measure where the State, using general budgetary resources, grants support directly to consumers while leaving undertakings' contractual pricing strategies and commercial freedom untouched. *Viesgo* cannot, therefore, be relied upon to argue that any State-financed discount or subsidy for retail consumers must automatically be classified as a "State intervention" in the meaning of Article 3(2).[55]

In light of the foregoing, a distinction must be drawn between measures that provide fiscal or social support directly to consumers while leaving contractual prices and commercial freedom untouched, and measures that impose a public service obligation on undertakings to alter their pricing behaviour. The Ministry holds that Norway Price must be regarded as an example of the former, as opposed to the PSO identified in *Viesgo*. Norway Price does not require electricity suppliers to offer a particular regulated tariff, to grant any discount in the supply contract nor to finance such a discount. Suppliers remain free to structure and price their contracts, and consumers continue to pay the full contractual price, including surcharges and fees. The rights and obligations created by the scheme exist between the State and participating consumers, while DSOs merely administer the mechanism as an additional task, without any change to their market-related obligations under the Energy Act.

4.2.5 T-596/22 *PGI Spain v Commision*

Case T-596/22 *PGI Spain and Others v Commission* concerned a Spanish crisis measure assessed by the Commission in the light of Directive 2019/944 and Regulation 2019/943. Spain and Portugal introduced a "production cost adjustment mechanism" under which the State supported the input costs of fossil-fuel power plants, notably gas-fired plants, so that these plants would submit lower bids in the day-ahead wholesale market and thereby reduce the wholesale electricity price, which should in turn lead to lower retail prices during the energy price crisis.[56] The measure thus deliberately altered generators' bidding behavior and the wholesale clearing price through a regulated support formula,

[52] Case C-683/19 *Viesgo*, paragraph 38-41.

[53] Opinion of Advocate General Bobek, Case C-683/19 *Viesgo,* paragraph 57-75.

[54] Opinion of Advocate General Bobek, Case C-683/19 *Viesgo,* paragraph 72.

[55] Complaint form part 2/2 to the EFTA Surveillance Authority concerning failure to comply with EEA law (August 10, 2025) p. 10.

[56] Case T-596/22 *PGA Spain,* paragraph 2.

rather than leaving price formation entirely to supply and demand.[57] The scheme was financed by a contribution imposed on buyers in the wholesale market, while buyers with pre-existing physical fixed-price contracts were exempted.[58]

The General Court reviewed the Commission's decision approving the measure as compatible State aid and rejected pleas alleging, *inter alia*, breach of the electricity market rules and unlawful discrimination. In that context, the Court observed that, "*in so far as* [the measure] *limits the direct involvement of national authorities in price formation on the wholesale market and does not extend it to the retail market, except in relation to regulated contracts,* [it] *preserves as far as possible the principle of the free formation of electricity prices on the basis of demand and supply*".[59] The complainants argue that this passage implies that *any* public intervention in electricity markets, whether at the wholesale or retail level, is a PSO within the meaning of Directive 2009/73/EC.[60]

The Ministry holds that such an interpretation of this judgment is flawed. Read in context, the cited passage does not imply that the General Court lays down a general hierarchy in which retail competition is "particularly" to be preserved, nor does it introduce a new test whereby any State intervention that affects prices can only be lawful in narrowly circumscribed cases. Rather, the General Court applies a standard proportionality assessment under the 2019 framework.[61] It recognizes that the Spanish measure constitutes a direct intervention in wholesale price formation, and then examines whether, in light of the crisis and the applicable secondary legislation, State involvement has been limited "as far as possible", in the particular by not extending direct price-setting to the retail sphere save for existing regulated contracts. The emphasis is on the specific design of a notified State aid measure in a crisis regime, not on a general statement that any budget-financed measure which ultimately influences consumer prices must be treated as a suspect intervention in retail price-formation.

Against that background*, PGI Spain* offers only limited guidance for the assessment of Norway Price and does not support the broad proposition advanced by the complainants. Firstly, the judgment concerns a specific Iberian price-stabilization mechanism assessed under the new internal electricity market framework of Directive 2019/944 and Regulation 2019/943, which have not been incorporated into the EEA Agreement. Compared to Directive 2009/72, Directive 2019/944 does not simply "codify" the earlier regime, but introduces an explicit market-based pricing rule (Article 5), more detailed conditions for public intervention in price setting, and specific, crisis-related derogations with quantitative limits, so that case law under the newer framework cannot automatically be used to re-define the scope of "State intervention" under Directive 2009/72. This is even more apparent when the recitals to Directive 2009/72 and Directive 2019/944 are compared.[62] It is thus clear that, in adopting the 2019 framework, the EU legislator pursued a more deeply integrated internal energy market and to correspondingly limit the scope for State intervention. That being said, the Ministry's position that the Norway Price Scheme is not a public intervention in the electricity markets, also applies to the 2019 directive.

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[57] Case T-596/22 *PGA Spain,* paragraph 33 with further reference to the Commission's decision (SA. 102454 (2022/N) – Spain and SA.102569 (2022/N) – Portugal, recitals 33 to 39.

[58] Case T-596/22 *PGA Spain,* paragraph 4.

[59] Case T-596/22 *PGA Spain,* paragraph 80.

[60] Complaint form part 2/2 to the EFTA Surveillance Authority concerning failure to comply with EEA law (August 10, 2025) p. 10–11.

[61] Directive 2019/944 recital 96 and article 5.

[62] Compare, for example, Recitals 42–50 of Directive 2009/72/EC with Recitals 2–7 and 22–23 of Directive 2019/944.

Secondly, the Spanish scheme altered the bidding behavior of generators and the wholesale price directly, through a regulated production cost adjustment that lowered the bids submitted by certain gas fired plants in the day-ahead auction. By contrast, Norway Price is a State-financed hedging arrangement between the State and consumers, which neither regulates wholesale bids nor obliges suppliers to apply a particular retail tariff or discount. Properly understood, *PGI Spain* confirms that when Member States choose to intervene directly in wholesale or retail price formation, they must structure the intervention so as to preserve free price-formation "as far as possible" within the applicable legal framework. It does not follow from that judgement that a very different type of measure, that is a budget-financed support scheme like Norway Price, which leaves contractual prices and suppliers' commercial freedom intact, should be treated as a State intervention in price formation.

4.2.6 State aid case SA.104994 (2022/N) – Netherlands

Case SA.104994 concerned the Dutch "Temporary Energy Price Limit" scheme, notified as State aid during the 2022–2023 energy crisis. The Netherlands asked the Commission to approve a measure under Article 107(3)(b) TFEU and the Temporary Crisis Framework, in combination with Directive 2019/944 and Council Regulation 2022/1854. The scheme granted budget-financed support to small energy users in the Netherlands that were either households or qualified as SMEs.[63] The grants came in the form of a monthly reduction of the natural gas, electricity and heating bills. The reduction was calculated for each beneficiary for each month of 2023 on the basis of the beneficiary's average monthly consumption up to a fixed quantity and the difference between the individual contractual energy price and maximum prices set by the State (for electricity, EUR 0.40 per kWh up to 2 900 kWh per connection, with similar caps for gas and heat). The grants were funded from the State budget and were channeled via energy suppliers which acted as intermediaries between the State and the final customers. The suppliers who participated applied the capped price for the eligible volume on the bill and were then reimbursed by the State.

In its decision, the Commission explicitly notes that this design amounts to price intervention. It states that the measure provided aid in the form of a monthly reduction of the bill and that, by establishing a maximum price which consumers would pay for certain quantities of electricity, that the measure constitutes a public intervention in price setting.[64] Participating suppliers were required to cap the prices on the energy bills of small energy users up to the consumption limits. Their normal contractual prices would only apply for consumption exceeding those consumption limits. Because the aid was calculated directly from each customer's contractual tariff, the need for safeguards reflects the risk that suppliers might inflate their prices in order to capture part of the subsidy.[65] To address that risk, the Netherlands applied detailed safeguards: the granting authority must check participating suppliers' gross margins against a historical benchmark and claw back any excess profits, and the Dutch Authority for Consumers and Markets ("ACM") must monitor that irregular tariffs are not set and that there is no collusion to increase prices.[66] The Commission therefore assessed the scheme not only under the State aid rules, but also under the specific provisions on public price intervention in Directive 2019/944 and Regulation 2022/1854, precisely because a maximum retail price was being imposed for defined consumption volumes.[67]

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[63] SA.104994 (2022/N) – Netherlands, paragraph 22.

[64] SA.104994 (2022/N) – Netherlands, paragraph 72.

[65] SA.104994 (2022/N) – Netherlands, paragraph 23-24 and 36.

[66] SA.104994 (2022/N) – Netherlands, paragraph 36 and 37.

[67] SA.104994 (2022/N) – Netherlands, paragraph 71-77.

Against that background, the Dutch scheme is only partially comparable to Norway Price. In practice, the Dutch scheme made the maximum price the effective retail tariff for a defined band of consumption: for each kWh within that band, small users could not be charged more than EUR 0.40, and participating suppliers were legally required to apply that cap on the bill for those quantities, with their loss of revenue compensated by the State. The reduction was calculated against each customer's contractual tariff and implemented directly in the supplier–customer relationship and on the invoice. Because of this design, the Commission classified the measure as a public intervention in price setting and subsequently assessed it in light of the safeguards introduced by the Netherlands.[68] This included gross-margin checks, claw-back of excess margins and monitoring by the ACM to ensure full pass-on of the aid and to prevent suppliers from appropriating it through inflated tariffs.

By contrast, Norway Price is constructed differently. The State does not tell suppliers or consumers that "for the first X kWh, the price shall be at most NOK 0.40". Rather, suppliers can continue to charge whatever contract price they agree with their customers, and the customer must still pay that full contract price. Norway Price is settled outside the supply contract, against the spot price in the relevant bidding zone on the exchange (not the supplier's tariff), and via DSOs, which are regulated monopolies rather than retail competitors. On the grid invoice, Norway Price appears as a separate line showing an amount payable to or receivable from the State. If the spot price is higher than NOK 0.40 per kWh, the State pays the difference, while if the spot price is lower, the household pays the difference to the State. The mechanism is thus a two-sided, budget-financed hedge between the State and the household, and does not alter the contractual supply price or require suppliers to offer a capped tariff or a regulated discount. Any impact on what households effectively pay arises from this separate hedge, not from compulsory pricing behavior by electricity undertakings. Properly understood, the Dutch state aid decision shows that a measure which actually fixes a maximum price on the supplier's bill is a State intervention in price setting. It does not follow that a structurally different, spot price-based support scheme like Norway Price must be treated as the same kind of intervention.

4.3 Conclusions

The Ministry's position is that Norway Price cannot be regarded as a public intervention in price formation or as a "public service obligation" within the meaning of Article 3(2) of Directive 2009/72/EC. The scheme does not regulate wholesale or retail electricity prices, does not alter the content of supply contracts, and does not require generators or suppliers to offer specific tariffs, discounts or products. Generation and supply of electricity continue to take place entirely on a commercial basis, and consumers remain fully liable to pay the agreed contract price, grid tariffs, taxes and surcharges. Norway Price is instead a budget-financed, time-limited support and price-hedging scheme between the State and households, settled against the spot price and administered via DSOs in a manner which does not influence their role as regulated infrastructure operators. On this factual basis, the scheme is qualitatively different from the measures examined in *Federutility, ENEL, Commission v Poland, ANODE, Viesgo, PGI Spain* and the Dutch state-aid case, all of which involved direct price regulation, mandatory discounts and/or financing obligations imposed on market actors.

The Ministry's principal submission is therefore that Article 3(2) does not apply to Norway Price, because the conditions for the existence of a "public service obligation" addressed to undertakings active in the competitive parts of the electricity sector are not fulfilled. However, for the sake of completeness and on a purely subsidiary basis without prejudice to this position, the annex and the replies to ESA's questions explain that Norway Price would, in any event, comply with the requirements

[68] SA.104994 (2022/N) – Netherlands, paragraph 72.

of general economic interest, proportionality, transparency, non-discrimination and time-limitation laid down in Article 3(2) of Directive 2009/72/EC and relevant jurisprudence.

5. Answers to the Authority's questions – consolidated

5.1 Question 1

"The Directorate understands that Norway introduced a number of schemes to support high electricity prices, in addition to the Norway Price. Please list and describe all these schemes in Norway, in addition also other relevant schemes to address difficulties to pay energy bills, schemes to combat high energy prices and the Norwegian supplier of last resort-scheme, including their interplay with the Norway Price."

Norway has introduced a number of measures aimed at improving the market and protecting consumers from the consequences of high electricity prices. The most important of these aimed at households are described below.

Measures to improve the electricity retail market

The Energy Act, from 1991, establishes the basis for the free buying and selling of electricity and a strictly regulated grid operation. While the electricity retail market has functioned well, several improvement measures have been adopted throughout the years, including during the last three years to further facilitate a more consumer-friendly electricity retail market.

In the autumn of 2022, new and stricter rules were introduced for the marketing of electricity supply contracts, as well as new requirements to the information consumers are to receive when entering into agreements. The purpose of these regulatory changes was to reduce information asymmetry and strengthen consumers' ability to compare prices in the market and make informed choices. The changes were introduced through an amendment to the Regulation on Price Information for Goods and Services adopted on September 23, 2022 (FOR-2022-09-23-1694) and an amendment to the Regulation on Metering, Settling, Invoicing of Grid Services and Electricity, DSO Neutrality etc. adopted on October 4, 2022 (FOR-2022-10-04-1991). The following changes were made:

- enhanced requirements for electricity suppliers to clearly disclose information about prices, contract duration, and contract types in their marketing,
- a requirement for electricity suppliers to provide information about the Consumer Council's electricity price portal, www.strompris.no, where consumers can compare different electricity contracts,
- a requirement for all electricity suppliers to publish complete price lists for all contract types — including older agreements still in use — so that consumers can easily identify and compare their own contracts,
- the notice period for price or contract changes was doubled, to 30 days, giving consumers more time to make informed decisions in response to any adjustments,
- new requirements for the information presented on the electricity bills, including a requirement for separate line items for all price components such as surcharges and additional services in the electricity bill.

In the summer of 2024, additional regulations were introduced to strengthen consumer rights and ensure fair competition, and more transparency in the electricity retail market. The changes were introduced through the Act relating to Amendments to the Energy Act, etc. (Measures for a More

Consumer-Friendly Electricity Market), adopted on June 14, 2024 (Act No. 32), and included the following elements:

- electricity suppliers may lose the right to sell electricity if they fail to comply with consumer protection requirements,
- customers can terminate the electricity supply agreement free of charge within 30 days of receiving notice if an electricity supplier changes an existing contract in a way that makes it less favourable for the customer,
- stricter requirements for providing clear information about termination fees in contracts with binding periods, both when the agreement is signed and during its term,

a mandatory 24-hour cooling-off period for electricity contracts sold through phone sales, door-to-door sales, stands, or in-store promotions.

The electricity support scheme for households

The electricity support scheme for households was established in December 2021 as a measure to compensate consumers for extraordinarily high electricity prices. Subsequently, several changes have been made to the scheme to make it more predictable and better targeted to actual consumption. When the electricity spot price exceeds a threshold value, the scheme provides households with a compensation amounting to 90 percent of the price above the threshold value. The threshold value is subject to annual price adjustment, and for 2025 it is set to NOK 0.75 per kWh excluding VAT. Consumption exceeding 5.000 kWh per month per metering point is not eligible for support.

The electricity support scheme for households is administered by the DSOs, who are responsible for calculating the support for eligible grid customers and disbursing the support. The support is deducted from the invoiced grid tariff. If the consumer's electricity supplier performs consolidated billing, the electricity supplier carries out the disbursement to the grid customer through a deduction on the invoice. The support scheme is entitlement-based, and households do not need to apply to receive the support.

RME calculates and publishes the support rates for the scheme (RME, 2025). RME is also responsible for the transfer of electricity support to DSOs. The DSOs submit a monthly overview to RME of the support paid to their respective grid customers. RME is further responsible for supervision and handling of complaints, as well as issuing binding decisions on the right to be covered by the scheme, suspension of payment and recovery of improperly granted support.

The electricity support scheme does not reduce the households’ obligation to pay the full contract price in their contract with the electricity supplier and does not reduce the obligation to pay grid tariffs to the DSO or taxes to the state. The electricity support is channelled from the state to the households through a separate deduction line in the grid tariff invoice.

Financial support for energy efficiency and local energy production

Energy efficiency has been high on the Norwegian Government’s agenda for many years and financial support through the state agency Enova has been an important instrument helping to mature markets for various energy efficiency technologies. In recent years funds allocated for this objective has been strengthened, and a total of NOK 4.4 billion has been allocated for the period 2021–2026 by the Government to financial support schemes for residential energy efficiency measures and local energy

production through Enova and the Norwegian State Housing Bank (Husbanken).[69] According to Enova, NOK 570 million has been granted in financial support to households for investing in air-to-water and water-to-water heat pumps between 2015 and 2025. In the same period households have received over NOK 100 million in support from Enova to invest in hydronic heating systems, and nearly NOK 90 million has been granted to households for smart water heaters. Solar panel installations in households have received just under NOK 700 million, while more than NOK 500 million has been allocated for residential building envelope upgrades. 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). The Norwegian Heat Pump Association provides an overview on their website over municipalities providing financial support for air-to-air heat pumps (Norwegian Heat Pump Association, 2025b).

The electricity tax

Most electricity consumption in Norway is subject to an electricity tax per kWh.[70] End customers pay the electricity tax to their grid company. The grid companies report and remit payments to the Norwegian Tax Administration. The electricity tax is price adjusted annually.

The Norwegian Government has reduced the electricity tax as a measure to lower the electricity costs for households and businesses. In 2022 the electricity tax was reduced for all months, and with a larger reduction in the first quarter (winter months of January, February and March). The rate in 2021 was NOK 0.1669 per kWh, while the rates in 2022 were NOK 0.0891 per kWh for the first quarter, and NOK 0.1541 per kWh for the remainder of the year. Since then, the system has operated with different rates for the first quarter and the remainder of the year respectively.

In the Revised National Budget for 2025, the electricity tax rate was reduced by NOK 0.044 per kWh for all months, with the new rates taking effect from October this year. The rate applying to the remainder of the year went from NOK 0.1693 per kWh to NOK 0.1253 per kWh.

In the National Budget for 2026 the electricity tax is subject to further adjustments, as the electricity tax will be set to a single rate of NOK 0.0713 per kWh throughout the year.

Previous electricity support schemes aimed at households

In 2022, the Government granted a financial support of NOK 4.500 in electricity support per student/adult learner. In total, NOK 542 million was allocated in electricity support to students and adult learners. Further, the housing allowance was temporarily expanded both in February 2021 and from October 2021 through March 2024 to help alleviate the burden of high electricity costs. The increased housing allowance amounted to a total of more than NOK 4 900 million. The Norwegian Parliament further approved to increase the block grant to municipalities in 2021 and 2022 to cover higher social security payments resulting from high electricity prices. The housing grant to municipalities was increased by NOK 300 million in 2022 and NOK 100 million in 2021. These support schemes are no longer in effect.

[69] 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.

[70] There are certain exemptions to the tax, such as metallurgical and mineralogical processes and commercial greenhouses. Certain end users receive a reduced rate, such as industry and households and public administration in the county of Finnmark and parts of Troms. For a full list, see https://www.skatteetaten.no/en/business-and-organisation/vat-and-duties/excise-duties/about-the-excise-duties/electrical-power-tax/.

Supplier of last resort

Under Norwegian law DSOs are required to provide what is known as a "supplier of last resort" service to ensure that customers do not lose their electricity supply for instance when moving, when their electricity supplier can no longer deliver electricity (e.g. due to bankruptcy), or when the electricity supplier terminates supply as a result of non-payment. In such situations, the customer will automatically receive electricity from their DSO until they choose a new supplier. The supplier of last resort regime is regulated in Regulation No. 301 of 11 March 1999 on metering, settling, invoicing of grid services and electricity, DSO neutrality etc. Under this regulation, the customer pays the spot price for the electricity delivered plus a regulated surcharge. For the first six weeks, the surcharge is set to NOK 0.05 per kWh, excluding VAT. After the first six weeks, the surcharge is increased to NOK 0.08 per kWh, excluding VAT. The supplier of last resort arrangement is intended as a temporary solution, and surcharges are therefore set higher than the average surcharge offered by electricity suppliers in order to incentivize customers to enter into an agreement with an electricity supplier. Grid companies are also required to provide customers with information on how to choose a new electricity supplier. Grid customers who receive electricity under the supplier of last resort obligation are automatically covered by the electricity support scheme. They can also opt in to Norway Price.

5.2 Question 2

"What is the objective of the Norway Price, which increases public support to electricity prices for all household customers?"

The main 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. Section 1 of the Norway Price Act stipulates that the objective of the Act is to establish schemes for financial support and predictable prices.

The underlying rationale for the scheme is inherently connected to three main developments that together have affected Norwegian consumers severely during the last years, cf. the legislative proposal in Prop. 148 L (2024-2025) item 2.1.2:

- A persistently high electricity price level compared to historical prices
- Increased volatility in electricity prices
- A significant rise in price differences – and thereby difference in electricity expenses – for households across bidding zones in Norway

While countering high electricity prices was a main motivation behind the electricity support scheme, the purpose of Norway Price was to remedy the shortcomings of the electricity support scheme in terms of predictability for Norwegian households.

The objective of the electricity support scheme is to provide financial support to households due to high electricity prices.[71] 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. The threshold for the scheme (NOK 0.75 excluding VAT in 2025) is set at a level nearly 90 percent higher than the historical average electricity price for the period 2010-2021, cf. Figure 16.

[71] Cf. section 1 of Regulation No. 1791 of September 8, 2025 on Electricity Support and section 1 of the now repealed Act No. 170 of 22 December 2021 on Electricity Support.

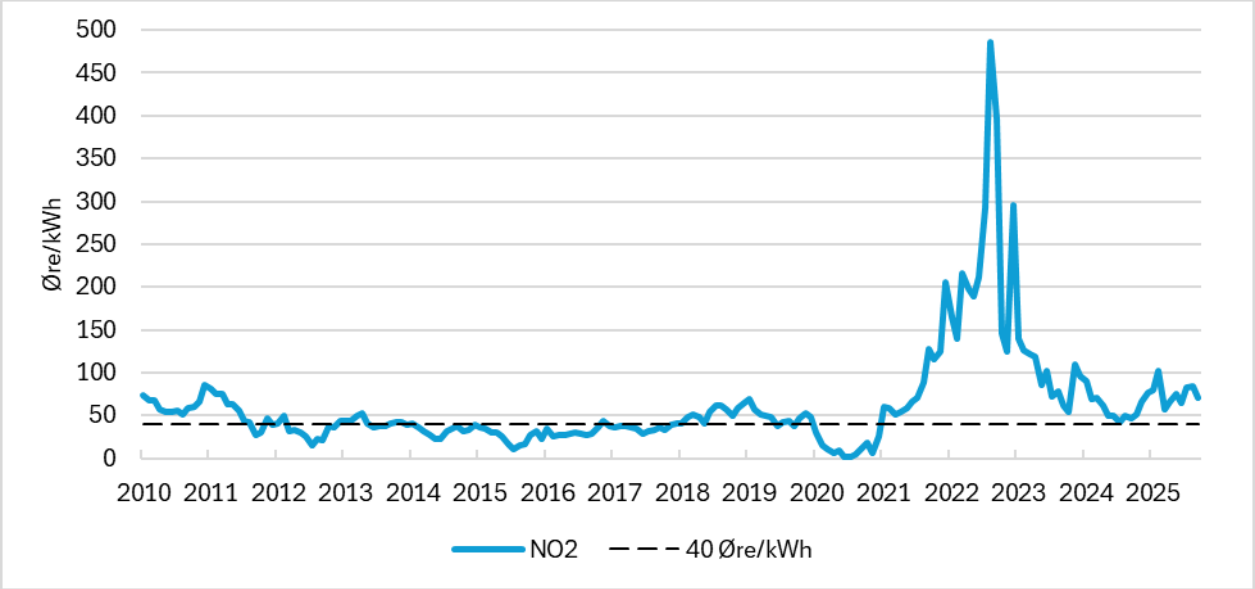

Figure 16: CPI-adjusted monthly spot price in bidding zone NO2 from 2010 to September 2025 and the Norway Price scheme at 40 øre per kWh. Source: Nord Pool

However, the electricity support scheme does not provide predictability for consumers' total household electricity expenses, considering the increased volatility in electricity prices over hours, days, weeks, and months, cf. Figure 22, Figure 23 and Figure 24 in question 3 a). Furthermore, the scheme does not address the significant price differences that have emerged between the five Norwegian bidding zones Figure 17. 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.[72] With the electricity support scheme, the cost in the same period was NOK 9.667 in NO2 and NOK 3.470 in NO4 – a difference of NOK 6.197, cf. Figure 18.

The Norway Price scheme aims to remedy the above shortcomings by providing predictable electricity costs for Norwegian households. As an alternative to the electricity support scheme, Norway Price is a cost predictability scheme for households under which they are settled against a reference price per kWh. The reference price is set to NOK 0.40 per kWh excluding VAT from October 1 2025 – December 31, 2026. Effectively, Norway Price functions as a support scheme which in practice provides (within the consumption cap) the same financial predictability for the consumer as a fixed price contract.

Norway Price is not made mandatory for Norwegian consumers. The Norwegian authorities recognize that, for some households, it may be preferrable to be protected from the very highest prices, without missing out on periods of very low electricity prices. For these households, the electricity support scheme might be most suitable. For households that are more dependent on predictability in their electricity expenses, Norway Price may be the best alternative.

In light of the expected developments in the power market with increasing price volatility, occasionally very high electricity prices and persisting differences in spot prices between bidding zones, the need for a financial hedging scheme such as Norway Price is expected to remain for several years, cf.

[72] 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.

answer to question 3. 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.

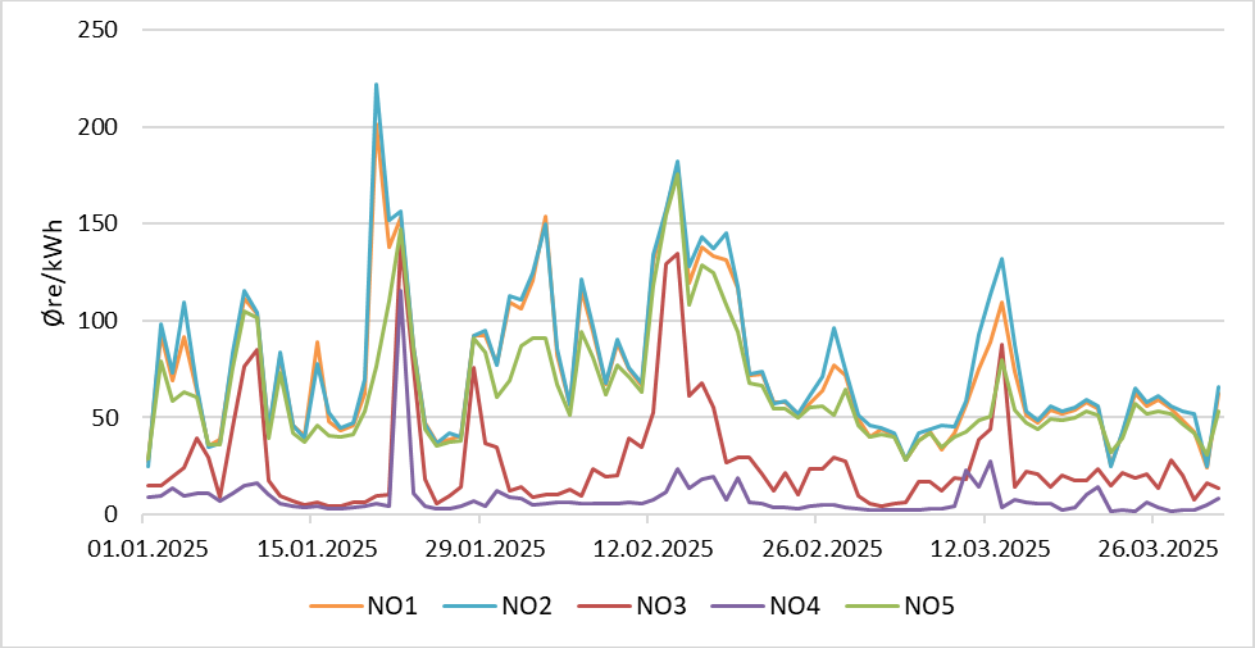

Figure 17: Electricity prices in bidding zones NO1, NO2, NO3, NO4, and NO5 in Q1 2025. Øre per kWh. Source: Nord Pool.

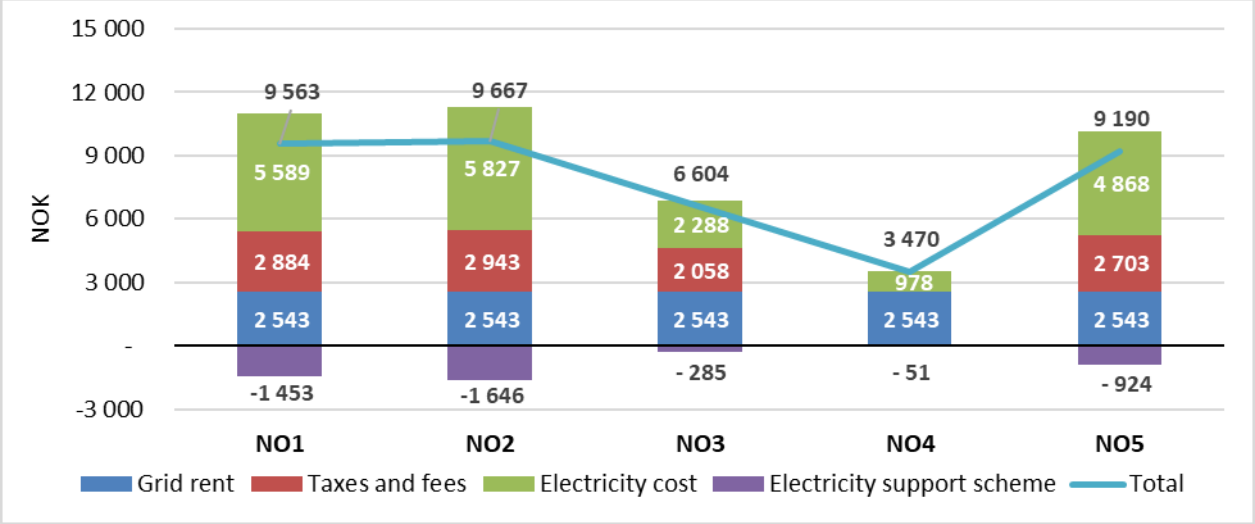

Figure 18: Estimated total electricity cost in Q1 2025 for a household customer with an hourly spot price agreement and an annual consumption of 20,000 kWh, broken down by bidding zone. The electricity cost includes the cost of electricity, grid tariffs, taxes, and electricity support. For NO4, the taxes in the figures are shown as zero because, in large parts of NO4, VAT and electricity tax are not charged. Source: NVE (2025a).

Legal observations: objective, proportionality and margin of appreciation

The Ministry first reiterates the Norwegian Government's principal position that Norway Price is not a state intervention in the electricity market and not a public service obligation subject to the Electricity Directive, cf. our introductory remarks. Having said that:

Norway Price must be understood in light of the Government's broader electricity support framework and its objective of protecting household consumers from extreme volatility and unpredictability in electricity prices. The Ministry would like to point out that Norway differs from most other European countries as a large share of households have spot price electricity contracts and therefore are

exposed to hourly electricity prices in the wholesale market, cf. the answer to question 4. Further, 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 in 2023 (IEA, 2023). Norwegian households therefore have a much larger share of their total energy consumption exposed to volatile electricity prices than households elsewhere in Europe.

While the general electricity support scheme aims to compensate customers *ex post* for part of their consumption above a given price threshold, the Norway Price is designed to offer all household customers *ex ante* price certainty by offering a price hedging mechanism where electricity prices are settled against a fixed reference price. The measure is grounded in the State's objective to provide households with security and predictability during a time of volatile and occasionally very high electricity prices. This reflects a deliberate policy choice to safeguard consumers' welfare and ability to plan and manage their finances under highly volatile market conditions.

The Ministry notes that this objective — protecting household consumers from unpredictable, volatile and occasionally very high electricity prices — constitutes an objective of "general economic interest" within the meaning of Article 3(2) of the Electricity Directive.[73] In this respect, it is important to recall that EEA States enjoy a wide margin of discretion to define the scope and the organisation of their services in the general economic interest. In Case 265/08 *Federutility*, the Court noted that "*Member States are entitled, while complying with the law of the Union, to define the scope and the organisation of their services in the general economic interest. In particular, they may take account of objectives pertaining to their national policy*".[74]

This discretion is also reflected in Recital 46 and 50 of the Electricity Directive, which states that: "*It is important that the public service requirements can be interpreted on a national basis, taking into account national circumstances and subject to the respect of Community law" and that "public service requirements should be defined at national level, taking into account national circumstances; Community law should, however, be respected by the Member States*".

Accordingly, the proportionality of the Norway Price must be assessed in light of the specific objective of general economic interest as defined by the Norwegian Government. The desired level of cost predictability – the high level of protection deliberately chosen by the Norwegian authorities – must serve as the benchmark for this assessment.

Under Article 3(2) of the Electricity Directive, Member States may impose public service obligations on electricity undertakings in "the general economic interest", including with regard to pricing. These obligations must be clearly defined, transparent, non-discriminatory and verifiable, and must guarantee equality of access for EU electricity companies to national consumers.

The Ministry notes that the objective pursued by the Norway Price scheme is closely aligned with the purpose of the Italian measure examined by the CJEU in *Federutility*. In that case, the Court found that the Italian system of "reference prices" for natural gas sought "*to limit the impact of the increase in the price of petroleum products on international markets, which, in a context where competition on the natural gas market is not effective, would, in the absence of intervention, have a major impact on the sale price offered to final customers*".[75] The Court confirmed that Member States enjoy a broad margin of discretion in determining what constitutes an "objective of general economic interest" within

[73] Compare judgment in Case C-265/08 *Federutility*, paragraph 25-32.

[74] Case C-265/08 *Federutility*, paragraph 29, reaffirmed in Case C-121/15 *ANODE*, paragraph 44.

[75] Case C-265/08 *Federutility*, paragraph 37.

the meaning of Article 3(2) of the Gas Directive.[76] It held that maintaining natural gas prices at a reasonable and predictable level for end consumers constitutes such an objective. This reasoning should apply correspondingly to Article 3(2) of the Electricity Directive.

The complainants argue that Norwegian households already enjoy "reasonable electricity prices", and that "price stability" does not, in itself, constitute an "objective of general economic interest" within the meaning of Article 3(2) of the Electricity Directive. The Ministry notes that EEA States enjoy a wide margin of discretion in defining both the nature and scope of objectives of general economic interest. Assessments of what constitutes a "reasonable price", or what level of price stability and consumer protection should be ensured, are inherently policy choices that fall within that discretion. The complainants' objections therefore relate to matters that the Directive expressly leaves to the EEA States, and which cannot call into question the legitimacy of the objective pursued by the Norway Price scheme. It is for the Norwegian authorities to determine the level of protection to be afforded to households against volatile market prices, and consequently to decide what is to be regarded as a "reasonable price" in light of national circumstances and policy priorities.

The complainants further argue that the Norway Price scheme cannot be regarded as a public service obligation permissible under Article 3(2) of the Electricity Directive, since it is universal in scope and not limited to "vulnerable customers". They note that the Directive obliges Member States to define and protect vulnerable customers and contend that Norway has not done so. In their view, EEA law only allows price interventions directed specifically at such customers.

The Ministry recalls, however, that the CJEU has made clear that Article 3(2) does not restrict public service obligations to vulnerable consumers. In *Federutility* the Court clarified that it is not necessary for a measure to be limited to vulnerable consumers for it to qualify as pursuing an "objective of general economic interest." A scheme may cover all end-users, provided that the underlying objective justifies such scope:[77]

> Thirdly, the requirement of proportionality must also be assessed with regard to the scope ratione personae of the measure, and, more particularly, its beneficiaries.
>
> In that regard, it should be emphasised that that requirement does not prevent 'reference prices' for the supply of natural gas (…) from being applied to all customers whose consumption of natural gas is above a certain threshold rather than being limited to the circle of those, expressly referred to in Article 3(3) of Directive 2003/55, who must necessarily be protected on account of their vulnerability. (emphasis added)

Against that background, the Ministry considers that the Norway Price scheme undoubtedly pursues a clearly defined "objective of general economic interest" within the meaning of Article 3(2) of the Electricity Directive. The Government has decided to give household consumers the option to benefit from a scheme that provides a high level of cost predictability and security. By this choice, the Government seeks to ensure a correspondingly high level of consumer protection and to shield households from market volatility. The proportionality assessment must be carried out in light of this objective.

5.3 Question 3

"The Norway Price's consultation documents and legislative proposal assume, amongst others, that:

a. Household customers have limited flexibility compared to other types of customers;

[76] Directive 2005/55/EC. Article 3(2) of the Gas Directive largely corresponds with Article 3(2) in the Electricity Directive.

[77] Case C-265/08 Federutility, paragraph 39-40.

b. *Volatility and average prices will increase in Norway;*

c. *Uncertainties will increase on the European market;*

d. *Impacts of the Norway Price on energy savings, energy efficiency and flexibility remain uncertain and incentives for these will nonetheless remain, amongst others in the summer for solar, and in general through grid tariffs and regulatory requirements;*

e. *The impact of the Norway Price on electricity prices will be limited considering the Norwegian market flexibility and that prices depend on a number of factors in Norway and neighbouring countries;*

f. *The Norway Price will not affect the price formation in the wholesale market, including because the Norway Price takes the form of a subsidy and considering the above assumption made by Norway that the Norway Price will have a limited impact on electricity prices;*

g. *The Norway Price is not expected to lead to a large increase of consumption;*

h. *The price impact is not expected to be much different from the electricity subsidy scheme introduced in December 2021 and repeatedly extended since ("Strømstøtte");*

i. *The scheme's negative impacts are difficult to assess or quantify.*

The Directorate invites the Norwegian Government to detail these assumptions, including the information supporting them and, where relevant, whether these assumptions are aligned with the input received from stakeholders (including from public authorities) in the public consultation."

5.3.1 Question 3 (a)

"Household customers have limited flexibility compared to other types of customers"

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 19. 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.

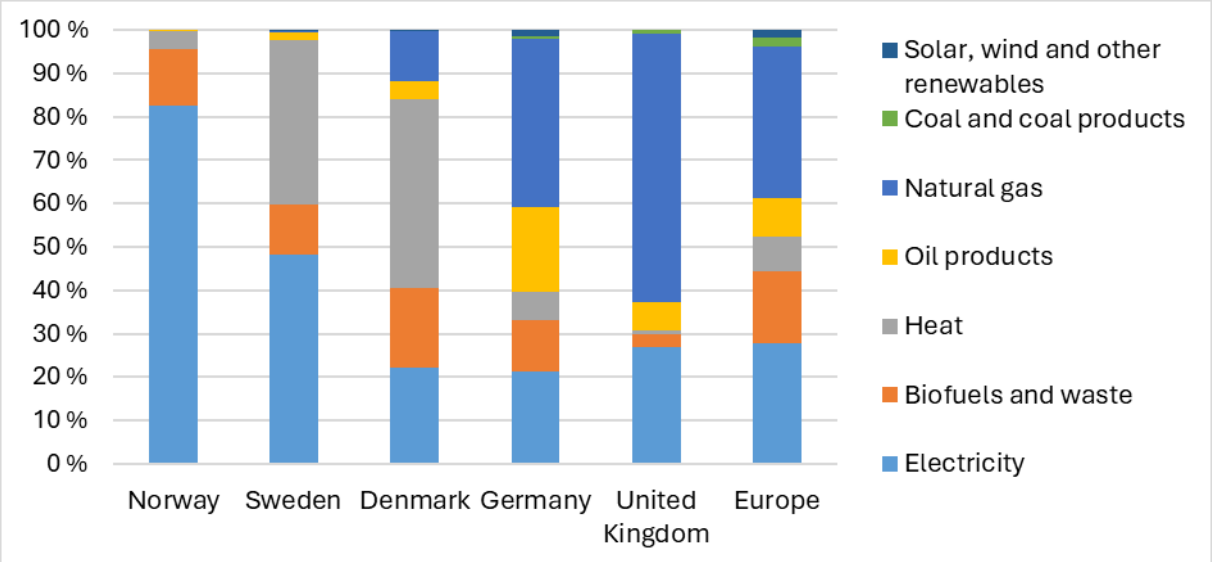

Figure 19: Residential total final consumption by source. 2023. Source: IEA (2023).

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 20 and Figure 21 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.

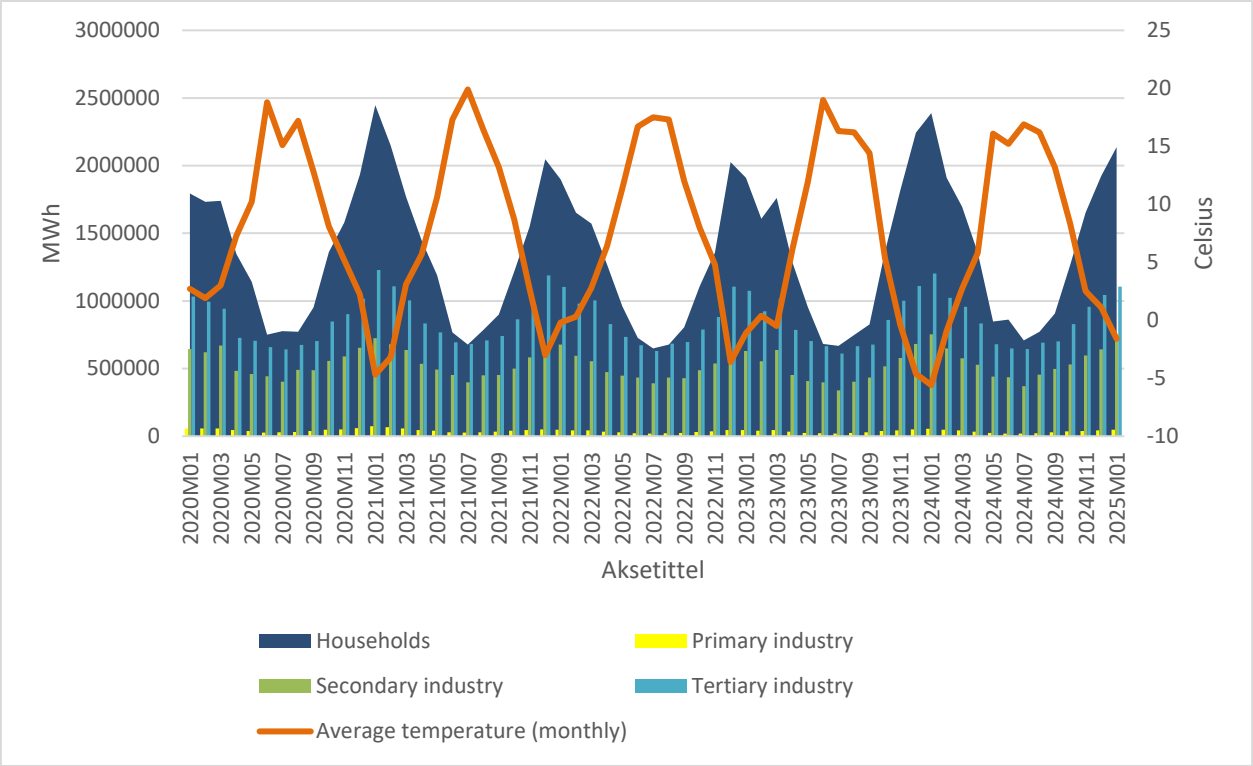

Figure 20: Monthly electricity consumption in Norwegian households and businesses in bidding zone NO1 from 2020 to 2025, and average temperature (recorded at Blindern, Oslo). Source: Statistics Norway (2025e) and the Norwegian Climate Service Centre (2025).

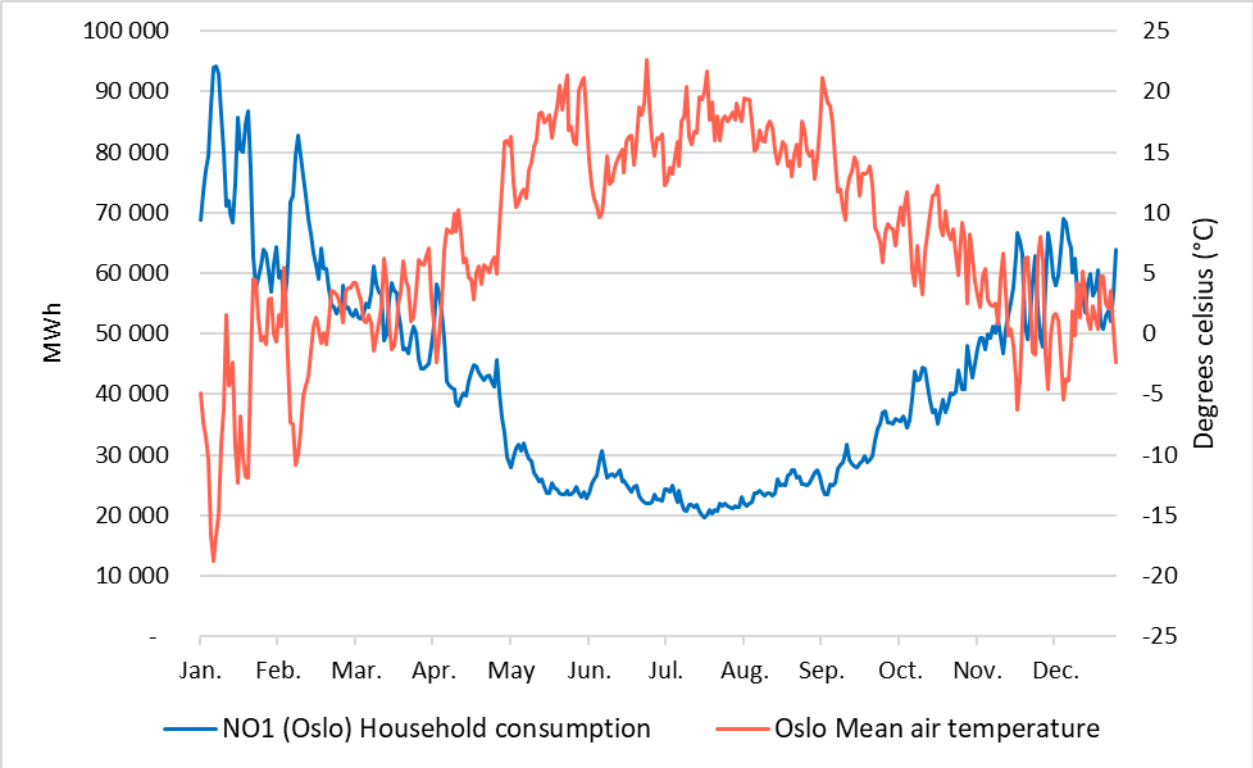

Figure 21: Daily mean temperature and household daily total electricity consumption in bidding zone NO1 (Oslo – Blindern) in 2024. Source: Norwegian Climate Service Center (2025) and Elhub.

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.

Complainants' Assumptions About Price Elasticity

The Ministry would like to point out that 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.

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, 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 responses to question 3 (g) with Figure 25 and Figure 26 and question 11. 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 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.

The Ministry's objections to the complainants' assumptions are discussed further under question 11 and provided a more detailed account of in Appendix 2.

5.3.2 Question 3 (b) – Volatility and average prices will increase in Norway

As previously explained the introduction of Norway Price must be viewed against the backdrop that both price volatility and price levels have been high in recent years. Looking ahead, most power market analyses indicate that this price volatility will increase, and that there will be a higher risk of occasionally very high electricity prices. The Ministry notes that Norwegian electricity prices are currently at a higher level than the average of the ten years prior to the energy crisis, and have remained so in recent years, adjusted for consumer price inflation, see Figure 16 in question 2. Figure 22 illustrates that Norwegian electricity prices have increased for all months of the year compared to previous years, also adjusted for consumer price inflation.

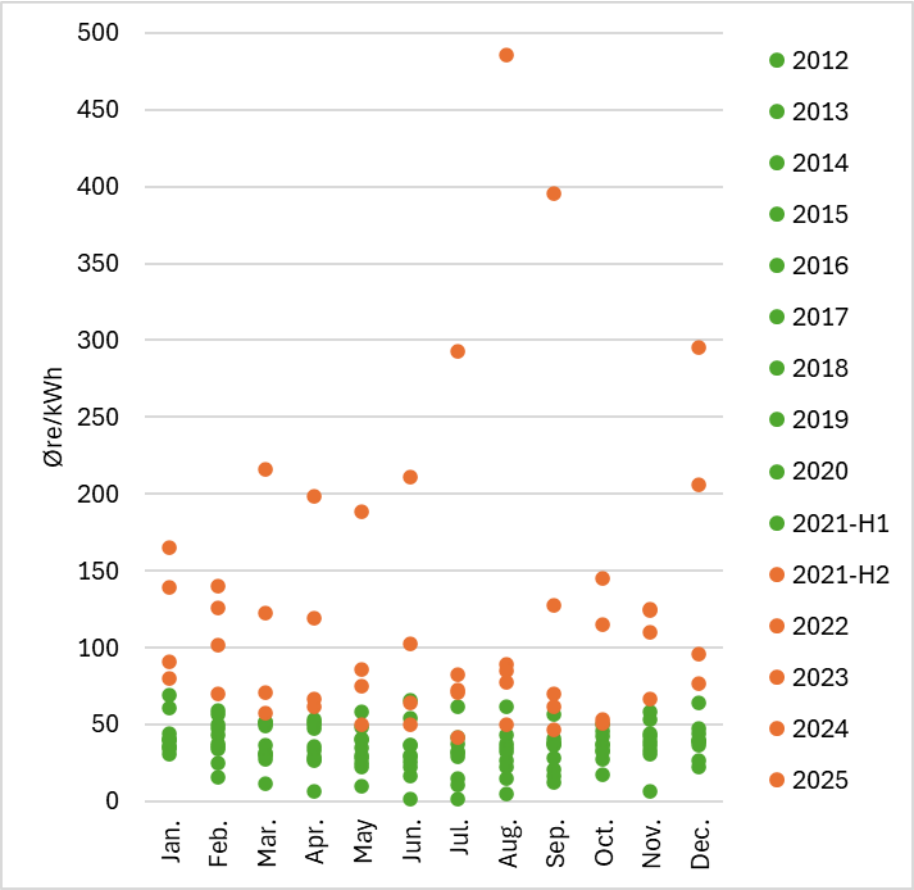

Figure 22: Monthly electricity prices in bidding zone NO2 from 2012 to September 2025, *adjusted for consumer price inflation. Øre per kWh. Source: Nord Pool*

Although the average price has decreased since electricity prices peaked in 2022, market developments since 2021 also show a significant increase in price volatility, particularly in Southern Norway (NO1, NO2 and NO5). Figure 23 shows the development of price volatility from 2010 to the present, by indicating the share of hours in which electricity prices were 50 percent higher or lower than the average price. For the pre 2020 period (2010-2019), most hours were clustered around the quarterly mean in almost all quarters. On average, only about 1-2% of hours had prices more than 50% above the quarterly mean, and a similarly small share was more than 50% below it. From 2021, the price behaviour changes, as the frequency and magnitude of large deviations increase. In 2021-2025, roughly 10-12% of hours per quarter are more than 50% above the quarterly average, and a similar share is more than 50% below it. Figure 24 illustrates the increased volatility in Norwegian hourly spot prices by comparing 2018 and 2024, despite 2018 being a very unusual year, marked by extreme drought in the Nordics and Europe, and relatively high electricity prices.

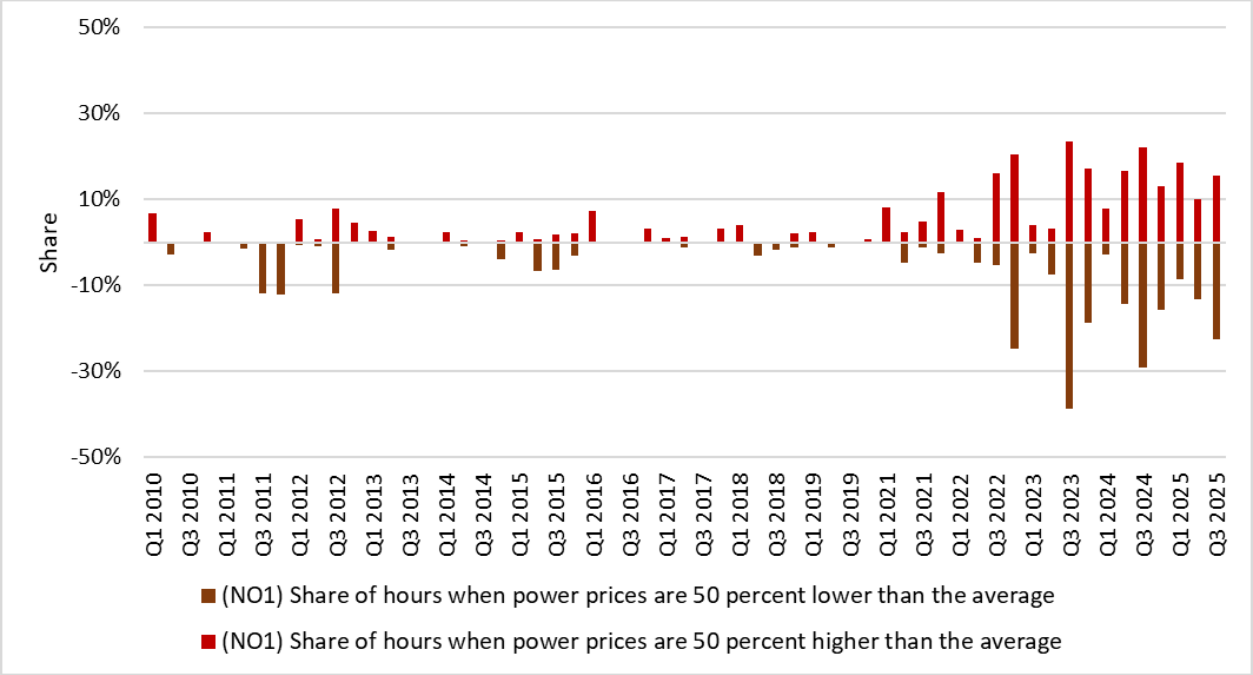

Figure 23: Variation in electricity prices in East Norway (bidding zone NO1), hours when electricity prices are 50 percent higher or lower than the average. (Q1 2010 – Q3 2025, excluding Q1 2020 – Q4 2020). Share in percent. Source: Nord Pool, Norwegian Ministry of Energy.

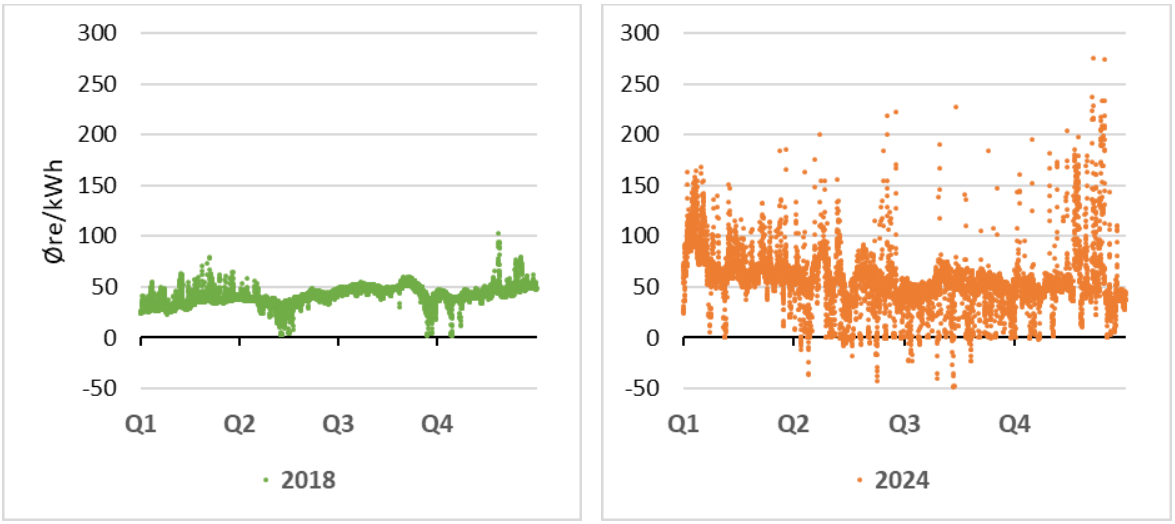

Figure 24: Hourly spot prices in bidding zone NO2 throughout the year in 2018 and 2024. The average price was NOK 0.42 per kWh in 2018 and NOK 0.58 per kWh in 2024. The Y-axis is cropped at -50 and +300 øre per kWh. In 2024, the hourly price ranged from -71 to +1,047 øre per kWh in NO2. Some observations from 2024 are therefore not included in the figure. Source: Nord Pool.

Different power market analyses assume increasing volatility in the Nordic and European countries. The Norwegian Water Resources and Energy Directorate (NVE)'s long-term power market analysis (2025b, p. 74) indicates that: *"A higher share of variable production contributes to prices more frequently shifting from high to low within a week or month over the analysis period. In our simulations, we see that the variation increases more in winter than in summer."*

Furthermore, NVE points out that: *"The price level for fuels and emission allowances is important for how much electricity prices can fluctuate from one hour to the next. When the marginal cost of thermal production is high, the price will jump significantly from an hour when variable production covers demand to an hour when thermal power plants must be activated to meet consumption. An important*

explanation for the significant increase in price variation in the Norwegian and European power markets in recent years is therefore not only the rise of variable production, but also that gas and emission allowance prices have been significantly higher than historically." (NVE, 2025b, p. 75).

Norway has traditionally experienced less intraday price variation than the continent, due to the flexibility of the Norwegian power system, where hydropower adjusts to demand and smooths out hourly price fluctuations. Going forward, short-term price variation in Norway is expected to increase – both because of the growing share of variable production in the European power system and because of increased interconnection capacity with the continent. *"This brings us closer to the price variation seen abroad*." (NVE, 2025b, p. 75).

The power systems in the Nordics and Europe are undergoing major changes. The electricity market is becoming more integrated across countries, production is transitioning from dispatchable to renewable and weather-dependent sources like solar and wind, and more sectors and uses are being electrified. Along with ongoing changes in market design, this makes the power market more complex. Just in the past year, 15-minute resolution has been introduced in both balancing and wholesale markets, and flow-based market coupling has been implemented. These power market reforms are necessary to manage the transition and ensure efficient market operations in Norway, the Nordics, and Europe. However, both the shift to weather-dependent production and changes in market design affect electricity prices and their volatility.

The Electricity Price Committee (the independent expert committee, appointed by the Government in February 2023 to assess *inter alia* which measures to take to ensure consumers more stable and less volatile prices, see Appendix 3) noted: *"The transition to more weather-dependent electricity production, under the current pricing system, leads to large and frequent changes in electricity prices (volatility). Historically, electricity prices in Europe have generally been higher during the day and lower at night, which is linked to the cost structure of coal, gas, and nuclear-based power production. When demand is low, only low marginal cost plants are used, while during the day, when demand is high, plants with higher marginal costs are also used. In the future, price differences will largely be driven by whether it is windy or not, and whether it is dark or light. While the latter is relatively easy to predict, wind conditions vary greatly over days, weeks, and years. 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).

Over time, flexibility solutions such as batteries and hydrogen may help reduce volatility in the European power market. So far, the adoption of such technologies has been limited, which is also evident in the large fluctuations in market electricity prices. Greater volatility in gas markets, combined with the wide variability in solar and wind power production, increases the risk of both short and prolonged periods of very high electricity prices in the European and Nordic markets.

The Ministry emphasizes that Norwegian households have a much higher electricity share in their final energy consumption compared to other European countries due to a high degree of electric heating, a cold climate and a high share of electric vehicles. Unlike in most of Europe, Norwegian households' energy consumption is measured and settled on an hourly basis. Without support schemes, households may experience significant fluctuations in electricity expenses from hour to hour, day to day, week to week, and month to month.

5.3.3 Question 3 (c)

"Uncertainties will increase on the European market"

Reference is made to the answer under 3 (b).

5.3.4 Question 3 (d)

"Impacts of the Norway Price on energy savings, energy efficiency and flexibility remain uncertain and incentives for these will nonetheless remain, amongst others in the summer for solar, and in general through grid tariffs and regulatory requirements"

For situations where total electricity costs with Norway Price is lower than without, the financial incentives to implement major energy efficiency measures is reduced. However, the Ministry considers that predictability related to electricity costs will provide a good basis for making sound decisions regarding energy efficiency measures and notes that the total electricity cost level when opting in to the Norway price scheme is still considered to be substantial and comparable to historical electricity costs.

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 (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 through Enova and the Norwegian State Housing Bank (Husbanken).[78] 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 from the grid households save money from their solar PV systems.

[78] 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 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.

When it comes to energy savings, the total electricity cost level when opting in to the Norway price scheme is still considered to be substantial. In addition to the electricity price, households pay surcharges to their electricity supplier, grid tariffs, value-added tax , electricity tax and the Enova fee. For an example household in the Southern part of Norway (bidding zone NO1, NO2 and NO5) that has opted in to Norway price, the total cost per kWh, including taxes and grid tariffs, may amount to NOK 1.10 to NOK 1.30 per kWh.[79] However, the total electricity costs per kWh can vary considerably and depends, amongst other factors, on where in the country the household is located and the household's consumption profile. Some households may face a higher total cost than what is indicated in the cost range per kWh. Data from RME, for example, show that certain households may experience a cost per kWh exceeding NOK 1.50. 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), further increasing household electricity costs. 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.[80] 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, 2025a). High degree of market adoption and profitability is why Enova does not offer financial support for installation of air-to-air heat pumps.

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. Their incentives on this 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 (see Figure 27 below under question 4). 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. This is further described in question 11. As regards the elasticity, the Ministry refers to its answer to question 3 (a).

5.3.5 Question 3 (e)

"The impact of the Norway Price on electricity prices will be limited considering the Norwegian market flexibility and that prices depend on a number of factors in Norway and neighbouring countries"

The assessment of the effects of the Norway Price support scheme is based on the explanation provided under question 3 (a). 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.

This assessment is based on a range of empirical studies and the historical development of electricity use among Norwegian households, see responses to questions 3 (a), (d) and (g).

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

[80] 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.

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[81], though the current share is lower. As further described under question 3 (g), 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.

5.3.6 Question 3 (f)

"The Norway Price will not affect the price formation in the wholesale market, including because the Norway Price takes the form of a subsidy and considering the above assumption made by Norway that the Norway Price will have a limited impact on electricity prices"

Reference is made to the answers to questions 11 and 3 (e).

5.3.7 Question 3 (g)

"The Norway Price is not expected to lead to a large increase of consumption"

Reference is made to the answer to question 3 (a).

Figure 25 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

[81] 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.

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[82], 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[83], even with Norway Price"* (Statnett, 2025a, p. 30). The dotted lines in Figure 25 illustrate the projected decline in consumption per household when applying forecasts rate of decline in general consumption and in buildings from Statnett and NVE.[84]

[82] The number of households has increased by approximately 655,000 from 2001 to 2024.

[83] General consumption consists of households and service sector

[84] Statnett uses general consumption (alminnelig forbruk) and NVE uses household consumption and service sector consumption

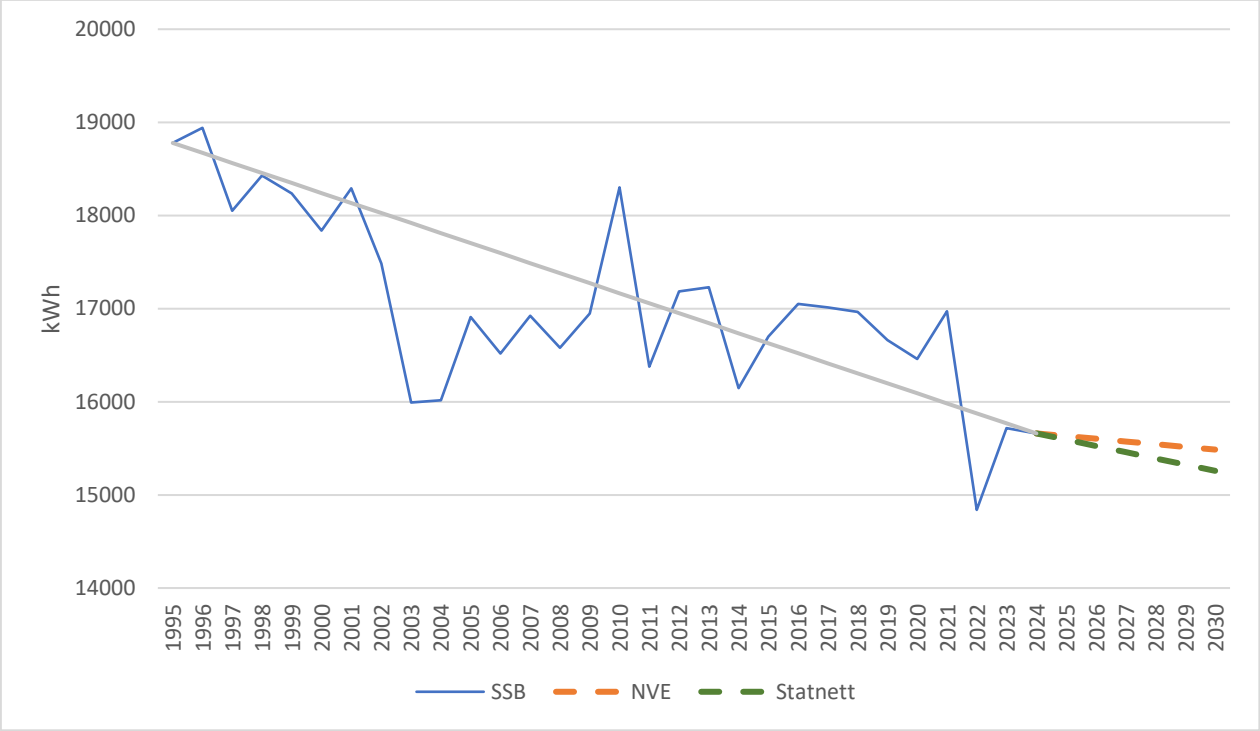

Figure 25: Historical development in electricity consumption per household and holiday home 1995-2024 (including charging of electric vehicles at home), and illustration of estimated consumption toward 2030 based on scenarios from NVE and Statnett. kWh/year. Source: Statistics Norway (2025c), NVE (2025b) and Statnett (2025b).

Figure 26 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.[85]

In the Ministry's view, Figure 26 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 (see Figure 17 in question 2) and forward electricity prices, this is an unrealistic assumption. 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.

[85] 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.

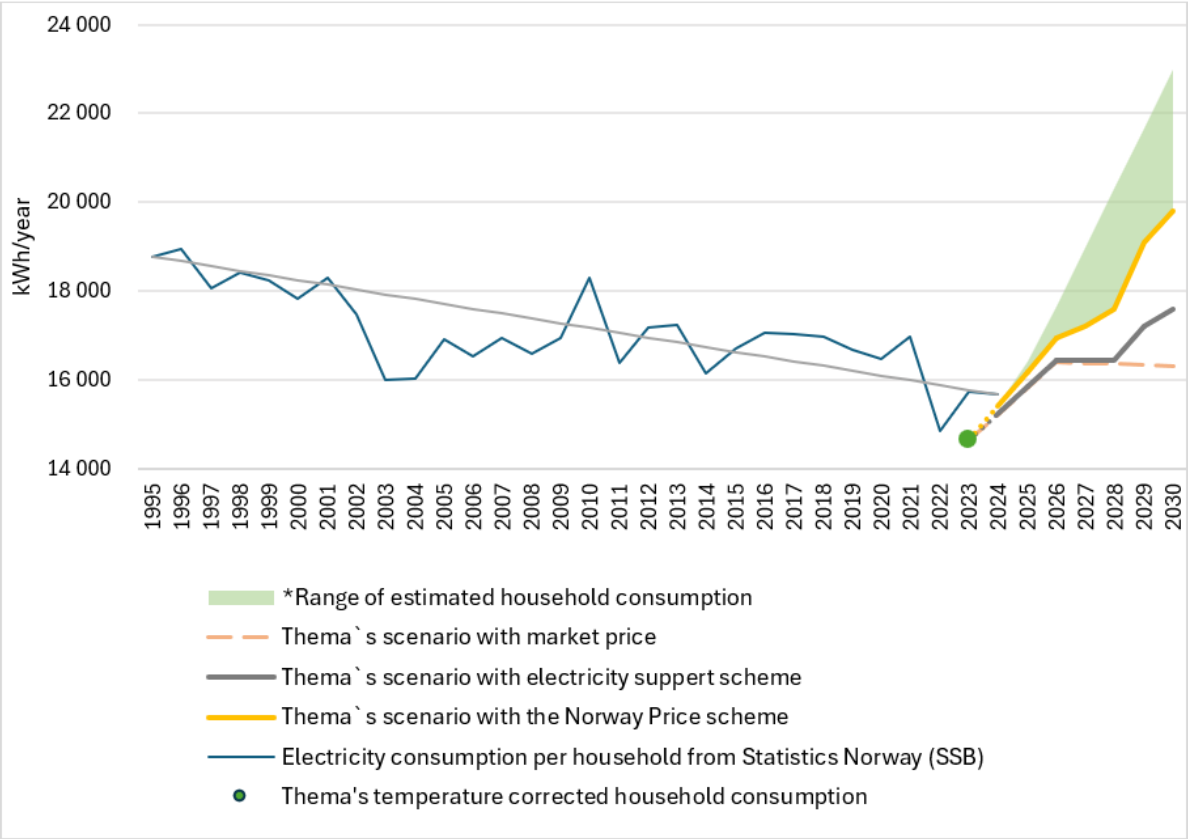

Figure 26: Historical development in electricity consumption per household and holiday home 1995-2024, and illustration of estimated consumption toward 2030 based on estimates from Thema.[86] The uncertainty band illustrates how much households with Norway Price would need to consume to reach the total household consumption level projected by Thema in the 2030 Norway Price scenario at different opt-in-rates.[87] 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.[88] 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.

[86] 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.

[87] 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.

[88] 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 25 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 (cf. answer to question 11).[89] 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[90]) 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.[91]

5.3.8 Question 3 (h) – The price impact is not expected to be much different from the electricity subsidy scheme introduced in December 2021 and repeatedly extended since ("Strømstøtte")

There is no reason to assume that the Norway Price scheme will lead to a significant increase in household electricity consumption compared to the current electricity support scheme, or that this in

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

[90] 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.

[91] 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.

turn will result in higher electricity prices. The ministry bases this on several observation, as mentioned in the answer to question 3 (g).

Firstly, statistics from Statistics Norway show that electricity consumption in Norwegian households has remained relatively stable over the past 30 years, between 35 and 40 TWh. Household consumption from year to year is primarily influenced by outdoor temperatures. The changes in total electricity consumption have been modest, especially considering that Norway has gained over 600.000[92] additional households during the same period, alongside a significant increase in societal welfare (Statistics Norway, 2025f). During this period, electricity prices in the southern region have on average been lower than the reference price of 0.4 NOK per kWh.

Even though the Norway Price scheme provides a stable and predictable electricity price, people will still have incentives to reduce their electricity bills through energy savings. The same applies to those covered by the current electricity support scheme.

Secondly, future electricity prices depend on a variety of factors, such as the Norwegian and Nordic power balance, transmission capacity in the grid, and developments in the European energy market. Any price changes in the electricity market will depend on how consumption evolves and how power producers and other actors in the power system adapt. Reference is made to the answers to questions 11 and 3 (e).

The impact on wholesale prices from the introduction of the Norway Price scheme is therefore expected to be modest, and in any case not significantly different from the current situation under the electricity support scheme.

The Ministry would further like to emphasize that if 70 percent of households and 90 percent of holiday homes in Southern Norway (bidding zone NO1, NO2 and NO5) choose the Norway Price scheme in 2026, as the Ministry assumes, around 16 percent[93] of total electricity consumption in Norway would be covered by the scheme. As of December 6, 2025, the share is lower, approximately 12 percent of total electricity consumption covered by Norway Price.

5.3.9 Question 3 (i) – The scheme's negative impacts are difficult to assess or quantify

As noted in relation to several other questions and in Appendix 2, the Ministry's assessment is that the Norway Price scheme will have very limited effects on household electricity consumption and wholesale electricity prices, and our assessment is that it will have no traceable effect on electricity trade or prices in other Nordic countries. 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.

However, 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 on the effects of Norway Price. As for assessments of the design of the support and possible alternatives, reference is also made to the studies that have been carried out in recent years, see literature list.

[92] The number of households increased by approximately 655,000 from 2001 to 2024.

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

5.3.10 The consultation process – overall comments

The Directorate has invited the Norwegian Government to include input received during the public consultation of the Norway Price scheme.

Both the proposed act on Norway Price and electricity support for households and the proposed regulations under the act, were subject to a broad public consultation in the spring and summer of 2025, respectively. The Ministry received 222 consultation responses to the proposed act concerning the Norway Price and the electricity support scheme and 45 consultation responses to the regulations under the act from a wide range of relevant stakeholders.

The consultation feedback revealed that a large number of consultation bodies acknowledge the households' need for security and predictability of electricity expenses and generally support the introduction of measures to achieve this. Several of the consultation bodies that recognized the need for measures highlighted that the Norway Price scheme could help reduce public concern related to electricity policy and contribute to greater legitimacy and increased trust in the current power system.

The consultation feedback further revealed disagreement between different stakeholders on a number of aspects concerning Norway Price. Several responses pointed out that Norway Price may lead to higher electricity consumption among households, which in turn could have negative consequences for businesses, industry, and/or the public sector in the form of higher electricity prices. Other responses, however, noted that the effect of the Norway Price on those who are not covered by the scheme will largely depend on how households adjust their consumption, and expressed doubt that households would significantly increase their electricity use as a result of the Norway Price.

It is not possible to provide a detailed account of the input received in the public consultation. The Ministry refers to Proposition 148 L (2024–2025) to the Parliament and the online public consultation page for further information: Høring av forslag til ny lov om Norgespris og strømstønad til husholdninger - regjeringen.no.

The Ministry would like to point out that the Norwegian Government has been aware of the disagreements and differing views, and has assessed all input received in the consultation process before adopting the Norway Price scheme based on the level of protection deemed appropriate. The Ministry considers that the Norway Price is a well targeted scheme that achieves the purpose of providing households with more predictable electricity expenses, as the scheme is linked to actual electricity consumption – whilst not interfering with the mechanism for setting wholesale electricity prices based on supply and demand. The Ministry does not expect the scheme to have significant impact on household electricity consumption or wholesale electricity prices, cf. *inter alia* the responses to questions 3 (e) and (g) above and question 11 below.

5.4 Question 4

"The Norway Price's consultation documents and legislative proposal note that fixed price contracts are not representative in Norway, as these contracts are not competitive compared to spot agreements benefiting from the Strømstøtte. The Directorate invites the Norwegian Government to clarify the situation in the absence of the Strømstøtte and to clarify the offers in the market quarterly since 2020."

Norway differs from most other European countries as a large share of households have spot price electricity contracts and therefore are exposed to hourly electricity prices in the wholesale market.[94] According to ACER/CEER, based on reporting from National Regulatory Authorities, Norway had the highest share of dynamic pricing for household consumers in among EU-countries, Norway and Great Britain in 2023, with 93 percent. Further, 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).

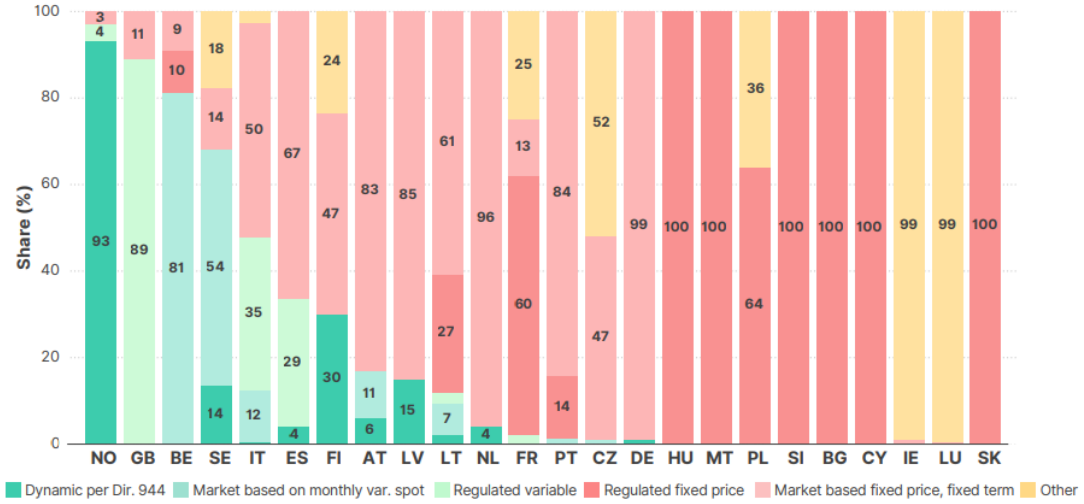

Figure 27: Share of household contract uptake per EU Member State, Norway and Great Britain in 2023. Source: ACER/CEER (2024).

Norwegian households' preference for spot price electricity supply contracts has been evident for many years. In the period from 2012 to 2025, Norwegian households have increasingly chosen spot price contracts over fixed and variable price contracts.

[94] Since September 30, 2025, the spot market has used 15-minute intervals. However, households in the low-voltage grid are still billed per hour, based on an unweighted hourly average price.

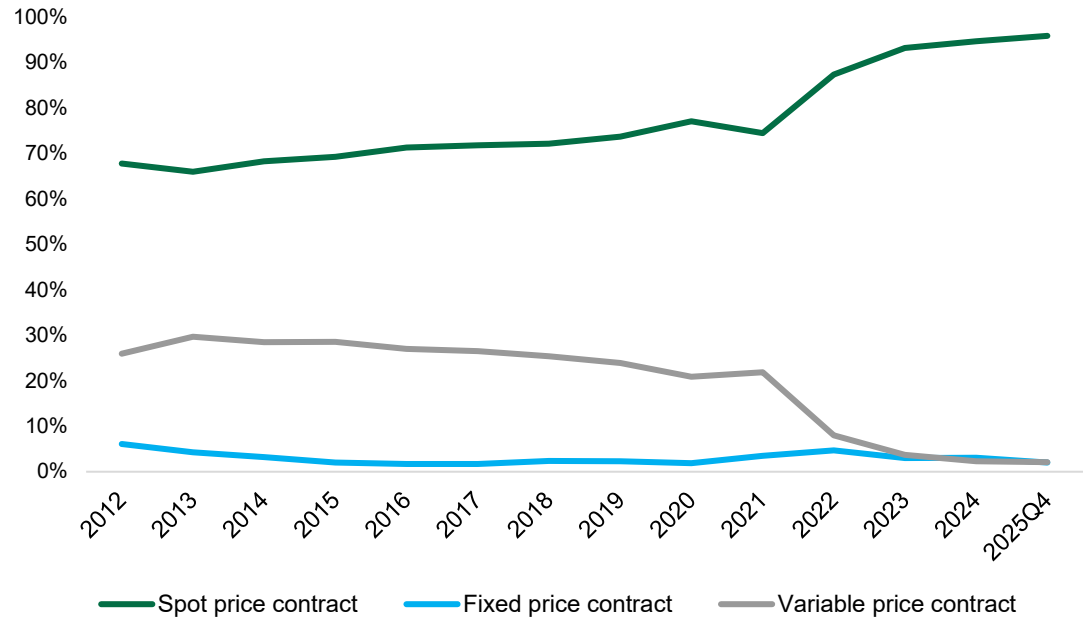

Figure 28: Share of household electricity consumption covered by different contract types from 2012-2025Q2. Source: Statistics Norway (2025d).

As seen in Figure 28, around 68 percent of Norwegian household electricity consumption was covered by spot price contracts in 2012, compared to 26 percent variable and six percent fixed price contracts. Since 2012, the share of household electricity consumption covered by spot price contracts has grown steadily, reaching 96 percent in the second quarter of 2025. The increase in the uptake of spot price contracts has been followed by a decrease in variable price contracts. The share of household consumption covered by fixed price contracts has been low in the entire period 2012-2025, covering about three percent of Norwegian household electricity consumption in the second quarter of 2025.

There is a significant decrease in the uptake for variable price contracts in 2021 and 2022. Several factors have likely contributed to this development. First, the Norwegian Consumer Council warned against expensive variable price contracts in 2021 and 2022, which may have influenced consumer behaviour. Second, new regulatory measures were introduced in 2022 to increase market transparency, reduce information asymmetry, and strengthen consumers' ability to compare and choose electricity contracts. The increased market transparency was intended to make it easier for households to choose a competitive electricity contract. Regulatory changes in 2022 also extended the notification period for changes in price or other terms and conditions in electricity contracts from 14 to 30 days. This required electricity suppliers to hedge their electricity volume offered in the variable price contracts one month in advance, instead of 14 days in advance.

The electricity suppliers' ability to offer fixed-price contracts was already limited when electricity prices increased to extraordinary levels in 2021. This was due to low liquidity in the financial power markets (low liquidity has historically been, and still is, a structural challenge in the Nordic power market), combined with high volatility in electricity prices, making it difficult for suppliers to offer competitive fixed-price contracts to households, as the suppliers themselves could not hedge effectively against price volatility in the market.

In the Nordic power market, suppliers typically hedge against price volatility through two main approaches: Participating in the financial power market and entering into Power Purchase Agreements (PPAs).The financial instruments traded in this the financial power market include futures and forward contracts, as well as EPADs, which help manage the risk associated with price discrepancies between bidding zones and the system price, which is a theoretical price for the entire Nordic region.

The markets in Norway and Sweden are characterized by numerous small bidding zones, which poses challenges for maintaining high liquidity if the price between bidding zones differs over time. In recent years, efforts to combat low liquidity have coincided with a less predictable divergence between the system price and the zonal prices, which reflect local supply and demand conditions.

To improve liquidity in the financial power market, Statnett, under the direction of the Norwegian Ministry of Energy, launched EPAD auctions in late 2024. This initiative was inspired by the Swedish EPAD model, where the Swedish transmission system operator (Svenska Kraftnät) facilitates auctions by acting as the counterparty in EPAD contracts.

In Norway, Statnett assumes the same role, serving as the contractual counterparty. The primary objective of this measure is to enhance suppliers' ability to hedge effectively against price volatility in the power market. Through these auctions, Statnett offers a limited volume of EPAD contracts between selected Norwegian bidding zones: NO1–NO2, NO1–NO5, and NO3–NO4. The contracts are distributed across monthly, quarterly, and yearly durations, providing flexibility for market participants to tailor their hedging strategies.

The first auction was held on December 10, 2024, marking a step towards improving price risk management and overall market efficiency in the financial electricity market. The effects of these EPAD auctions on the liquidity in the financial market have yet to be analysed. However, electricity suppliers still face considerable uncertainty related to forward electricity prices, which makes it challenging for them to offer competitive fixed-price contracts to households.

The Ministry does not have available data on the historical offers of fixed price contracts in the market. However, the Consumer Council's electricity price portal provides information on the prices of all electricity contracts, including fixed price contracts, currently offered to consumers in Norway. All licensed electricity suppliers selling to consumers are required to report to this portal. The reporting must include the price per kWh, including any markups, as well as any fixed fees associated with the electricity contract. This contributes to transparency regarding the prices of electricity contracts offered to consumers, including fixed-price agreements.

According to the Consumer Council's electricity price portal**,** the most affordable fixed-price electricity contract available in NO4 per December 10, 2025 is NOK 0.84 per kWh for a six-month period**.** The most affordable fixed-price contract with a one-year binding period has a price of NOK 0.32 per kWh**.** For fixed-price contracts lasting more than one year**,** the most affordable option is NOK 0.42 per kWh. In comparison the average spot price in NO4 so far in 2025 is NOK 0.09 per kWh.

5.5 Question 5

"The Norway Price's consultation documents and legislative proposal note the price differences between the north and the south of Norway. The Directorate invites the Norwegian Government to explain the reasons for these differences and whether alternatives to address these differences, including e.g. system development, have been assessed."

According to the Norwegian System Operation Guideline (Forskrift om systemansvaret i kraftsystemet - Lovdata), Statnett is responsible for handling bottlenecks in the Norwegian transmission grid. As a part of this responsibility Statnett shall use bidding zones as a mean to handle large and long-lasting bottlenecks.

Norway, as other Nordic countries, has long experience with using bidding zones. The use of bidding zones as part of the market design, ensures that the market better reflects the physics and physicals limitations in the grid. Different spot prices in different bidding zones occur when the market signals indicate that there should be transported more electricity between the bidding zones than is physically

possible. In such cases bidding zones give price signals to the market on where the electricity is most needed.

Price differences between bidding zones also give price signals on where investments in the transmission grid are needed. However, lead times for large new transmission facilities are in excess of ten years. The Ministry refers to the response to question 18: "*Statnett is working to increase grid capacity between bidding zones, which will promote more uniform electricity prices. However, such grid development is expected to take time.*" Statnett outlines in their System Development Plan 2025 how the enterprise plans to increase transmission capacity. In addition to investing in new grid assets, Statnett plans to upgrade around 100 existing overhead lines in the next 15 years in order to increase their transport capacity. When it comes to cross bidding zone transmission corridors, Statnett will prioritize projects that increase the capacity between the Norwegian bidding zones NO5-NO2, NO2-NO1 and NO3-NO1. In addition, the introduction of flow based market coupling has improved the utilization of existing grid and generation capacity. The Ministry is of the opinion that bidding zones are the most efficient way to handle bottlenecks in the transmission grid until necessary grid expansions are in operation.

The use of bidding zones is in line with the guideline on Capacity Allocation and Congestion Management regulation (CACM[95]) which states that "*Bidding zones reflecting supply and demand distribution are a cornerstone of market-based electricity trading and are a prerequisite for reaching the full potential of capacity allocation methods including the flow based method. Bidding zones therefore should be defined in a manner to ensure efficient congestion management and overall market efficiency*."

Statnett is owned by the Norwegian state. The State's objective for the ownership in Statnett is socioeconomically rational operation and development of the Norwegian transmission grid. Statnett reports annually to the Ministry of Energy on the achievement of the State's sectoral policy objective through four indicators, including price differences between bidding zones.

5.6 Question 6

5.6.1 Question 6 (a)

"How the consumption ceiling per month has been calculated, given that it includes most households in Norway?"

The purpose of the Norway Price is to provide Norwegian households with increased security and predictability during a time of volatile and occasionally very high electricity prices. Norway price includes a consumption cap that ensures it does not cover unusually high electricity usage, while still largely covering the consumption of households living in less energy-efficient homes. The consumption cap for households is set at the same level as the consumption cap for the electricity support scheme since December 2021.

If the consumption cap was set too low it would negatively affect households with a high essential electricity consumption. The Ministry considers that the level of the consumption cap strikes a balance between incentives for energy efficiency and the objective of the scheme.

[95] Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.

The consumption cap of 5.000 kWh provides households with predictability and ensures to a large extent that the consumption of most households during the winter months is covered. In 2024, around five percent of all Norwegian households had a consumption that exceeded the 5.000 kWh cap in one or more months during the year, see Table A8 in Appendix 1. The household consumption that exceeded the cap amounted to 2 TWh in 2024.

The Ministry also refers to the response to question 6 c) regarding distributional effects and Statistics Norway's report on the impact of high electricity prices on Norwegian households. The report shows that there are significant differences in electricity consumption between households, depending on the number of household members and the size and age of the dwelling. Even households with low or very low incomes can have high electricity consumption.

The calculations of the share of households exceeding 5.000 kWh in a single month are based on the temperature conditions in 2024. As referenced in question 3 (a), winter temperatures and the duration of the winter season can vary significantly from year to year. Since the need for electricity and associated expenses are greatest for households during the winter months, it has been particularly important to ensure that both the electricity support scheme and Norway Price are designed in a way that provides predictability and security regarding electricity expenses during these months.

5.6.2 Question 6 (b)

"How does the scheme intend to stimulate energy savings and energy efficiency objectives?"

The primary purpose of the scheme is to provide households with security and predictability during periods of volatile and occasionally very high electricity prices. The Norway Price scheme is neither introduced nor designed to stimulate energy savings or improve energy efficiency in households. There are other measures that are intended to help achieve the national energy efficiency objectives.

The introduction of Norway Price will, in isolation, reduce Norwegian households' financial incentives to adjust their electricity consumption in response to hourly price fluctuations. For situations where total electricity cost with Norway Price is lower than without, the financial incentives to implement major energy efficiency measures is reduced. However, it is the Ministry's assessment that the overall impact of Norway Price on energy efficiency and energy saving objectives 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, and that other policies aim to stimulate energy efficiency.

Measures designed to promote energy efficiency are described in question 3(d). This includes broad financial support schemes for energy efficiency measures in households and businesses. A total of NOK 4.4 billion has been allocated by the Government in the period 2021–2026 to financial support schemes for residential energy efficiency measures.

When it comes to energy savings, the total electricity cost level for households when opting in to the Norway Price scheme is still considered to be substantial. In addition to the electricity price, households pay surcharges to their electricity supplier, grid tariffs, value-added tax, electricity tax and the Enova fee. For example, a household in the southern part of Norway (bidding zone NO1, NO2 and NO5) that has opted in to Norway price, the total cost per kWh, including taxes and grid tariffs, may amount to NOK 1.10 to NOK 1.30 per kWh.[96] This level of electricity cost is comparable to historical

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

electricity costs. However, the total electricity costs per kWh can vary considerably and depends, amongst other factors, on where in the country the household is located and the household's consumption profile. Some households may face a higher total cost than what is indicated in the cost range per kWh. Data from RME, for example, show that certain households may experience a cost per kWh exceeding NOK 1.50.

In summary, the Norway Price scheme is not intended to promote energy savings or efficiency in households**.** However, these objectives remain central to the government's energy policy**,** supported by several measures and funding. Compared to the situation before the energy crisis and to a scenario with only the electricity support scheme, the Ministry's assessment is that the overall effect of the Norway Price scheme on national energy efficiency objectives will be limited.

5.6.3 Question 6 (c)

"How does the scheme address distributional effects between electricity household consumers? "

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. The Norwegian Government relies on other instruments to achieve redistributive effects, such as the income tax system.

The Ministry also points out that a large share of electricity consumption is driven by basic needs such as heating, hot water, and food refrigeration for the vast majority of households, and that there is no clear correlation between electricity consumption and income. In 2022, Statistics Norway conducted a study commissioned by the Ministry of Energy to examine how different households are affected by rising electricity prices. In the report, Statistics Norway concludes the following, based in part on the findings in Figure 29 below: "*The figure indicates a positive correlation between income and electricity consumption, but also shows significant variation in electricity use across all income levels. In other words, there are many households with low and middle incomes that have high electricity consumption, and many high-income households with relatively low electricity use. This is because parts of a household's electricity consumption can be considered essential goods, and a large share of consumption is governed by basic needs such as heating, hot water, and food refrigeration for most households. Nevertheless, consumption tends to increase with income. Previous analyses show that this is often due to both average consumption and household income increasing with the number of household members. Wealthier families also tend to live in detached houses and have more living space per household member, although there is considerable variation here as well. In short, there is no clear-cut relationship between electricity consumption and household wealth, and many low-income households have high consumption*." (Statistics Norway, 2022b, pp. 38-39).

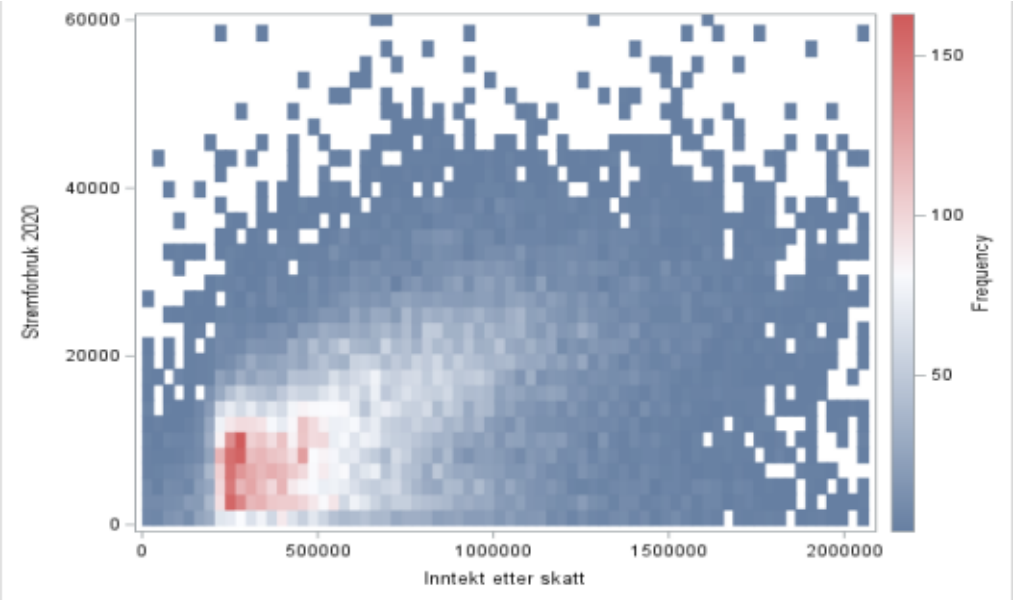

Figure 29: Plot of electricity consumption in 2020 versus disposable household income among households in Southern Norway in the analysis sample. NOK and kWh. Source: Statistics Norway (2022b).

5.6.4 Question 6 (d) – On which basis have holidays homes been included in the scheme?

Norwegians have a unique cabin culture ("hyttekultur"). Holiday homes are a long-standing and important tradition, and such homes are often passed down through generations. Holiday homes are an important part of how many Norwegians spend their vacation and is for many not considered luxury consumption. According to Statistics Norway, there are over 450.000 holiday homes across the country (Statistics Norway, 2025a). Occasionally very high and volatile electricity prices lead to increased costs associated with holiday homes for a large number of Norwegians.

In line with primary residences, household electricity consumption in holiday homes is exposed to volatile and occasionally very high electricity prices, resulting in increased and unpredictable electricity costs for many holiday home owners. Many holiday homes require continuous electricity use for heating throughout the year to avoid damage, for example, to prevent water pipes from freezing in winter or to avoid mould damages.

Based on the degree of necessity and consumption patterns, the Ministry considers it reasonable that the consumption cap for holiday homes is set significantly lower than for primary residences. For holiday homes, the cap has been set to 1.000 kWh per month per metering point. Consumption data for holiday homes from Elhub show that 49 percent of households exceeded the cap of 1.000 kWh in one or more months in 2024. This means that a large share of electricity consumption in holiday homes falls outside the scheme, cf. table A7 in Appendix 1 illustrating the share of holiday homes consuming less than 1.000 kWh in the different bidding zones of Norway.

5.7 Question 7

"Describe whether the Norway Price can benefit, including directly, non-household consumers (for instance third parties providing services to household consumers, or third-parties sharing premises with household consumers)."

The Norway Price scheme applies only to household electricity consumption in residential homes and holiday homes.

The legislative preparatory works for The Norway Price Act and the accompanying Regulation, clearly state that commercial activities are not covered by the scheme. If parts of a household's residence are used for commercial purposes, it may affect the household's eligibility for the Norway Price.
The Norway Price scheme applies to electricity consumption in households' primary residences and holiday homes, cf. The Norway Price Act section 8, and the Regulation section 4. Household and holiday home grid customers are covered by the scheme, as well as housing associations and local utility networks with shared household and/or holiday home consumption. In this regard, the Ministry emphasizes that grid companies have an independent obligation to classify their customers in the correct end-user category, cf. section 2A-10 of the Regulation on Delivery Quality in the Power System (Forskrift om leveringskvalitet i kraftsystemet - Lovdata).

Housing associations must ensure that the potential support given in reference to the Norway Price is allocated to the cooperative's households and/or holiday homes, cf. section 14 of the Norway Price Regulation. To prevent households from receiving support attributed to commercial electricity consumption, a specific provision has been included in the Regulation. Housing associations with a shared heating or ventilation system must report to the grid company if more than 20 percent of the heated area is used by parties other than the households and/or holiday homes within the cooperative, cf. section 15 of the Regulation. The report must specify the proportion of the area concerned and must be submitted to the grid company without undue delay. The grid company must reduce the price hedging support proportionally, cf. section 17 of the Regulation.

The Ministry further emphasizes that RME supervises the Norway Price scheme. If a grid customer is an undue recipient or has received an incorrect settlement under the scheme, RME may adopt a decision to suspend further payments or require repayment of the support, cf. section 22 of the Regulation.

As explained in our response to question 3 (g), Norway Price is estimated to provide households in the most expensive bidding zone (NO2) with savings of around NOK 7.000 per year[97] compared to a situation without the Norway Price scheme or electricity subsidy scheme. Estimated savings in NO1 and NO5 are slightly lower, but in the same range, cf. table A4 in Appendix 1. When a significant number of households reduce their electricity costs, the cost reduction will either increase household savings or be spent on goods and services. Indirectly, therefore, depending upon the households' specific behaviour, Norway Price may benefit suppliers of goods and services in general.

5.8 Question 8

"How will the Norway Price impact the competition on retail market and the diversity of offers on the market? Please illustrate with both a base case scenario with no national support scheme and with only the Strømstøtte."

Household consumers must have a contract with an electricity supplier and must pay the electricity supplier the full contract value of supplied electricity including the agreed surcharges and fees. There is no change in the electricity contract between the household consumers and their electricity supplier when consumers opt in to the Norway Price scheme. Electricity suppliers make their price offers solely with regard to their own commercial interest and compete on terms such as surcharges and fixed fees.

[97] The amount an average household in NO2 will save through the Norway Price scheme in 2026 is estimated by the Norwegian Energy Regulatory Authority, based on consumption profiles and hourly price variations from 2024 (from Elhub), and monthly forward prices from July 2025.

The consumers' right and incentives to choose at any time a different supplier who may offer lower surcharges and fees or an otherwise more valuable product, is unchanged.

Spot price contracts have long been favoured by households in Norway, and in the fourth quarter of 2024, before Norway Price was introduced, 95 percent of household electricity consumption was covered by spot price contracts (Statistics Norway, 2025d). The Norway Price scheme does not interfere with the free and competitive pricing for spot price contracts.

The share of household consumption covered by fixed price contracts has been low in the entire period 2012-2025 and covered only around three percent of Norwegian household electricity consumption in the fourth quarter of 2024. The electricity suppliers' ability to offer fixed-price contracts was already limited when electricity prices increased to extraordinary levels in 2021. This was due to low liquidity in the financial electricity markets (low liquidity has historically been, and still is, a structural challenge in the Nordic power market), combined with high and increasing volatility in electricity prices, making it difficult for suppliers to offer competitive fixed-price contracts to households, as the suppliers themselves could not hedge effectively against price volatility in the market, cf. the response to question 4.

Electricity suppliers' incentives to develop smart load control technology which automatically adjusts electricity consumption to spot prices, may in principle be reduced. The Ministry expects, however, that this effect will be limited, for two main reasons: First, the Ministry estimates that around 16 percent of total electricity consumption in Norway will be subject to Norway Price cf. our answer to question 11.[98] Hence, most Norwegian electricity consumers will have unchanged incentives in regard to utilizing smart load control services. Secondly, this kind of service could still give value for households who have opted in to the Norway Price scheme in terms of adapting to price signals in the grid tariffs.

5.9 Question 9

"Has the Norwegian Government conducted an impact assessment of the scheme, including the assessment of alternative measures?"

In response to very high electricity prices and considerable public debate about the organization of the electricity market, the Government in 2022 conducted a series of assessments of various measures to reduce the burden of high electricity prices on end-users, see Prop. 1 S (2022–2023) and the overview in the appendix.

The measures in the end-user market assessed by the consultancy firms AFRY and Menon included a maximum electricity price, a two-tier pricing system distinguishing between basic and luxury consumption, and direct cash transfers – all of which had been raised in public debate. AFRY and Menon also evaluated the proposal to establish a state-owned electricity supplier. Additionally, the Ministry commissioned Thema Consulting to conduct studies of the financial market and the basis for hedging electricity prices for end-users.

In 2023, the Government appointed an independent expert committee ("the Electricity Price Committee") to assess electricity price formation. The committee's main task was to evaluate the current system for determining electricity prices and to identify short- and long-term measures that could ensure lower and more predictable prices for electricity users, within the framework of the EEA Agreement. The committee delivered its report, "Balansekunst", on October 12, 2023, in which more

[98] Given the Ministry's assumption that 70 percent of households and 90 percent of holiday homes in Southern Norway opt into the scheme. Calculated based on consumption data from Elhub for 2024.

than 50 different measures were assessed (see Appendix 3). For each individual measure, the Electricity Price Committee examined the consequences for the power market and whether the measures were in conflict with the provisions of the EEA Agreement.

The Electricity Price Committee noted that price volatility is expected to increase in the coming years and further 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."* (Strømprisutvalget, 2023, p. 11). Among the committee's conclusions on measures was: "*Given the future energy transition and a more complex power system, the committee considers that the current model provides the best conditions for ensuring security of supply and prices that reflect energy availability. However, this conclusion, along with uncertainty about end-user market measures in other countries, presents new challenges for electricity consumers and highlights the need for redistributive measures. The committee's assessment is that redistribution is better handled in the end-user market than through changes to the wholesale market structure*" (Strømprisutvalget, 2023, p. 9).

The committee's clear recommendation was to avoid intrusive interventions in the wholesale market, such as a maximum wholesale electricity price, regulation of cross-border electricity trade, or mandates on hydropower reservoir levels – all of which had been proposed in public debate about high electricity prices. Several of these proposals were assessed by both the committee and the Ministry and were found to have undesirable effects on the wholesale market, particularly concerning security of supply, the efficiency of the Norwegian electricity market and its integration with trading partners, and the legal constraints of the EEA Agreement.

The committee also evaluated a range of specific measures and designs for household support (see answer to question 10), noting: *"Measures to improve markets and increase price hedging will not significantly lower price levels or ensure competitive prices. There are measures that can reduce price levels, both in the wholesale and end-user markets. However, measures in the wholesale market require major regulatory changes and may have negative consequences for the power system and supply security. Redistribution measures should therefore preferably be implemented in the end-user market. At the same time, support measures in the end-user market have negative side effects that must be considered. For businesses, any support measures must comply with EU state aid rules. For households and other non-competing actors, there is greater regulatory flexibility. More effective regulation of the end-user market is important but will not significantly impact the overall price level."* (Strømprisutvalget, 2023, p. 12).

The proposal to introduce the Norway Price as a means of providing cost predictability for customers is aligned with the Electricity Price Committee's conclusions.

5.10 Question 10

"Can the Norwegian Government demonstrate that the objective cannot be met by alternative measures that are less distortive and that the scheme does not go beyond what is strictly necessary to achieve the objective?"

Reference is made to the response to question 9 regarding the assessment of alternative measures. Further, the Ministry disagrees with the premise of this question, as the Ministry's assessment is that the Norway Price scheme will have limited effects on electricity consumption and wholesale electricity prices, as explained in 3 (a), (b), (d), (e) and (g).

The Ministry would like to underline that the complaint against Norway Price is based on the premise that household electricity consumption will increase significantly as a result of the scheme, which in turn will lead to higher Norwegian electricity prices.

As explained above, the Ministry's review of the evidence underlying the complaint shows that the objections to the Norway Price lack empirical support, and that it has not been substantiated that a support scheme covering a portion of Norwegian households 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 price, respectively), or 10.8 TWh relative to today's total household consumption.[99]

The report cited by the complainants refers to a long-term price elasticity of 0.6 derived from a single study based on Norwegian household data from 1993, 1994, and 1995, using annual price data. Available projections indicate that household electricity consumption will continue its downward trend. The complainants' estimates of consumption growth due to the Norway Price imply that Norwegian households opting into the scheme would need to experience exponential growth in consumption over the next few years. The Ministry emphasizes that it is likely not possible — and in any case highly improbable — for individual households choosing the Norway Price to increase their consumption to such an extent.

Recent research and studies on Norwegian households' price elasticities largely reflect that electricity is a necessity commodity with low elasticity. Some studies have found slightly higher price responsiveness during the period of extremely high electricity prices in Europe and Norway. However, the situation during the outbreak of war in Europe's neighbouring regions, combined with intense daily media attention on the energy crisis, coincided with a period of high inflation and declining real wages for Norwegian households, is not representative of normal price responsiveness expected in the years ahead.

For many Norwegian households, entirely dependent on electricity for heating and other essential needs, the years of high and volatile electricity prices have led to increased financial uncertainty. This has sparked significant political debate about 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.

In a country with a historically high electricity surplus, where increased electricity prices generate substantial revenues for publicly owned Norwegian power producers, it has been perceived as unreasonable by the public that Norwegian households should lack predictability in covering their essential electricity needs. Furthermore, the emergence of significant regional price differences between bidding zones has led to large disparities in household electricity expenses depending on geographic location. This is also perceived as unreasonable by the public. At the end of 2024, the think tank Agenda conducted a nationally representative survey[100] among households on certain aspects related to the retail market for electricity: "Almost everyone (86 percent of respondents) believes it is the Government's responsibility to provide affordable electricity. This finding is consistent

[99] 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 (25 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).

[100] The target group was the general population aged 18 and over, and the survey was conducted through web interviews. A total of 1,204 such interviews were carried out in week 52 by Respons Analyse on behalf of Agenda. The margin of error is between +/- 1.4 and 3.2 percent.

across all subgroups, but especially older individuals, as well as households and persons with low income, agree with the statement.", see reference in Appendix 4.

The Ministry has considered it important to avoid interventions in the wholesale market and to continue to ensure an efficient operation of the power system in Norway, as well as cooperation with other countries within the framework of the current market design (see question 9). Norway also supports the use of bidding zones as an effective tool for managing structural differences in the power market. Bottlenecks between zones can be reduced over time, but this takes time and must be aligned with where it is most rational to build new grid infrastructure.

In recent years, high priority has therefore been given to ensuring effective mechanisms that can provide greater predictability for Norwegian households. A number of studies and assessments have been carried out, and several measures aimed at improving the end-user market and increasing liquidity in the financial market have been introduced during this period.

A consumption-independent cash support scheme, as suggested by the complainants, has also been considered both in the Ministry's assessments and by the Electricity Price Committee. Compared to the existing electricity support scheme and the Norway Price, a scheme based solely on cash transfers is considered a less targeted tool for ensuring predictability in household electricity expenses. There are large variations in consumption levels depending on dwelling size and age, household size, and geographic location. The Norway Price and the electricity support scheme are well-suited support mechanisms because they are based on actual, metered electricity consumption in each household – a consumption that can vary significantly between days, weeks, and years depending on, among other things, ongoing temperature developments.

The importance of offering households the choice between the electricity support scheme and the Norway Price scheme, which provides greater predictability in electricity expenses, must be seen in light of the factors discussed under questions 2 and 3 – namely, higher electricity price levels, more volatile prices, and large regional differences in price developments for households across the country. The complexity of the wholesale electricity market is substantial and increasing. As the smallest customers in the end-user market, households have limited ability to navigate or adapt to developments in current and future electricity prices. At the same time, there are significant price differences within the Norwegian electricity market, meaning that households in different parts of the country face large disparities in the cost of meeting their essential electricity needs. Statnett is working to increase grid capacity between bidding zones, which will promote more uniform electricity prices across the country, but grid development takes time.

By choosing between the electricity support scheme and Norway Price, Norwegian households are given the opportunity for predictability in their electricity expenses in a power market characterized by increasing price volatility.

For historical reasons, electricity is a uniquely essential commodity in Norway; it is the energy source used for heating Norwegians' homes. The social, political and market-related factors mentioned above have caused Norwegian authorities to conclude that it is necessary to provide households with an option to choose a very high level of protection against volatile and high prices and regional price differences. As stated in the legal observations under question 2, Norwegian authorities have a wide margin of appreciation in determining the appropriate level of protection. As described in the responses to questions 3 (a), 3 (g), 3 (e) and 11, the Ministry's assessment is that the Norway Price scheme will have limited effects on electricity consumption and wholesale electricity prices, while incentives for energy efficiency and flexibility remain due to the structure of grid tariffs and the still significant total cost of electricity. It is the Ministry's assessment that the necessary protection against volatile and high

prices can alternatively be achieved by imposing on electricity suppliers a public service obligation to offer households a regulated fixed price, which would be a more distortive measure.

The Ministry maintains that the objective and chosen level of protection cannot be achieved with other measures than those introduced in the Norway Price Act.

5.11 Question 11

"Has the Norwegian Government considered the scheme's impacts on trade, the wholesale market with neighbouring countries, consumers not eligible to the Norway Price, price signals, incentives for flexibility, demand response, system operation and electricity prices in general (for both household and non-household consumers)?"

The Ministry rejects the claim that Norway Price will lead to significant changes in wholesale electricity prices. According to the Ministry's estimates, consumers covered by Norway Price would account for around 16 percent of total consumption, even if as many as 70 percent of households and 90 percent of holiday homes in Southern Norway (NO1, NO2 and NO5) opt into the scheme. Statistics from Elhub show that as of December 6, 2025, 53.7 percent of households and 69.5 percent of holiday homes in Southern Norway had chosen Norway Price. In Central and Northern Norway (NO3 and NO4), around 1 percent had chosen Norway Price.

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. Minor behavioural changes among a portion of Norwegian consumers due to Norway Price is expected to have little impact on Norwegian electricity prices, and therefore no traceable effect on electricity trade or price formation in other Nordic countries.

The complainants also argue that the Norway Price scheme could increase the likelihood of strained capacity situations, and that this would affect electricity prices and the power situation in Norway's neighbouring countries. Regarding household price elasticity during peak load periods, the Ministry refers to several studies in Table 1 in Appendix 1, which typically find very low or no price elasticity when heating demand is high. This implies that periods of capacity constraints will continue to be triggered by temperature fluctuations, regardless of the introduction of Norway Price.

In the long term, there is consensus among analysts that the main drivers of electricity consumption growth in Norway toward 2030 are not households, but increased demand from the transport sector, petroleum activities, and industries such as data centres, battery production, and hydrogen—together projected to account for a 20 TWh increase in electricity consumption in Norway by 2030, see Figure A4 in Appendix 1.

The complainants have highlighted potential negative effects on heat pump sales and wood burning as consequences of the Norway Price. The Ministry notes that the situation is more complex than the complainants suggest, as indicated by statements from heat pump suppliers and parts of the firewood industry (see Appendix 4). Heating with firewood is first and foremost correlated with temperatures in Norway, as shown in Figure A3 in Appendix 1.

Heat pumps is a common energy efficient heating technology in Norway. According to NVE, approximately 1.3 million heat pumps are installed in Norway, with the majority being air-to-air heat pumps in households. The total heat produced by heat pumps has been steadily increasing, especially since 2002, and was in 2024, according to NVE, almost 22 TWh (Energifaktanorge, 2025). The European Heat Pump Association (EHPA) operates with an even higher number of installed heat pumps in Norway, at 1.7 million, giving the highest penetration of heat pumps in Europe, at 632 heat pumps per 1.000 households (European Heat Pump Association, 2025). Heat pump sales in Europe

declined by 21 percent in 2024, following two strong years in 2022 and 2023 according to NVE (NVE, 2025b). In Norway heat pump sales declined less, with only 11 percent according to the EHPA, and sales in 2024 were still the highest among European countries, with almost 130,000 units (European Heat Pump Association, 2025).

In the Ministry's view, heat pumps will remain an attractive investment for many households due to their efficiency and relatively short payback period. At the same time, the demand for heat pumps may decrease as the market becomes more saturated. The Ministry also notes that suppliers of wood and wood stoves have expressed varying views on the effect of Norway Price on the incentives to burn wood, and that wood stoves also have additional emergency preparedness functions (E24, 2025; NRK, 2025).

After several years of extremely high electricity prices, the organization of the electricity market has come under significant pressure, with numerous proposals to introduce direct interventions in the wholesale market or otherwise alter the current market structure. However, the Ministry sees great value in maintaining the current organization of the electricity market, as an efficient market also generates the greatest value for society. It is therefore not unreasonable that the benefits of a well-functioning electricity market be partly passed on from the public authorities to households, as the Electricity Price Committee has pointed out.

As mentioned in the answer to question 10, a household survey shows that as many as 86 percent of households believe it is the Government's responsibility to provide households with affordable electricity prices. The introduction of the Norway Price represents a balance between uncertain — but likely limited — effects on household consumption and the need to ensure that households have predictability in covering their essential electricity expenses in the years ahead. The Nordic and European power systems are undergoing — and will continue to undergo—major transformations, leading to increased volatility and uncertainty in electricity price developments. The Ministry emphasizes that it should not be the responsibility of household necessity consumption alone to balance a more complex power system.

Household consumption in total will normally be expected to grow with population, area, income development and economic activity. The overall goal is not that households should spend as little energy as possible, but it is a goal that energy is used efficiently. Households with Norway Price still have incentives to save electricity to reduce their electricity bill, and grid tariffs provide incentives to shift electricity consumption. A cap on electricity support and Norway Price is intended to prevent overconsumption. In the Ministry's view, more efficient buildings, appliances and continued focus on measures to achieve energy efficiency will most likely contribute to a continued decrease in consumption per household over time.

As explained in the response to question 3 (a), the Ministry assesses that households generally have limited flexibility in their electricity consumption. This is primarily because household electricity demand is strongly influenced by heating needs, which in turn depend on weather conditions. Moreover, other household electricity consumption also tends to be relatively inelastic, as most households cook, do laundry, and shower at roughly the same times during the day or week. Consequently, households have traditionally had limited opportunities to adjust their consumption patterns, particularly across different times of day and seasons.

For households that choose Norway Price, there will be no financial incentives to adjust consumption in response to varying electricity prices from one hour to another. However, households are still subject to grid tariffs, which provide financial incentives to spread consumption throughout the day and to shift electricity usage to times when the grid is less loaded (such as at night and on weekends).

The grid tariff gives incentives to spread and reduce electricity consumption through two components: a fixed component and an energy dependent component, in addition to taxes and fees. The fixed component depends on power consumption and is typically determined by the three hours with highest consumption in a given month. In practice, this means that it is advantageous to avoid using multiple high-power appliances at the same time. By spreading electricity consumption more evenly throughout the day, households can reduce their daily peaks and thereby move to a lower and less expensive price tier in the grid company's tariff structure.

The energy dependent component is paid per kWh consumed. The grid companies also apply time-differentiated energy charges. This means that the price per kWh may be lower at night and during weekends, when the grid is less heavily loaded. In this way, households are incentivized through grid tariffs to use electricity during periods when the energy charge is lowest and also to minimize simultaneous electricity use in order to keep the fixed charge as low as possible.

The growing prevalence of home charging for electric vehicles and the introduction of smart energy management systems in such chargers and in hot water heaters have made it increasingly feasible for some households to shift certain portions of their electricity consumption to different times. Through the current grid tariff model, Norwegian households have a financial incentive to charge their electric vehicles at night. For example, in Glitre Nett's tariff structure (Glitre Nett, 2025), the energy component of the tariff, including taxes and fees, is NOK 0.33 per kWh during the night (between 22:00 and 06:00) and NOK 0.48 per kWh during the day (between 06:00 and 22:00). This means that households save NOK 0.15 per kWh by charging at night instead of during the day. In addition to this direct saving on the energy rate, households can also reduce their overall grid costs by avoiding increases in the fixed or capacity-based part of the tariff.

5.12 Question 12

"The Directorate invites the Norwegian Government to explain why the Norway Price has been set to 0.4øre per kWh and to demonstrate how the Norway Price is therefore cost-reflective."

For the sake of good order, the Ministry notes that there seems to be a misprint in the Authority's question above and underlines that the Norway Price has been set to 40 øre (not 0.4) per kWh.

Reference is made to question 2 (Figure 16) as well as 3 (b), which illustrate that Norway Price was based on historical spot prices adjusted for consumer price inflation in the period before the energy crisis. It is further noted that the Norway Price was set based on the forward electricity prices in the Norwegian bidding zones at that time.

Figure 30 shows how the end-user electricity costs for Norwegian households have varied historically, with and without the electricity support scheme. As the figure shows, the current electricity support scheme has helped to shield households from the highest prices. However, even with the electricity support scheme, households in recent years have faced end-user prices of around 1.20 to 1.60 NOK per kWh. The end-user price for each household varies over time and is influenced by factors such as the development of electricity prices, geographic location, and the household's hourly electricity consumption.

In response to very high electricity prices and considerable public debate about the organization of the electricity market, the Government in 2022 conducted a series of assessments of various measures to reduce the burden of high electricity prices on end-users, see Prop. 1 S (2022–2023) and the overview in the appendix.

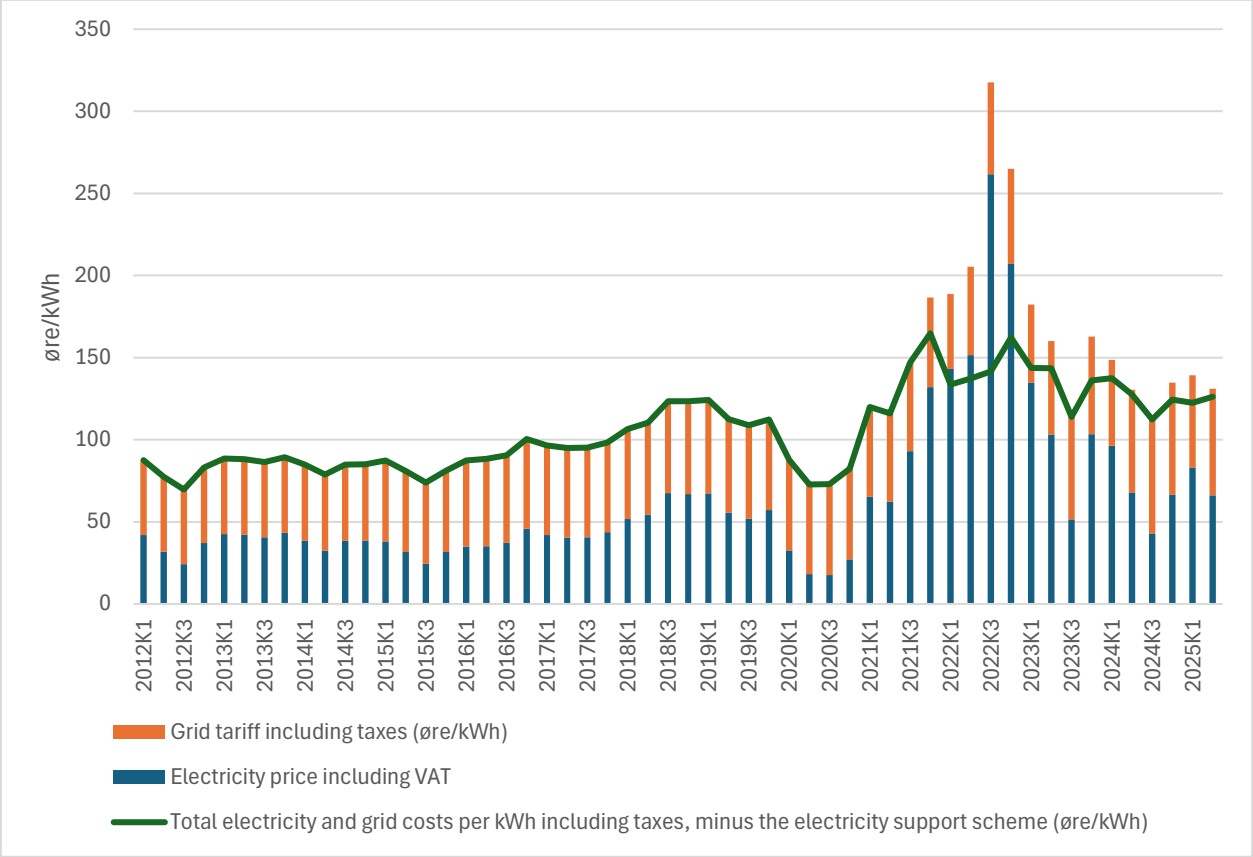

Figure 30: Total electricity costs per kWh for households per quarter, 2021 – 2025. Øre per kWh. Source: Statistics Norway (2025b).

RME has estimated that an average household in NO1, NO2, and NO5 could save NOK 6.530, NOK 6.950, and NOK 4.790 respectively with Norway Price in 2026.[101] By comparison, it is estimated that households would receive NOK 2.890, NOK 3.100, and NOK 1.720 respectively if they instead had the electricity support scheme in 2026. However, there is considerable uncertainty associated with these estimates. The net support amount under the Norway Price scheme depends on the electricity consumption of each individual household and the difference between the spot price in the household's bidding zone and the Norway Price (reference price), hour by hour. This illustrates that households choosing the Norway Price must also bear the risk of periods when the spot price falls below NOK 0.40 per kWh, unlike the electricity support scheme.

[101] Estimated based on consumption profiles and hourly price variations from 2024 (from Elhub), and monthly forward prices from July 2025.

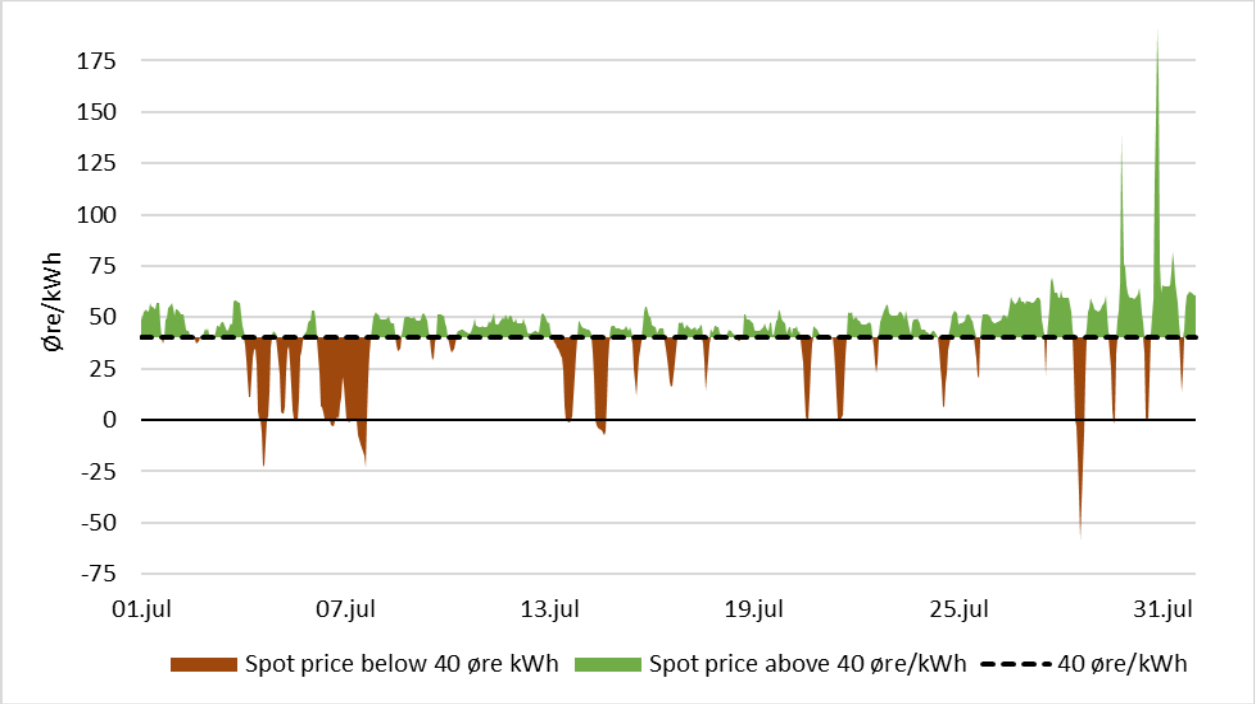

Figure 31: Hourly spot prices in bidding zone NO2 in July 2024. For prices under NOK 0.40 per kWh the difference between spot price and Norway Price is marked in red, and for prices over NOK 0.40 per kWh the difference is marked in green. The red area represents the households' pay-in amounts and the green area represents the households' compensation amounts (excl. VAT) per kWh with Norway Price. Source: Nord Pool via The Norwegian Consumer Council.

As Figure 32 and Figure 33 illustrate, a sample household in NO5 would have faced a higher total electricity cost per kWh in July 2025 under the Norway Price scheme than with the electricity support scheme, since the spot price was below NOK 0.40 per kWh. Conversely, the same household would have faced a lower total electricity cost per kWh in February 2025, compared to the electricity support scheme.

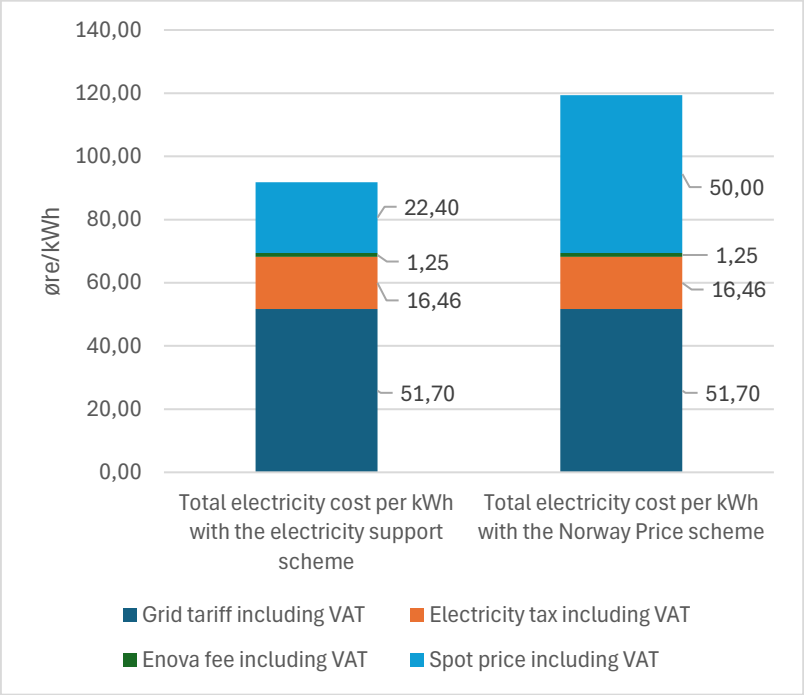

Figure 32: Total electricity cost per kWh in July 2025 for a sample household in NO5 connected to the grid company BKK. The average grid tariff excluding taxes is estimated by RME, and the spot price is sourced from Nord Pool. The electricity tax for 2025 is based on the rates adopted in the 2025 Revised National Budget.

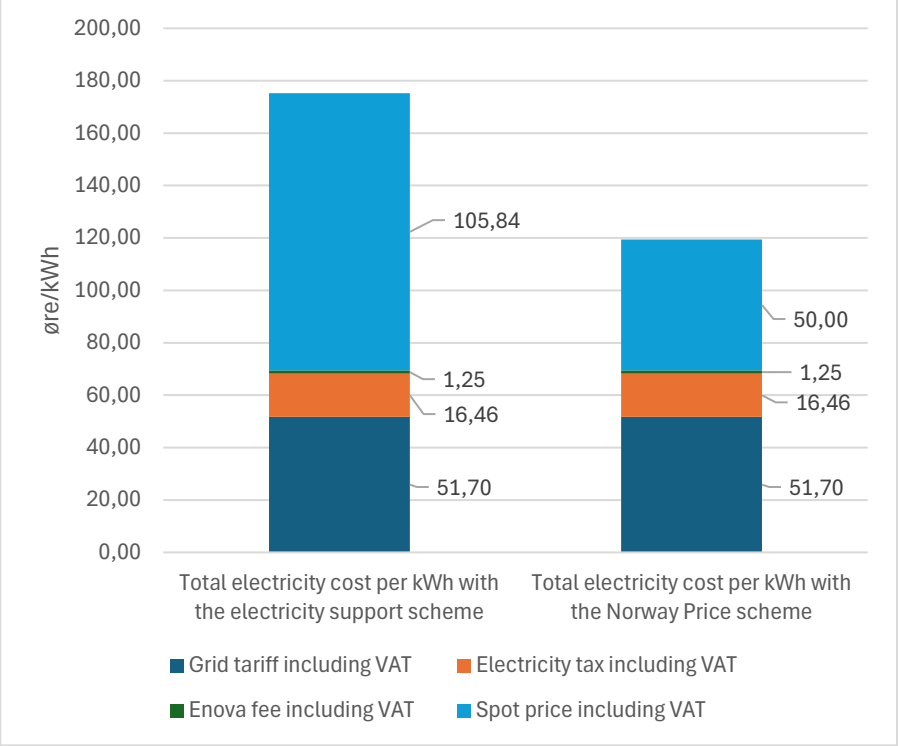

Figure 33: Total electricity cost per kWh in February 2025 for a sample household in NO5 connected to the grid company BKK. The average grid tariff excluding taxes is estimated by RME, and the spot price is sourced from Nord Pool. The electricity tax for 2025 is based on the rates adopted in the 2025 Revised National Budget.

While the chosen reference price level is cost-reflective in the sense that it has been determined based on actual historical spot prices adjusted for consumer price inflation as well as forward prices, it is not cost-reflective in the sense that it reflects the costs which the Norwegian Government expects to incur in providing Norway Price to the households. A significant amount has been set aside for this scheme in the budget for 2026, and the scheme is intended to include an element of financial support to households.

5.13 Question 13

"How does the scheme ensure the non-discrimination principle, pursuant to Article 3(1) of the Electricity Directive, as well as between all electricity customers considering that costs incurred by distribution system operators ("DSOs") for the scheme management are expected to be covered through grid tariffs?"

The question is based on the premise that Norway Price constitutes a public service obligation imposed upon DSOs. The Ministry first recalls principal position of the Norwegian Government that Norway Price cannot be regarded as a public service obligation within the meaning of Article 3 of the Electricity Directive. That being said:

It follows from the wording of Article 3(1) of the Electricity Directive that "Member States (…) shall not discriminate between those undertakings as regards either rights or obligations". The notion of "those undertakings" is a direct reference to "electricity undertakings". Accordingly, Article 3(1) establishes a prohibition against discrimination between electricity undertakings. Under the Norway Price scheme, all DSOs are required to finance the administration of the scheme through the grid tariffs. Since this obligation applies both *de jure* and *de facto* in the same manner to all DSOs, there is no differential

treatment between them. Thus, the scheme does not give rise to discrimination between electricity undertakings within the meaning of Article 3(1) of the Directive.

The complainants' assertion that the discriminatory assessment can be extended to the consumers lacks support in the wording, context and purpose of the Directive. This is further confirmed by the Court in Case C-265/08 *Federutility*, para 45–46, where the analysis of possible discriminatory effects is framed exclusively in relation to the position of electricity undertakings in the market, rather than the downstream situation of consumers. The same conclusion follows from Case C-5/19 *Overgas Mrezhi*, para 80–84, which the complainants invoke in support of their position. The complainants' interpretation of *Overgas Mrezhi* appears to rest upon the Court's observations in paragraph 87 of that judgement. However, as is apparent from paragraph 85, those remarks pertain to Article 3(3) and the consumer-protection obligations deriving from that provision. Thus, they do not form part of the Court's analysis of the prohibition on discrimination laid down in Article 3(1).

5.14 Question 14

"How is the measure proportionate, given that a single price of NOK 0.4 per kWh up to 5.000 kWh/month of consumption – despite its voluntary nature – is available to all households, regardless of income or other criteria, thereby covering over 90% of average annual household consumption?"

The Ministry reiterates that the objective is to provide Norwegian households with security and predictability during a time of volatile and occasionally very high electricity prices.

We refer to our answers in 4, 6 (a) and (c), and reiterate that the total electricity costs for households, including grid tariffs and taxes, will amount to NOK 1.10 to NOK 1.30 per kWh for a typical household.[102] Due to varying grid tariffs across DSOs and across consumption patterns, the costs for households can be both higher and lower.

The Ministry emphasizes that there is significant variation in electricity consumption across all income levels. A lower-income household, for example, may consist of a large family living in a less energy-efficient home, and may live in an area especially cold in winter. Both the number of people in the household and the home’s low energy efficiency standard contribute to higher essential electricity consumption. The Ministry considers it important to also provide security and predictability to households with high essential consumption.

Considering the fact that the scheme does not interfere with the functioning of the wholesale electricity market and will have very limited impact on wholesale market prices and demand/consumption, the scheme is deemed to be proportionate.

5.15 Question 15

"Why is the measure necessary, given the Strømstøtte for households and given that the Norway Price provides a larger support than the Strømstøtte? The Directorate notes that the consultation documents and the legislative proposal refer to the need to ensure predictability. The Directorate invites the Norwegian Government to demonstrate the need for predictability and the expected negative impacts of a lack of predictability in Norway."

The Ministry refers to the answers to question 3 (a), (b), 4, 6 (a) and (d), 12 and 14.
The electricity support scheme was introduced in December 2021 during the energy crisis as a measure to compensate households for extraordinarily high electricity prices. The electricity support

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

scheme has proven to be an efficient measure to reduce the economic burden of high electricity prices for households. However, the electricity support scheme does not give Norwegian household an option to choose predictability and security for their electricity costs. As such, it did not meet the level of protection that the Government considered necessary, and the Norway Price was introduced as an alternative.

The objective of the Norway Price is to ensure security and predictability in a time of volatile and occasionally very high electricity prices. The Ministry assessed that a simple adjustment of the electricity support scheme would not fully achieve the same objective, as illustrated in Figure 18 in question 2 and table A3 in Appendix 1. The Norway Price serves as an alternative for households who desire higher predictability for their electricity costs per hour, week and season, regardless of where they live in the country. In contrast, the electricity support scheme is designed for households that prefer protection against high prices while still benefiting from lower electricity prices when available.

The need to ensure predictability — and the potential negative consequences of its absence — is closely tied to the Government's chosen level of protection. Determining this level is the responsibility of Norwegian authorities, based on what is deemed appropriate within the national context.

The lack of predictability for households in monthly electricity expenses has emerged as a central issue in political debate and media coverage. Authorities view this as evidence of a genuine need among households, which the Norway Price scheme seeks to address. In Norway, the need for electricity for heating is particularly significant, further underscoring the importance of measures that offer greater security and predictability in electricity costs for households.

5.16 Question 16

"How is the scheme adequate to the objective to be achieved?"

According to the general principle of proportionality in EU law, a measure must be suitable to securing the attainment of the objective which it pursues and not go beyond what is necessary to attain it. The suitability criterion implies that the state intervention must be capable of contributing to the attainment of the pursued objective. The State is not required to demonstrate with certainty that the measure will in fact achieve the objective.[103] The test is not whether the measure is the best possible or most effective means, but whether it is likely to contribute to the achievement of the objective.[104]

Thus, the question is whether the Norway Price scheme is likely to contribute to the protection against unpredictable, volatile and occasionally very high electricity prices for private households. There can be little doubt that a cost predictability mechanism against a fixed reference price for electricity will lead to greater predictability and security for the electricity costs of those households that opt into the scheme. Consequently, the scheme is clearly suitable for achieving that aim. Reference is further made to the responses to question 9 and 10.

5.17 Question 17

"The consultation documents and the legislative proposal note that a measure not linked to consumption would raise questions and that measures taking into account customers' characteristics behind the counter would be too complicated to administer. The Directorate invites the Norwegian Government to explain how such considerations justify the scheme."

[103] See, to that effect, Case E-2/24 *Bygg & Industri*, paragraph 96.

[104] See, to that effect, Case C-539/11 *Ottica New Line*, paragraph 33.

The Ministry notes that the main 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. The scheme is intended to be universal, and not exclusively directed towards particular groups of households, for instance vulnerable customers or consumers with special needs.

The statement referred to in the Authority's question can be found in the legislative proposal section 3.3.1, where the Ministry discusses the need for the electricity support and Norway Price schemes and comments upon statements from stakeholders in the public consultation – including the opinion of several stakeholders that a measure not linked to consumption should be considered.

The Ministry notes that the Norway Price scheme is accurately targeted to the objective of providing more predictable electricity costs, precisely *because* it is linked to actual electricity consumption. The Ministry considers this particularly important in the coming years, given expected developments in the power market with increasing price volatility and occasionally very high electricity prices. The Norway Price is also offered with the same reference price across all Norwegian bidding zones.

As mentioned in the response to question 10, a consumption-independent cash support scheme, as suggested by the complainants, has also been considered both in the Ministry's assessments and by the Electricity Price Committee. A measure not linked to consumption does not meet the desired level of household security and predictability when it comes to volatile and occasionally very high electricity prices. Compared to the existing electricity support scheme and the Norway Price, a scheme based solely on cash transfers is considered a less targeted tool for ensuring predictability in household electricity costs. There are large variations in consumption levels depending on dwelling size and age, household size, and geographic location. The Ministry points out that a flat-rate support would raise questions about whether and how the support should be differentiated by household type, heating needs, geography, etc. The Norway Price and the electricity support scheme are well-suited support mechanisms because they are based on actual, metered electricity consumption in each household – a consumption that can vary significantly between days, weeks, and years depending on, among other things, outdoor temperatures.

In the legislative proposal section 3.3.1, the Ministry also pointed out that a scheme taking into account characteristics of the customer behind each metering point would be complicated for the DSOs to administer, as the DSO's do not have and cannot obtain this type of information about their customers.

As explained in our response to question 10, a number of political, social and market-related circumstances which are particular to Norway, led Norwegian authorities to conclude that it was necessary to provide households with the option to choose a high level of protection against volatile and occasionally very high electricity prices and regional price differences. The result is the Norway Price scheme.

5.18 Question 18

"What is the rationale for maintaining the measure for 4 years, i.e. until end 2029? What objective criteria underpin this decision?"

With reference to the answers to question 3, electricity prices in large parts of Norway are at times higher and more volatile than in the past, partly due to greater uncertainty in the European energy markets, a stronger integration of markets and a higher share of non-dispatchable power generation in the Nordic region and Europe. Price volatility is expected to increase in the coming years. The Norway Price scheme is set to apply until 2029. Such a duration is necessary to achieve the scheme's objective, namely to provide households with security and predictability regarding electricity costs. An extension beyond 2029 will be subject to an assessment, and take into consideration in the situation

in the power market, results from a planned evaluation of the scheme, as well as future needs. A relevant aspect in this context is the significant price differences between the five Norwegian bidding zones, as noted in the answer to question 2. Statnett is working to increase grid capacity between bidding zones, which will promote more uniform electricity prices. However, such grid development is expected to take time.

At the same time, it is important to note that the scheme includes mechanisms and flexibility to respond to changing market conditions. This includes flexibility in the level of the reference price, which will be adjusted annually, as well as a safeguard clause in Section 22 of the Norway Price Act that provides the Ministry with the authority to adopt regulations concerning the termination and adjustment of the schemes in light of the power supply situation.

5.19 Question 19

"How does the administration of the scheme by DSOs align with the unbundling requirement and forbiddance of cross-subsidisation by the Electricity Directive?"

The complainants submit that the administration of the Norway Price scheme is liable to infringe the unbundling requirement in Article 26 and the prohibition against cross-subsidization in Article 31 of the Electricity Directive.

As regards the unbundling requirement, the complainants rely on Article 26(1), which provides that, where a DSO forms part of a vertically integrated undertaking, it must be independent in terms of legal form, organization and decision-making from "other activities not related to distribution". The complainants point to the definition of "distribution" in Article 2(5), which is the "transport of electricity on high-voltage, medium voltage and low-voltage distribution systems with a view to its delivery to customers, but does not include supply", and contend that the administration of Norway price constitutes a non-distribution activity.

The Ministry submits that the complainants' argument rests on a misinterpretation of "other activities not relating to distribution" and is therefore fundamentally flawed. Article 26(1) requires independence from generation and supply activities where the DSO is part of a vertically integrated undertaking. The Directive does not prohibit DSOs from performing any task which falls outside the definition of "distribution". The relevant distinction is between the monopoly-based operation of distribution (or transmission) networks and the competition-based functions of generation and supply of electricity. This follows from the definition of "vertically integrated undertaking" in Article 2(21). The administration of Norway Price is a neutral, statutory task assigned under public law. It does not give the DSOs any function in electricity supply or generation.

The Ministry therefore concludes that giving DSOs certain tasks related to the administration of the Norway Price scheme, does not infringe the unbundling requirements of Article 26.

With respect to Article 31, the complainants argue that the scheme entails prohibited cross-subsidization as the administration of Norway Price, in their view, constitutes a non-distribution activity, which will give rise to costs for DSOs. This cost will be financed by grid tariffs which form part of the regulated distribution activity. As such, they argue that monopoly distribution revenues would be used to finance an activity they consider to be at least closely related to electricity supply, thereby resulting in cross-subsidization contrary to Article 31(3) and (4).

The Ministry recalls that the purpose of Article 31 is to prevent monopoly network revenues from subsidizing market activities which are subject to competition. In Norway, the DSOs are legally unbundled from supply activities to an extent that exceeds the minimum requirements of the Directive.

Norwegian DSOs are prohibited by the Energy Act (LOV-1990-06-29-50) section 4-6 from undertaking (or controlling) any supply of goods or services in competition with other entities. Hence, they must not only be unbundled from generation and supply of electricity, as required by the Electricity Directive. They must also be unbundled from all other market-based activities, such as for instance supply of broadband services or district heating activities. In practice, Norwegian DSOs are effectively prevented from cross-subsidizing market activities with monopoly revenues, as they are not allowed to conduct any market activities. Accordingly, no cross-subsidization within the meaning of Article 31(3) can arise.

5.20 Question 20

"Describe whether and if so, how the amount of the Norway Price could be amended within the contractual period and whether consumers could withdraw from the scheme in this case. In case consumers can withdraw, describe the procedure and impact of withdrawal."

The level of the reference price in the Norway Price scheme is determined annually by the Ministry and is accompanied by an allocation in the national budget. 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.

The level of the reference price is regulated in the Regulation section 10. For the contractual period from October 1, 2025 to December 31, 2026, the reference price is fixed at NOK 0.40 per kWh excluding VAT.

When the reference price level is stipulated for a new calendar year, households must make an active choice if they wish to opt in to the scheme again. Thus, participation in the scheme through 2026 does not entail automatic renewal for 2027.

An amendment of the reference price during the contractual period requires a majority vote from the Norwegian Parliament. To amend the reference price within a contractual period would cause uncertainty for households. In an unlikely case where the reference price is subject to amendment within the contractual period, consumers would be granted a fourteen day right of cancellation of the scheme, cf. the Regulation section 8. In such a case, the grid company is required to notify the customer directly of the price amendment and the customer's right of cancellation. Following the fourteen days right of cancellation, the metering point is bound to the Norway Price scheme until the end of the contractual period.

The Ministry emphasizes that the purpose of the scheme is to provide security and predictability during a period of volatile and occasionally very high electricity prices. Amending the reference price mid-term would not align with this purpose and is therefore not considered to be fit for purpose.

5.21 Question 21

"Please share the legal note prepared at the time of elaboration of the scheme, in accordance with Articles 2 and 6 of the Surveillance and Court Agreement ("the SCA") and Article 3 of the EEA Agreement."

According to Article 6 of the SCA, the Authority may, in carrying out the duties assigned to it, request all necessary information from the Government and the competent authorities of the EFTA States.

The Ministry of Energy, in connection with the work on the Norway Price initiative, has sought advice and assessments, including from the law firm Wiersholm. The legal advice provided by Wiersholm, being the Ministry's legal advisor, is covered by legal professional privilege (attorney–client confidentiality), and will not be shared with the Authority or any other interested party.

Furthermore, the Ministry does not consider the requested legal note to be necessary for evaluating whether Norway Price is in accordance with the Electricity Directive. The Ministry's assessments and considerations related to the Norway Price Act have been presented to the public and subjected to the ordinary consultation process, and further relevant information from the Ministry is shared with the Authority in the present document.

5.22 Question 22

"The Directorate finally reminds that the scheme is to be notified to the Authority, including its possible effect on national and international competition, in accordance with Art. 3(15) of the Electricity Directive."

The Ministry's assessment is that the Norway Price scheme is not a public service obligation as defined in article 3 (2) of the Electricity Directive, cf. the justification for this assessment in the introduction to this letter. As a consequence, the Ministry has not considered the scheme to be subject to the notification requirement in Article 3 (15) of the Electricity Directive. While the Ministry has communicated its position to the Authority, *inter alia* in the meeting August 28, 2025, the Authority has not disputed the Ministry's position or explained why the Authority takes a different view. The Ministry welcomes a dialogue with the Authority on this subject in the time to come.

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Appendix 1: Studies and data relevant to complaint

Table A1: Studies of Price Elasticity in Norwegian Households

Study	Data	Estimate and notes
Bye & Hansen (2008)	Hourly spot prices (for Norway as a whole) 2000 and 2004.	Short-term spot price elasticity in Norway is 0 in summer and -0.02 in winter. Elasticity is lower on weekends and outside working hours, when households account for a larger share of consumption. Long-term price elasticity (6 months) in Norway is -0.04 in summer and -0.14 in winter.
Halvorsen, B. (2012)	Meta data from Skagerak Nett 2006.	For households, short-term direct price elasticity lies between -0.06 and 0, with some uncertainty.
Minkah, Rexford Adinkra (2024)	Hour, day, week, and month 2021–2023.	-0.01 to +0.03 (hourly spot price elasticity for households). -0.08 to -0.01 (monthly spot price elasticity for households). *"Overall, the study confirms the inelastic nature of household electricity demand in Norway, with implications for policy formulation and energy efficiency strategies."*
Matthias Hofmann, Karen Byskov Lindberg (2019)	Hour data from households and offices in Oslo, 2013–2017	***"**Model results show that no price elasticity is existent on the coldest days, and therewith days with highest peak demand for electricity."* *"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."* In some periods, significant values were found: -0.011 to -0.075.
Magne Holstad & Finn Erik L. Pettersen* (2024)	Monthly	We find in our work that electricity consumption in households is reduced by -0.05 percent when the spot price for Norway increases by one NOK per kWh in the next month.
Langeland Joachim (2023)	2020-2022	In the rolling estimation, a slight non-linearity in elasticity has been identified, particularly in areas with high price growth, with elasticity ranging from -0.17 to -0.0467
Skamarken, I. K. & Waymel, M. M. C. (2024)	Norwegian households. All bidding zones	Not all are statistically significant: -0.085 in NO1, -0.183 in NO2, -0.030 in NO3, and -0.064 in NO5. NO4 is not significant.
Jonassen & Øby (2021)	2015-2021	Demand elasticity of -0.03 for the period 2015 to September 2021 for Norway as a whole.

		"The overall conclusion of the study is that the demand curve is inelastic, which means that consumers are not sensitive to price changes. The supply curve, on the other hand, is elastic, and production will therefore change more than proportionally with a price change."
Matilde Avdem Frankmo (2023)	2020-2022. Published as a Vista report	The analysis indicates that a one percent increase in the spot price from one day to the next results in an average consumption reduction of -0.03 percent among households during the period.
C. Garnache, Ø. Hernæs & A. G. Imenes. «Which Households Respond to Electricity Peak Pricing amid High Levels of Electrification?»		As a result, the total electricity price increase in the treatment group relative to the control group (taking together the grid transmission charge and spot price) ranged from 892% to 1,498%, with mean 1,242%. With a consumption reduction of 12.5% (our preferred specification; column (5)), this gives an average price elasticity of -0.010.
Idsø, Nesse & Larsen (2024)	2013–2023, Norway	Price elasticity is not significant when the temperature is below 0°C and the price is higher than 150 øre per kWh. Outside this range, price elasticity is very low, at only -0.01. Within the significant range, a higher price leads to slightly lower consumption. High price and warm (P > 150 øre per kWh and T > 0°C): -0.07. Low price and warm: -0.006. Low price and cold: -0.013. High price and cold: Not significant.
Bergland (2021) (Unpublished)	1993–2019, annual end-user prices in Norway	For households: Short term: -0.06 and long term: -0.11.
Halvorsen et al. (2005)	Annual end-user prices in Norway from 1993–1995.	Price elasticity for electricity is estimated at -0.65 for Norwegian households.

Table A2: Half-year CPI-adjusted spot prices, calculated as the average of monthly CPI-adjusted spot prices per bidding zone (September 2025-NOK). Source: Nord Pool, SSB

		Average spot prices (øre per kWh)				
Half-year	**Year**	**NO1**	**NO2**	**NO3**	**NO4**	**NO5**
1	2010	66	62	73	70	57*
2	2010	65	63	68	67	65
1	2011	70	69	69	69	69
2	2011	38	38	41	41	37

1	2012	36	35	37	37	35
2	2012	29	29	32	32	29
1	2013	44	44	44	44	45
2	2013	40	40	43	43	40
1	2014	30	30	36	36	29
2	2014	35	35	39	38	35
1	2015	29	29	30	29	29
2	2015	21	21	23	21	20
1	2016	30	29	31	29	29
2	2016	35	34	40	33	33
1	2017	35	35	36	30	35
2	2017	36	36	36	33	36
1	2018	48	47	48	48	47
2	2018	59	59	60	59	58
1	2019	52	52	50	50	52
2	2019	45	45	45	45	45
1	2020	13	13	14	14	13
2	2020	12	12	11	9	11
1	2021	58	58	43	37	58
	Average	**40**	**40**	**41**	**40**	**39**

** Bidding zone NO5 was established in March 2010. January and February 2010 are therefore excluded from the average price for NO5 in the first half of 2010.*

Table A3: Electricity costs for an average household with and without the electricity support scheme in 2026. The electricity costs exclude grid tariff and electricity tax, but include VAT — except in the bidding zone for Northern Norway (NO4). Source: RME[105]

	Electricity cost without the electricity support scheme	Received support from the electricity support scheme	Electricity cost with the electricity support scheme
NO1	13.618 kr	2.888 kr	10.730 kr
NO2	14.022 kr	3.097 kr	10.925 kr
NO3	8.037 kr	705 kr	7.332 kr
NO4	5.923 kr	40 kr	5.883 kr
NO5	11.784 kr	1.719 kr	10.064 kr

Table A4: Electricity costs for an average household with and without the Norway price scheme in 2026. The electricity costs exclude grid tariff and electricity tax but include VAT — except in the bidding zone for Northern Norway (NO4). Source: RME[106]

	Electricity cost without the Norway price scheme	Received support under the Norway price scheme	Electricity cost under the Norway price scheme
NO1	13.618 kr	6.534 kr	7.084 kr

[105] Calculations prepared by RME for the Norwegian Ministry of Energy in connection with questions from the Norwegian Parliament regarding the 2026 state budget.

[106] Calculations prepared by RME for the Norwegian Ministry of Energy in connection with questions from the Norwegian Parliament regarding the 2026 state budget.

NO2	14.022 kr	6.954 kr	7.068 kr
NO3	8.037 kr	630 kr	7.407 kr
NO4	5.923 kr	- 2.443 kr	8.367 kr
NO5	11.784 kr	4.790 kr	6.994 kr

Table A5: Average electricity consumption per household by bidding zone. The calculation are based on data for monthly household consumption per bidding zone from 2024. Source: Elhub.

Bidding Zone	Average Electricity Consumption per Household (kWh)
NO1	14.170 kWh
NO2	14.138 kWh
NO3	14.815 kWh
NO4	20.919 kWh
NO5	13.989 kWh
Nationwide	15.606 kWh

Table A6: Example hours for household electricity demand in 2025.

Households	**Consumption (MW)**	**Comment**
02.01.2025, 17:00 (Thursday)	7 990	Weekday, winter
05.01.2025, 17:00 (Sunday)	8 602	Weekend, winter (also the hour with the highest household consumption so far in 2025)
03.07.2025, 17:00 (Thursday)	2 964	Weekday, summer
06.07.2025, 17:00 (Sunday)	2 859	Weekend, summer
20.07.2025, 06:00 (Sunday)	1 576	Weekend, summer (also the hour with the lowest household consumption so far in 2025)

Table A7: Share of holiday homes in each bidding zone that had consumption above and below the various consumption thresholds in 2024. Source: Elhub

	Month	< 200kWh	< 400kWh	< 600kWh	< 800kWh	< 1000kWh	>1000kWh
NO1	1	20 %	26 %	33 %	42 %	53 %	47 %
NO1	2	20 %	28 %	38 %	49 %	61 %	39 %
NO1	3	19 %	29 %	41 %	53 %	65 %	35 %
NO1	4	29 %	50 %	68 %	81 %	88 %	12 %
NO1	5	47 %	77 %	90 %	95 %	98 %	2 %
NO1	6	51 %	79 %	91 %	96 %	98 %	2 %
NO1	7	39 %	66 %	83 %	91 %	96 %	4 %
NO1	8	45 %	75 %	89 %	95 %	97 %	3 %
NO1	9	42 %	70 %	85 %	93 %	96 %	4 %
NO1	10	29 %	50 %	68 %	80 %	88 %	12 %

	Month	< 200kWh	< 400kWh	< 600kWh	< 800kWh	< 1000kWh	>1000kWh
NO1	11	24 %	36 %	51 %	66 %	77 %	23 %
NO1	12	21 %	30 %	40 %	51 %	62 %	38 %
NO2	1	21 %	30 %	41 %	53 %	66 %	34 %
NO2	2	24 %	37 %	51 %	65 %	76 %	24 %
NO2	3	23 %	36 %	51 %	65 %	77 %	23 %
NO2	4	33 %	58 %	76 %	86 %	92 %	8 %
NO2	5	43 %	76 %	90 %	95 %	98 %	2 %
NO2	6	47 %	78 %	90 %	95 %	98 %	2 %
NO2	7	33 %	60 %	78 %	89 %	94 %	6 %
NO2	8	43 %	76 %	90 %	95 %	98 %	2 %
NO2	9	47 %	77 %	90 %	96 %	98 %	2 %
NO2	10	36 %	62 %	79 %	88 %	94 %	6 %
NO2	11	28 %	47 %	65 %	79 %	87 %	13 %
NO2	12	25 %	40 %	55 %	69 %	79 %	21 %
NO3	1	23 %	31 %	42 %	54 %	66 %	34 %
NO3	2	23 %	33 %	46 %	60 %	71 %	29 %
NO3	3	21 %	33 %	48 %	62 %	74 %	26 %
NO3	4	30 %	51 %	69 %	81 %	89 %	11 %
NO3	5	44 %	72 %	87 %	94 %	97 %	3 %
NO3	6	48 %	75 %	88 %	94 %	97 %	3 %
NO3	7	38 %	64 %	81 %	90 %	95 %	5 %
NO3	8	44 %	72 %	86 %	93 %	97 %	3 %
NO3	9	40 %	67 %	83 %	92 %	96 %	4 %
NO3	10	29 %	50 %	67 %	80 %	88 %	12 %
NO3	11	26 %	40 %	56 %	70 %	80 %	20 %
NO3	12	24 %	35 %	49 %	62 %	72 %	28 %
NO4	1	19 %	24 %	32 %	42 %	52 %	48 %
NO4	2	19 %	26 %	36 %	48 %	59 %	41 %
NO4	3	17 %	25 %	36 %	48 %	59 %	41 %
NO4	4	21 %	34 %	49 %	63 %	74 %	26 %
NO4	5	31 %	53 %	70 %	81 %	89 %	11 %
NO4	6	43 %	69 %	84 %	92 %	96 %	4 %
NO4	7	37 %	63 %	79 %	90 %	95 %	5 %
NO4	8	42 %	70 %	85 %	93 %	96 %	4 %
NO4	9	34 %	58 %	75 %	86 %	92 %	8 %
NO4	10	23 %	38 %	54 %	68 %	78 %	22 %
NO4	11	20 %	30 %	44 %	58 %	70 %	30 %
NO4	12	19 %	25 %	35 %	46 %	58 %	42 %
NO5	1	17 %	24 %	33 %	42 %	53 %	47 %
NO5	2	17 %	27 %	37 %	49 %	61 %	39 %
NO5	3	16 %	26 %	38 %	51 %	62 %	38 %
NO5	4	26 %	47 %	66 %	79 %	86 %	14 %
NO5	5	43 %	73 %	88 %	94 %	97 %	3 %

	Month	< 200kWh	< 400kWh	< 600kWh	< 800kWh	< 1000kWh	>1000kWh
NO5	6	46 %	75 %	89 %	94 %	97 %	3 %
NO5	7	37 %	64 %	81 %	90 %	95 %	5 %
NO5	8	40 %	69 %	85 %	92 %	96 %	4 %
NO5	9	37 %	66 %	82 %	91 %	95 %	5 %
NO5	10	26 %	45 %	63 %	77 %	85 %	15 %
NO5	11	21 %	34 %	49 %	64 %	76 %	24 %
NO5	12	18 %	28 %	39 %	51 %	61 %	39 %

Table A8: Share of households in each bidding zone that had consumption above and below the various consumption thresholds in 2024. *Source: Elhub*

	Month	**< 1000kWh**	**< 2000kWh**	**< 3000kWh**	**< 4000kWh**	**< 5000kWh**	**> 5000kWh**
NO1	1	30.0 %	58.1 %	77.7 %	89.4 %	95.1 %	4.9 %
NO1	2	37.9 %	69.4 %	87.4 %	95.3 %	98.0 %	2.0 %
NO1	3	43.2 %	75.4 %	91.4 %	97.0 %	98.7 %	1.3 %
NO1	4	53.1 %	84.3 %	95.8 %	98.5 %	99.2 %	0.8 %
NO1	5	76.3 %	96.2 %	98.9 %	99.4 %	99.5 %	0.5 %
NO1	6	80.3 %	97.1 %	99.0 %	99.4 %	99.6 %	0.4 %
NO1	7	84.6 %	97.9 %	99.2 %	99.5 %	99.6 %	0.4 %
NO1	8	80.6 %	97.2 %	99.0 %	99.4 %	99.6 %	0.4 %
NO1	9	74.0 %	95.8 %	98.8 %	99.3 %	99.5 %	0.5 %
NO1	10	57.7 %	88.1 %	97.1 %	98.9 %	99.3 %	0.7 %
NO1	11	44.6 %	77.1 %	92.3 %	97.4 %	98.8 %	1.2 %
NO1	12	38.9 %	70.0 %	87.7 %	95.4 %	98.1 %	1.9 %
NO2	1	21.8 %	56.7 %	81.8 %	93.8 %	97.9 %	2.1 %
NO2	2	30.7 %	70.4 %	91.5 %	97.8 %	99.2 %	0.8 %
NO2	3	34.6 %	75.3 %	94.0 %	98.6 %	99.5 %	0.5 %
NO2	4	45.3 %	85.3 %	97.5 %	99.3 %	99.7 %	0.3 %
NO2	5	72.3 %	97.3 %	99.5 %	99.7 %	99.8 %	0.2 %
NO2	6	75.5 %	97.7 %	99.5 %	99.8 %	99.8 %	0.2 %
NO2	7	80.1 %	98.3 %	99.6 %	99.8 %	99.8 %	0.2 %
NO2	8	76.8 %	97.9 %	99.5 %	99.8 %	99.8 %	0.2 %
NO2	9	70.6 %	97.1 %	99.5 %	99.7 %	99.8 %	0.2 %
NO2	10	52.4 %	90.6 %	98.6 %	99.6 %	99.7 %	0.3 %
NO2	11	38.4 %	79.2 %	95.5 %	98.9 %	99.6 %	0.4 %
NO2	12	31.9 %	70.9 %	91.8 %	97.9 %	99.3 %	0.7 %
NO3	1	25.1 %	60.1 %	83.8 %	94.6 %	98.1 %	1.9 %
NO3	2	30.4 %	68.1 %	89.7 %	97.1 %	98.9 %	1.1 %
NO3	3	37.0 %	76.0 %	93.9 %	98.4 %	99.3 %	0.7 %
NO3	4	43.8 %	82.6 %	96.4 %	99.0 %	99.5 %	0.5 %
NO3	5	68.7 %	96.0 %	99.2 %	99.6 %	99.8 %	0.2 %
NO3	6	71.2 %	96.7 %	99.3 %	99.7 %	99.8 %	0.2 %
NO3	7	76.5 %	97.9 %	99.5 %	99.7 %	99.8 %	0.2 %

NO3	8	71.9 %	97.0 %	99.4 %	99.7 %	99.8 %	0.2 %
NO3	9	63.2 %	94.5 %	99.1 %	99.6 %	99.7 %	0.3 %
NO3	10	46.2 %	85.0 %	97.1 %	99.2 %	99.6 %	0.4 %
NO3	11	35.5 %	74.2 %	92.9 %	98.1 %	99.3 %	0.7 %
NO3	12	30.8 %	66.5 %	88.4 %	96.6 %	98.8 %	1.2 %
NO4	1	15.3 %	47.3 %	73.7 %	89.5 %	96.2 %	3.8 %
NO4	2	19.2 %	55.3 %	81.5 %	94.0 %	97.9 %	2.1 %
NO4	3	22.8 %	60.9 %	85.9 %	95.9 %	98.6 %	1.4 %
NO4	4	29.1 %	69.1 %	91.0 %	97.6 %	99.1 %	0.9 %
NO4	5	46.8 %	85.9 %	97.3 %	99.2 %	99.6 %	0.4 %
NO4	6	67.0 %	95.8 %	99.2 %	99.6 %	99.7 %	0.3 %
NO4	7	74.3 %	97.6 %	99.4 %	99.7 %	99.8 %	0.2 %
NO4	8	71.7 %	97.2 %	99.4 %	99.7 %	99.8 %	0.2 %
NO4	9	55.7 %	92.5 %	98.8 %	99.5 %	99.7 %	0.3 %
NO4	10	32.5 %	74.5 %	93.6 %	98.4 %	99.3 %	0.7 %
NO4	11	24.6 %	64.2 %	88.0 %	96.7 %	98.9 %	1.1 %
NO4	12	18.0 %	51.7 %	77.4 %	91.9 %	97.2 %	2.8 %
NO5	1	28.9 %	63.9 %	85.4 %	94.9 %	98.1 %	1.9 %
NO5	2	35.6 %	72.9 %	91.5 %	97.5 %	99.0 %	1.0 %
NO5	3	40.7 %	78.3 %	94.3 %	98.3 %	99.3 %	0.7 %
NO5	4	49.0 %	85.5 %	96.9 %	99.0 %	99.5 %	0.5 %
NO5	5	74.1 %	96.9 %	99.2 %	99.6 %	99.7 %	0.3 %
NO5	6	74.0 %	96.9 %	99.3 %	99.6 %	99.7 %	0.3 %
NO5	7	81.2 %	98.1 %	99.4 %	99.7 %	99.8 %	0.2 %
NO5	8	73.6 %	96.8 %	99.2 %	99.6 %	99.7 %	0.3 %
NO5	9	68.4 %	95.6 %	99.1 %	99.6 %	99.7 %	0.3 %
NO5	10	53.3 %	88.7 %	97.8 %	99.3 %	99.6 %	0.4 %
NO5	11	41.9 %	79.3 %	94.6 %	98.5 %	99.3 %	0.7 %
NO5	12	37.0 %	72.6 %	91.1 %	97.4 %	99.0 %	1.0 %

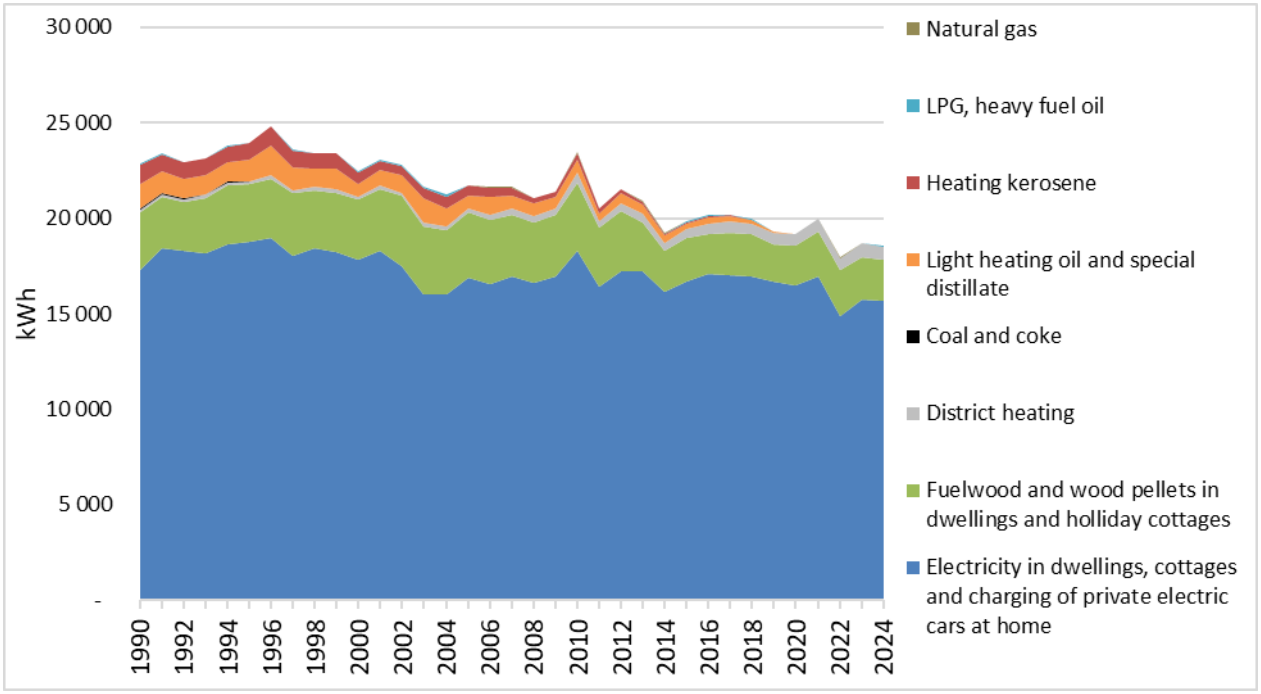

Figure A1: Historical energy use in dwellings and holiday homes (including electric vehicle charging) in Norway per household by energy source. Statistics Norway (2025c).

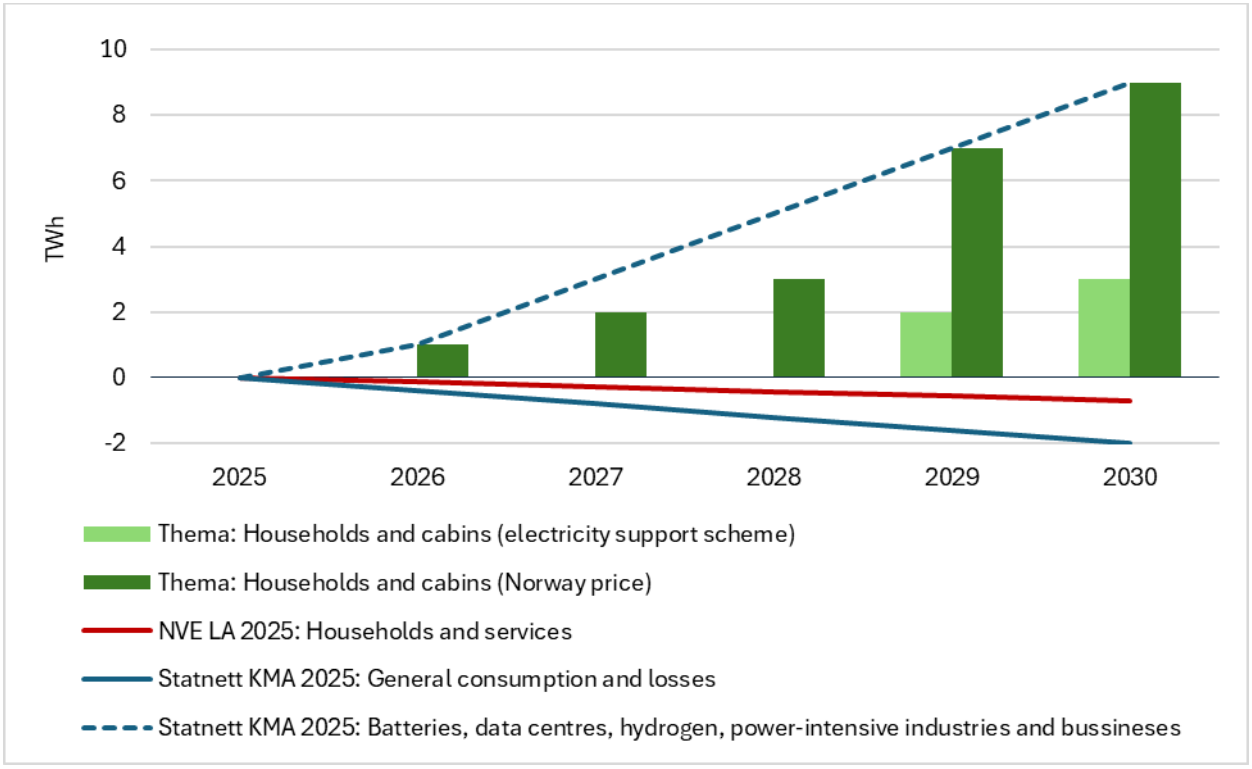

Figure A2: Estimated change in household electricity consumption towards 2030. *TWh. Source: Thema (2025b), Statnett (2025a), and NVE (2025b).*

For NVE, the consumer group 'households and services' (Base) is used as the basis. For Statnett, households are included in 'general consumption' (Medium), which is therefore used as the basis. For Thema, the consumption trajectories for households and cabins on page 19 of the appendix '94452 - Attachment II - Consequences of state-run electricity price hedging (Norgespris)' are used as the basis.

For Thema, the change in consumption is calculated by comparing Thema's estimated household consumption under market prices in 2026 with the consumption trajectories under electricity support and under the Norwegian price model.

For comparison, Thema's alleged growth in household consumption due to Norway Price amounts to a volume that corresponds to the total consumption growth from batteries, data centres, hydrogen, power-intensive industry and commercial sector in Statnett's analysis (KMA 2025 Medium analysis, dotted line).

However, in their short-term analysis 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,*[107] *even with Norway Price"* (Statnett, 2025a, p. 30).

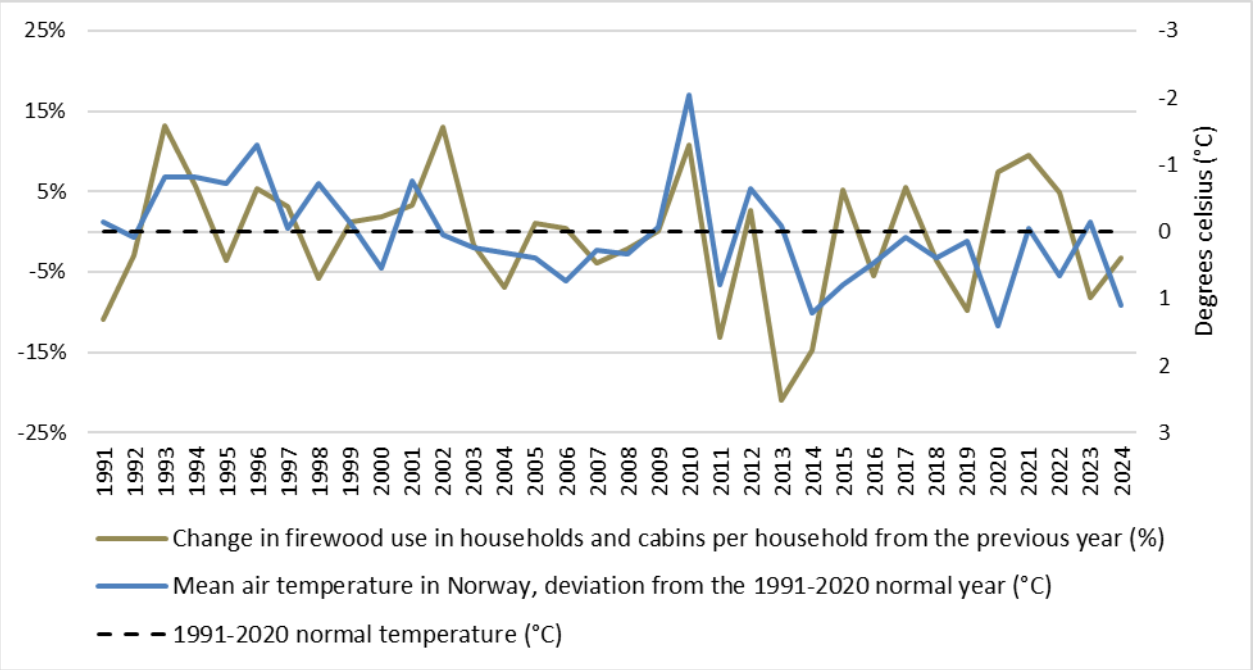

Figure A3: Change in annual firewood consumption in households and holiday homes per household from the previous year (Statistics Norway, left y-axis) and annual deviation from normal temperature in Norway (Norwegian Climate Service Centre (2025), right y-axis [NOTE! Inverted axis]).

[107] General consumption consists of households and service sector

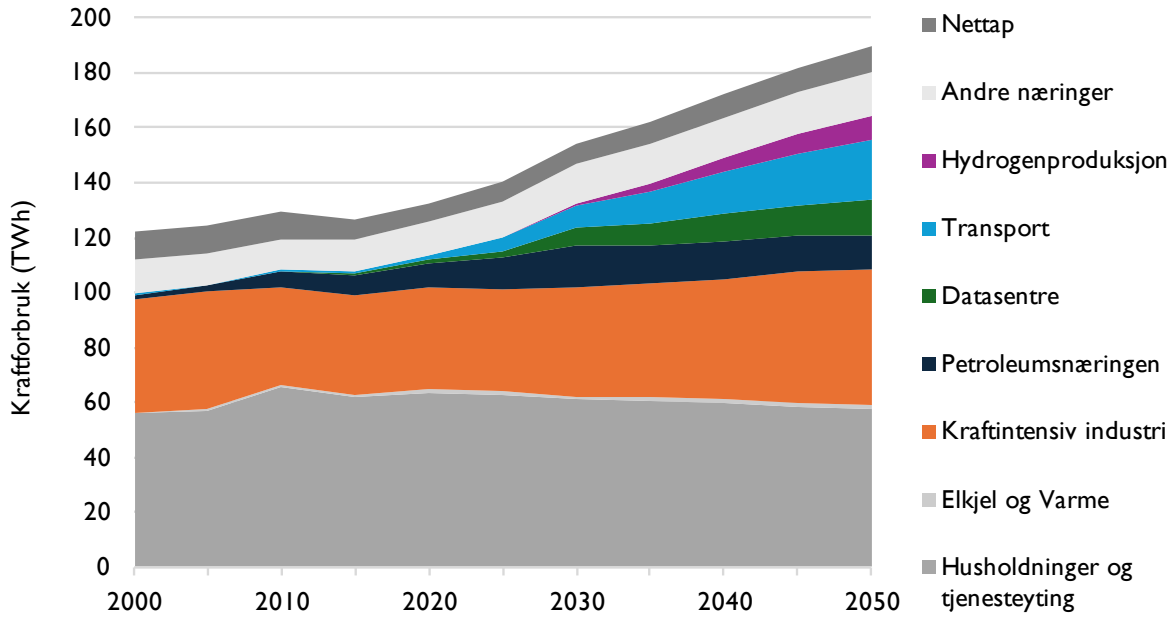

Figure A4: Historical and prognosed electricity consumption growth. TWh per year. Source: NVE (2025b).

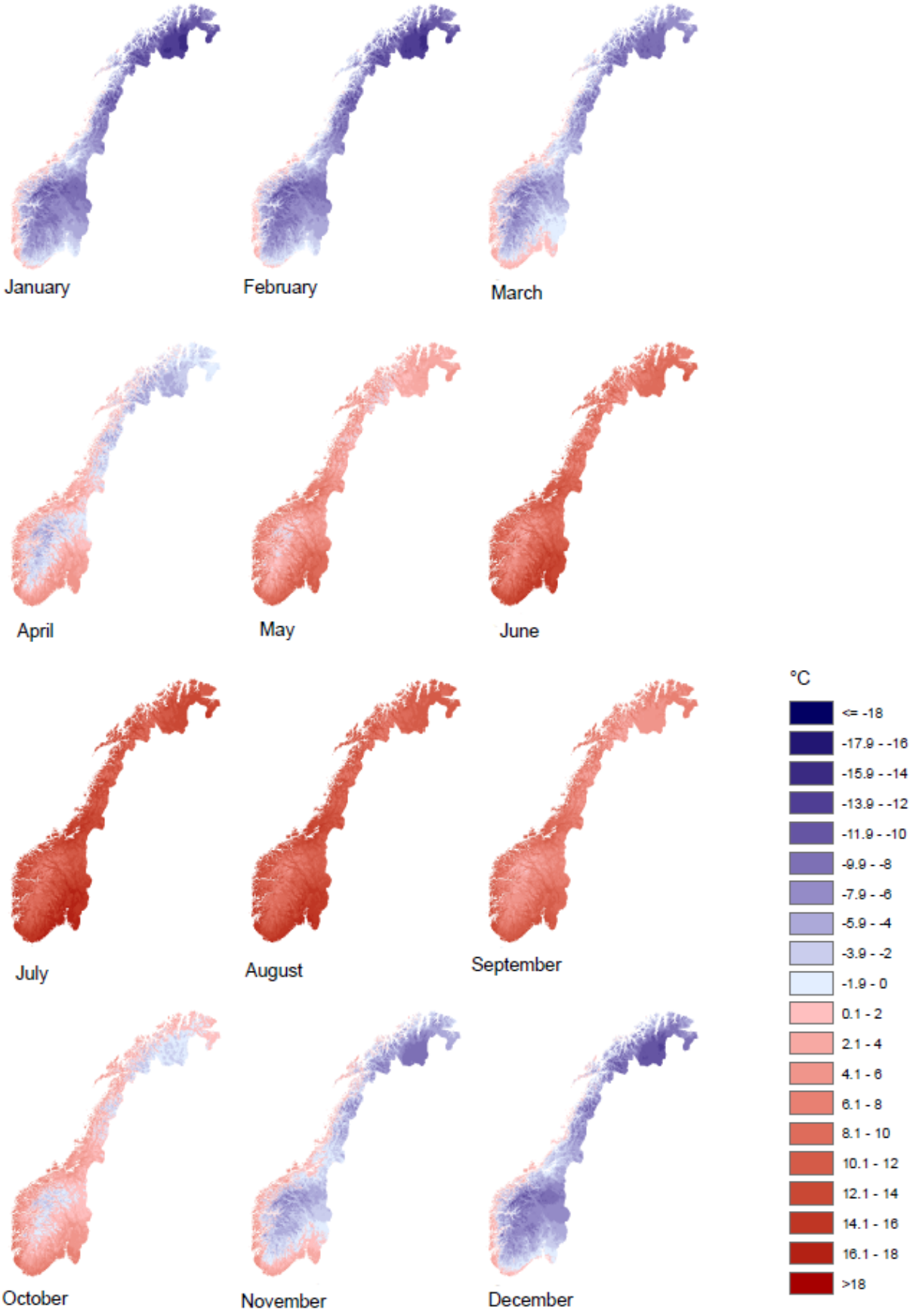

Illustration A1: Mean temperatures (°C) per month in Norway for the period 1991–2020. Source: Norwegian Climate Center Service (2025)

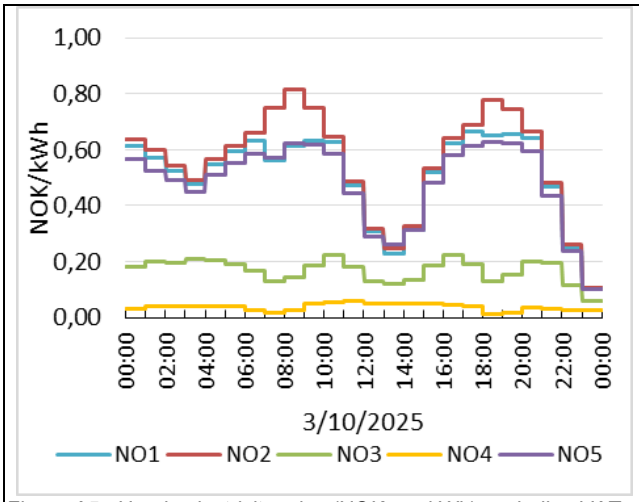

Figure A5: Hourly electricity price (NOK per kWh) excluding VAT on October 3, 2025. Source: Nord Pool via the Norwegian Consumer Council.

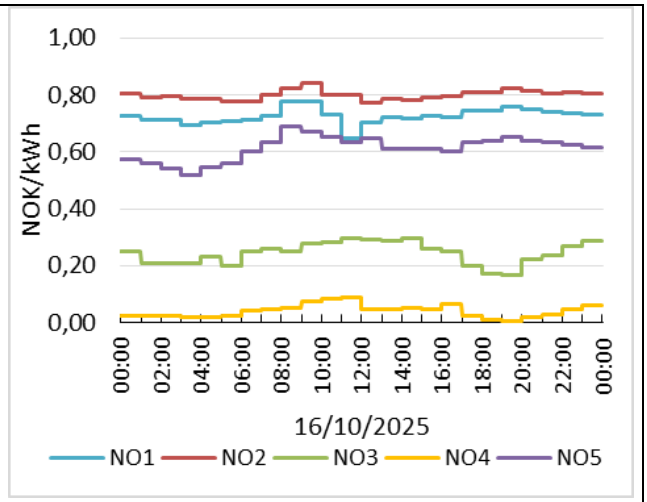

Figure A6: Hourly electricity price (NOK per kWh) excluding VAT on October 16, 2025. Source: Nord Pool via the Norwegian Consumer Council.

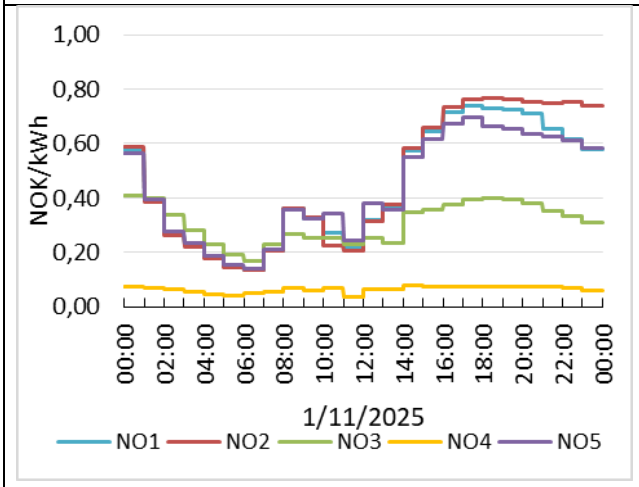

Figure A7: Hourly electricity price (NOK per kWh) excluding VAT on November 11, 2025. Source: Nord Pool via the Norwegian Consumer Council.

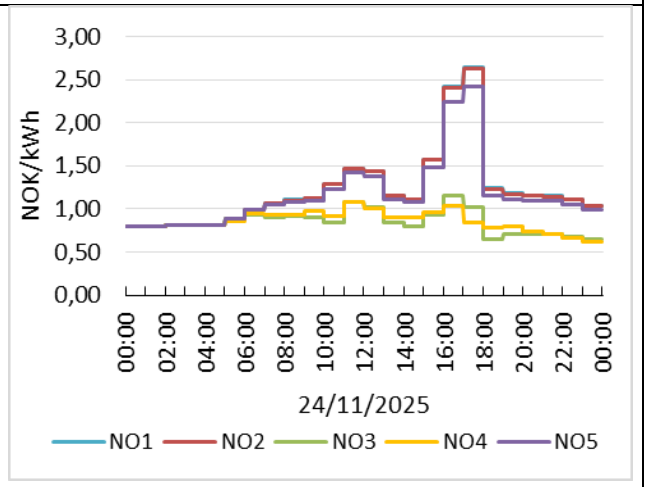

Figure A8: Hourly electricity price (NOK per kWh) excluding VAT on November 24, 2025. Source: Nord Pool via the Norwegian Consumer Council.

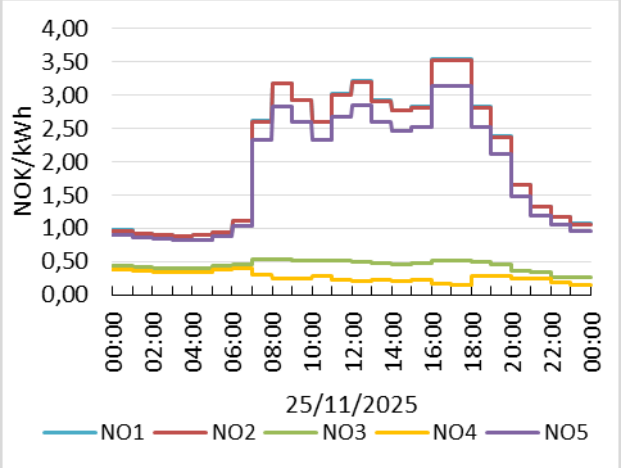

Figure A9: Hourly electricity price (NOK per kWh) excluding VAT on November 25, 2025. Source: Nord Pool via the Norwegian Consumer Council.

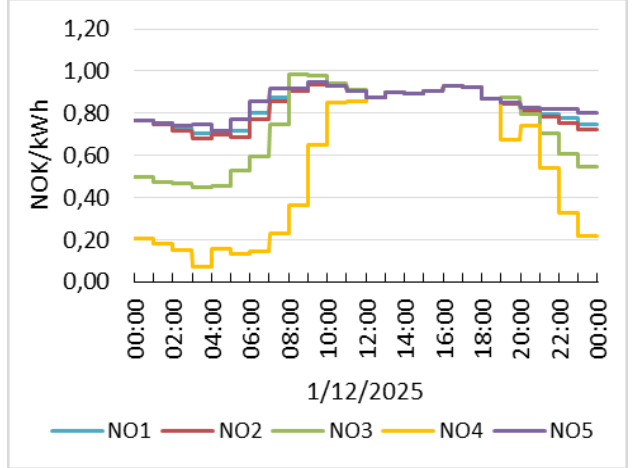

Figure A10: Hourly electricity price (NOK per kWh) excluding VAT on December 1, 2025. Source: Nord Pool via the Norwegian Consumer Council.

Appendix 2: The Ministry's Main Objections to the Complainants' Analytical Basis

1. Introduction

The consultancy firm Thema, commissioned by the complainants, has prepared and presented a total of five reports on the consequences of the Norway Price scheme, four of which are attached to the complaint (see annexes to the complaint). These reports constitute the basis for the complainants' claims regarding the effects of Norway Price. The Ministry notes that the various reports differ in terms of what is analysed and, in their results, and that there is generally little transparency regarding the underlying assumptions that are essential to the analysis. There are also discrepancies between the assumptions and estimates presented in the reports and the figures referenced by the complainants in the complaint text, particularly concerning price elasticity and consumption response. It is therefore not straightforward to know which estimates that on the complainants are basing their complaint on.

The Ministry wishes to point out that the attached Thema reports rely on several unrealistic assumptions that are critical to the model outcomes. The most significant objection concerns the uncritical use of price elasticities, which cannot be substantiated by recent research in the field or by actual household behaviour. This results in an exaggerated consumption response and unrealistic estimates, even though the Thema reports themselves acknowledge the considerable uncertainty surrounding price elasticity. Furthermore, a partial model is used without market adaptation from businesses, industry, and the public sector, which leads to unrealistic estimates of price development.

1.1 Elasticity Assumptions That Exaggerate Long-Term Effects Are Poorly Grounded in Recent Norwegian Data

The price elasticity of household electricity consumption depends on many factors, including the time of year and characteristics of individual households, such as size, income, housing situation, and substitution possibilities. Additionally, price elasticity is context-dependent, as households' basic heating needs vary significantly with outdoor temperature throughout the year and between different weather years, and because awareness of electricity prices and potential measures to reduce consumption may fluctuate.

In the long term, the most important variables influencing household electricity consumption are economic growth, floor area, and demographic development. Traditionally, households are assumed to be among the least elastic consumers, as most electricity use is tied to essential needs.

Thema assumes high elasticities for Norwegian households in its analysis, using a short-term price elasticity of -0.15 and a long-term elasticity of -0.6 for households (from Vista 2022), and -0.8 for businesses in its illustrations. These assumptions have a significant impact on the projected increase in consumption in TWh. For example, an increase of close to 9 TWh for households—from 43 TWh in 2026 with electricity support to 52 TWh in 2030 under the Norway Price scheme. Thema's elasticity estimates are based on "Vista Analyse and DNV (2022): The Impact of High Electricity Prices on the Norwegian Economy " which, based on a literature review of international studies and one Norwegian study, recommends a long-term price elasticity of -0.6 for households. Vista's justification is as follows: *"Our best estimate for long-term elasticity is -0.65 for households (for end-user prices). This is slightly higher than the estimates from meta-studies (-0.365 in Labandeira et al. (2017) and -0.577 in Zhu et al., 2018). We have emphasized the estimate (-0.65) from Halvorsen et al. (2005) and the estimate for Sweden (-0.668) in Pellini (2021)."*

Of these studies, Halvorsen et al. (2005) is the only Norwegian one. It is based on data from over 30 years ago (Statistics Norway's consumption surveys from 1993–1995). Among the households in the sample, about 80 percent had access to firewood, around 5 percent could use heating oil, and about 25 percent could use paraffin for heating. Heating options for Norwegian households have changed

significantly since then; for example, the use of heating oil and paraffin has been banned. Additionally, dependence on electricity for various purposes has increased substantially over the past thirty years. The elasticity estimates used by Thema are partly based on international studies. As the Ministry also points out in its response, international studies cannot realistically represent the price response of Norwegian households, and their transferability must be considered limited. In most countries inside and outside Europe, households primarily use gas or other energy sources to meet their essential needs for heating/cooling and hot water and therefore have much lower electricity consumption than Norway. Furthermore, Norway has different climatic conditions, with longer and colder winters compared to most of the countries used for comparison. In the article *"The Short-Term Price Elasticity, Temperature Elasticity, and Wind Speed Elasticity of Electricity: A Case Study from Norway"*, it is noted that: "*The Norwegian electricity market distinguishes itself from other countries' energy markets in several notable ways. Therefore, there is a risk that conclusions about the Norwegian electricity market, based on research conducted in other countries, may be incorrect or inaccurate*."

To the extent that price elasticities from other countries may be somewhat relevant for Norwegian households, it would be the price elasticity of other energy sources used for heating, in countries with similar climate conditions.

The Ministry emphasizes that the Thema reports, which form the basis of the complaint, 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." (*Attachment II to the complaint named "C*onsequences of state-run electricity price hedging",* containing the report *"Consequences of "Norgespris" in Norway and the Nordics", Attachment II, page 8)*

"Even long-term price elasticity is highly uncertain, with widely varying estimates." (Thema-report Virkninger av Norgespris, Attachment I, page 16)

"It is highly uncertain how much household consumption will respond to a price change." (Thema-report Consequences of "Norgespris" in Norway and the Nordics, Attachment II, page 8)

Though highly uncertain, the selected price elasticities, in turn, result in a calculated consumption response as shown in Table A9, which is used to justify the complaint.

Table A9: Changes in electricity consumption of households and holiday homes due to Norway Price: Thema's estimates in the attached analyses

Year	Compared with	Change in electricity consumption	Assumption / note	Source
2030	Market price 2026	+8.9 TWh	Elasticity rises from -0.15 in 2026 to -0.6 in 2030 (real prices); includes reduced VAT on the grid tariff.	Thema: Virkninger av Norgespris (Attachment I, p. 16)
2030	Market price 2030	+9.1 TWh	Elasticity rises from -0.15 in 2026 to -0.6 in 2030 (real prices); includes reduced VAT on the grid tariff.	Thema: Virkninger av Norgespris (Attachment I, p. 16)

2030	Electricity support scheme 2026	+8.7 TWh	Elasticity rises from -0.15 in 2026 to -0.6 in 2030 (real prices); includes reduced VAT on the grid tariff.	Thema: Virkninger av Norgespris (Attachment I, p. 16)
2030	Electricity support scheme 2030	+5.8 TWh	Short-run price elasticity -0.15; includes reduced VAT on the grid (network) tariff.	Thema: Virkninger av Norgespris (Attachment I, p. 16)
2030	Norway price 2026	+7.5 TWh	Elasticity rises from -0.15 in 2026 to -0.6 in 2030 (real prices); includes reduced VAT on the grid tariff.	Thema: Virkninger av Norgespris (Attachment I, p. 16)
2029	Compensation-alternative (mdg) 2029	3 to 7 TWh	70-100% of households choose Norway Price. Includes a 4.4 øre reduction in the electricity consumption tax and removal of the 1 øre Enova fee. Real prices.	Thema: Alternativer til Norgespris (Attachment III, p. 13
2028	Compensation-alternative (mdg) 2028	2 to 2.7 TWh	70-100% of households choose Norway Price. Includes a 4.4 øre reduction in the electricity consumption tax and removal of the 1 øre Enova fee. Real prices.	Thema: Alternativer til Norgespris (Attachment III, p. 13)
2026	Market price 2026	+1.4 TWh	Short-run price elasticity -0.15; includes reduced VAT on the grid (network) tariff.	Thema: Virkninger av Norgespris (Attachment I, p. 16)
2026	Market price 2026 (Dry year, 2010)	+3.4 TWh	The increase in a dry year is larger than in a normal year due to higher prices (larger discount) and lower temperatures. Short-run elasticity -0.15.	Thema: Consequences of state-run electricity price hedging (Attachment II, p. 32)
2026	Market price 2026 (Wet year, 2020)	-2 TWh	The reduction in a wet year is because households pay more than they would with the market price. It is also assumed that household consumption is lower to begin with due to milder temperatures in wet years.	Thema: Consequences of state-run electricity price hedging (Attachment II, p. 28)
2026	Compensation-alternative (mdg) 2026	+1 to 1.3 TWh	70-100% of households choose Norway Price. Includes 4.4 øre reduction in the electricity consumption tax and removal of the 1 øre Enova fee. Real prices.	Thema: Alternativer til Norgespris (Attachment III, p. 13)

Table A10: Change in electricity consumption in other businesses due to Norway Price

Year	Compared with	Change in electricity consumption	Assumption / note	Source
2030	Market price 2030	-5 TWh (-6 TWh)	Businesses. Elasticity rises from -0.15 in 2026 to -0.8 in 2030; includes reduced VAT on the grid tariff.	Thema: Virkninger av Norgespris (Attachment I, p. 25)

2026	Market price 2026	-0.5 TWh	Short-run price elasticity -0.15. Businesses, public sector and industry.	Thema: Virkninger av Norgespris (Attachment I, p. 24)

Recent Assessments of Price Elasticity Among Norwegian Households

Table A1 in Appendix 1 reviews recent research and assessments of price elasticity among Norwegian households. The studies vary in terms of the time intervals analysed—ranging from hours, days, and months to longer periods. Most studies indicate that short-term price elasticity for electricity is very low, as electricity consumption in Norwegian households is closely tied to heating needs and primarily varies with outdoor temperatures. Even studies with somewhat longer time spans, as months, suggest low elasticities. As shown in Table A1, the estimated are centred around values of – 0.03 – 0.05, some above, some slightly over. However, it should be noted that the various studies also use different definitions of short and long term.

Among the studies examining long-term price elasticity in Norwegian households, one is an *unpublished* study by Bergland (2021), which also uses annual end-user prices and is referenced by the complainants and Thema, although not used in the analysis. Unlike Halvorsen et al. (2005), Bergland (2021) uses more aggregated data (consumption per capita in households) and a more recent dataset (1993–2019). The estimated price elasticities in Bergland (2021) are significantly lower: -0.06 in the short term and -0.11 in the long term. This may indicate that long-term price elasticity among Norwegian households has decreased in recent years, with fewer substitutes for heating energy than households had access to in 1993–1995.

However, assessing very long-term price elasticity is challenging. Over extended periods, significant and fundamental changes can occur in economic development, building stock, demographics, and the electricity market. Isolating the specific effect of electricity prices—and adjusting for ongoing weather conditions—becomes increasingly difficult the longer the time frame considered.

The consequences of uncritically applying a price elasticity of 0.6 are clearly illustrated when projected onto the historical development of household electricity consumption, as well as future trends, as illustrated in figure.

Price Elasticity During Periods of Capacity Constraints and Impact on Other Countries

The complainants also argue that the Norway Price scheme could increase the likelihood of strained capacity situations, and that this would affect electricity prices and the power situation in Norway's neighbouring countries. Regarding household price elasticity during peak load periods, the Ministry refers to several studies in Table 1, which typically find very low or no price elasticity when heating demand is high. This implies that periods of capacity constraints will continue to be triggered by temperature fluctuations, regardless of the introduction of Norway Price.

For example, *Hofmann and Lindberg (2019*) use hourly prices to examine whether peak load consumption responds to prices (load shifting). The data is from Oslo, where households and office buildings account for 83 percent of electricity consumption. They conclude that peak load consumption is nearly completely inelastic. On the coldest winter days (colder than -10°C), elasticity is zero, while for temperatures between -10°C and 0°C, they estimate elasticity at -0.011 and -0.075. Hofmann and Lindberg (2019) thus conclude that price signals do not contribute to reducing consumption on the coldest days. One reason may be that on the coldest days, all available heating sources are already in use.

Similarly, *Idsø, Nesse, and Larsen (2024*) find no significant price elasticity when it is cold, and prices are high.

The ministry will also like to address Item (21) in the complaint letter (Annex I), which claims that *«Recent research illustrates that households do respond to (hourly) price signals – reducing their electricity consumption with approximately 3% during times of high electricity prices.»* With reference to a more recent study by Hofman & Lindberg (2024)[108]: *Evidence of households' demand flexibility in response to variable hourly electricity prices – Results from a comprehensive field experiment in Norway*.

Hofman and Lindberg (2024) finds that Norwegian households reduced their electricity demand by, on average, 2.92 % in hours with high prices. However, the «price response» where not driven by changes in spot prices, but by rewards. The experiment was conducted with highly electrified households with usage characterised by electric heating and charging electric cars, that also was familiar with dynamic electricity price contracts. They were also given a one-day advance notification via SMS or push message before experiment days. Some of the other findings by Hofman and Lindberg (2024):

- Significant average response of 0.085 kWh/h or 2.92 percent in peak hours.
- Prices over 15 NOK per kWh increase the response, *below this value no significant increase compared with the reference price.*
- The price response is not statistically significant for temperatures below -10°C, which may result from the limited number of observations for these cold temperatures.
- No response can be observed for temperatures between 5 and 10°C.

1.2 The Thema Report Is Only a Partial Analysis

Thema conducts a partial analysis, where increased electricity consumption by households is assumed to raise market prices, without accounting for consumption responses in other sectors, and in several cases not in neighbouring countries either. The report itself states that "the final price effect will be smaller," as other actors will adjust their consumption in response to price changes. Nevertheless, the main conclusions (price increases in Norway and the Nordic region) are presented as if these mechanisms are not present.

An increase in electricity prices will normally lead some businesses—especially energy-intensive industries — to adjust their consumption. By omitting this effect, Thema overestimates the extent to which prices will rise for other customers, particularly in dry years or other periods with prolonged high prices.

Furthermore, Thema assumes that increased demand does not lead to increased production, nor that higher demand and prices would result in the establishment of new businesses. It also assumes no investments in flexibility measures, even after ten years. In reality, such developments would dampen price growth in the market if Norway Price were to lead to higher and more volatile prices, as claimed by the complainants.

1.3 Unrealistic Assumptions That All Households in Norway Choose Norway Price

It is assumed that all household customers in Norway choose the Norway Price scheme. This assumption contributes to inflated budget estimates and projected consumption growth. The Ministry

[108] Evidence of households' demand flexibility in response to variable hourly electricity prices – Results from a comprehensive field experiment in Norway - ScienceDirect

notes that currently (December 6, 2025) only 53.7 percent of households and 69.5 percent of holiday homes in Southern Norway (bidding zones NO1, NO2 and NO5) have opted for Norway Price. In other regions, the choice of Norway Price will depend on future price developments. Current price levels and forward prices for the coming years suggest that this is an unrealistic assumption. Many of Thema's results are calculated "without considering the consumption cap," despite the fact that the cap is part of the scheme's design and serves to mitigate potential effects.

1.4 Incorrect Basis for Comparison

Most calculations are compared against market prices without electricity support, rather than against the current electricity support scheme that Norwegian households have been covered by since December 2021. Thema itself notes that several figures are "compared with market price, not electricity support," which systematically exaggerates the marginal effect attributable to Norway Price.

1.5 Unrealistic Hydropower Modelling in Weather Scenarios

In both wet and dry years, Thema's analysis assumes no transfer of water between years in multi-year reservoirs. It states "without the possibility to transfer water between years." This is unrealistic in relation to the fundamental optimization of water values and the actual reservoir management by producers in Norway. This contributes to inflated price and risk assessments in dry years. Hydrology and reservoir management are foundational to price formation in Norway, and the flexibility of the Norwegian power system helps to dampen demand fluctuations. This is disregarded in Thema's assumptions about reservoir management.

1.6 Thema's Price Estimates Are Significantly Higher Than Other Analyses

Thema uses its own price trajectory for expected electricity prices in the Nordic region. This trajectory is higher than both NVE's baseline scenario (Long-Term Power Market Analysis for 2025) and Statnett's short-term analyses up to 2030 (Short-Term Market Analysis 2025). This is possibly due to assumptions about fuel price developments in Europe, but also because Thema assumes a weaker power balance for Norway than NVE and Statnett do in their baseline scenarios. With higher prices, as in Thema's trajectory, the price gap to their assumption about Norway Price also becomes larger. This affects the expected consumption response compared to a scenario without Norway Price.

1.7 Duration and Adjustment of the Norway Price Scheme

Thema has calculated the impact of Norway Price up to 2035, assuming a fixed price throughout the period. The Ministry points out that the Norway Price scheme is set to last until December 31, 2029, and that the price level will be adjusted annually starting from January 1, 2027. The price setting each year will take into account future price developments as well as the objective of the scheme.

Finally, the Ministry would like to point out errors in the complaint letter compared to the reports attached to the complaint;

- **Item 41 in the complaint letter (Annex I):**

Claim: «*First, it seems clear that the scheme will lead to increased consumption of electricity by Norwegian households. According to the THEMA report dated March 18, 2025, for example,* ***consumption will rise by 1.2% in 2026, and by 7.4% in 2030*** *as compared with a scenario in which the scheme was not introduced.»*, with reference to page 20 of Attachment II.

Comment from the Ministry: Page 20 of attachment II **does not show that the yearly consumption will rise by 1.2 percent in 2026 and 7.2 percent in 2030** (*Thema: Consequences of state-run electricity price hedging*). It shows a partial analysis of 2026 and 2030 of increased household

consumption and demand flexibility during peak loads. What the figure on page 20 of Attachment II actually shows is a 1.2 percent and 7.2 percent increased load (GW), only during peak loads in 2026 and 2030, without considering reduced activity in businesses, the public sector and industry as a result of higher electricity prices.

- **Item 42 in the complaint letter (Annex I):**

Claim: «*Higher electricity consumption by household customers secondly has certain inevitable effects. It will necessarily increase the market price (spot price) at times where it is higher than Norway Price, because the existing incentive for consumers to not consume electricity (in such a situation) is significantly weakened. An estimate of this effect is contained in the THEMA report dated March 18 2025, suggesting that market prices in Norway will increase by up to* ***3.7% in 2026,*** *and* ***8.8% in 2030*** *as a result of the scheme, leading then to an increase of electricity expenses for entities that are not covered by the scheme, such as businesses. Similarly, it will lead to a significantly higher market prices in neighbouring countries (Denmark, Sweden, Finland). These potentially grave consequences appear to have motivated a number of authorities, associations and companies from neighbouring countries to voice their concerns in the public consultation, testifying to the fact that the effects of Norway Price likely will extend beyond Norway» (Thema, 2025b, p. 15).*

Comment from the Ministry: Page 15 of Attachment II does not show that the market prices in Norway will increase by up to 3.7 percent in 2026, and 8.8 percent in 2030 as a result of the scheme. It shows a price difference of **3.7 EUR/MWh in 2026** and **8.8 EUR/MWh in 2030**.

1.8 Household consumption growth under different scenarios in the Thema reports:
Thema states that temperature-corrected household electricity consumption in 2023 was 37.8 TWh, a year in which all Norwegian households received electricity support and the average spot price in Southern Norway ranged between 0.76 and 0.90 NOK per kWh[109] (Thema, 2025b, p.9). Thema further states that household consumption in 2030 is projected to be 42.7 TWh in the market price scenario, 46 TWh with electricity support, and 51.8 TWh with the Norway Price scheme (Thema, 2025b, p. 19 & 41).

This implies an increase in consumption to 2030 (compared with the starting point in 2023), of 14 TWh in the alternative with Norway Price, 8 TWh with continued electricity support only, and 4.7 TWh if electricity support is removed and households face market prices in 2030. An increase of 14 TWh corresponds to approximately 5.350 kWh of additional consumption per household per year. By comparison, household electricity consumption per capita in Denmark is 1.830 kWh per year, according to Thema (Thema. 2025a, p.3). In addition, Thema estimates that per household consumption with Norway Price increases by a further 1.650 kWh (4.3 TWh) in dry years (Thema, 2025b, p. 32 & 41).

[109] Yearly average spot price (NO1/NO2/NO5) excluding taxes, VAT and grid rent. Source: Nord Pool.

Appendix 3: The Electricity Price Committee and Other Reports Leading Up to Norway Price and Electricity support scheme

The Ministry of Petroleum and Energy carried out five external assignments that examined various aspects of the power situation in 2021–2022.

The following reports were conducted:

- **Statistics Norway** assessed the impact of rising electricity prices on households and conducted an evaluation of the existing support scheme presented by the Government in December 2021.

  https://www.ssb.no/energi-og-industri/energi/artikler/okonomiske-konsekvenser-av-hoye-kraftpriser-og-stromstonad

- **DNV** and **Vista Analyse** carried out an analysis of the effects of high electricity prices on the Norwegian economy.

  https://www.regjeringen.no/contentassets/0f626d2e10ef48e591d2ceefce3546dc/vista-analyse-dnv-rapport-2022-34-virkninger-av-hoye-strompriser.pdf

- **AFRY** and **Menon Economics** evaluated several measures, including a maximum price in the wholesale market, reservoir restrictions, export limitations, grid expansion, end-user market interventions, and a model for a state-owned power supplier.

  https://www.regjeringen.no/contentassets/0f626d2e10ef48e591d2ceefce3546dc/afry_menon_oed_endelig-rapport.pdf

- **THEMA Consulting** reviewed the status of the Nordic financial markets with regard to price hedging opportunities for Norwegian power suppliers.

  https://www.regjeringen.no/contentassets/0f626d2e10ef48e591d2ceefce3546dc/te-22-19-fastprisavtaler-og-prissikringsmulighetene-til-kraftleverandorer-i-norge-l1381718.pdf

- **SINTEF** conducted an analysis of reservoir management during autumn 2021 and the effects of Norwegian power exports, including restrictions on reservoir usage.

  https://www.regjeringen.no/contentassets/0f626d2e10ef48e591d2ceefce3546dc/rapport-kraftsituasjon-2021-22-.pdf

In addition, a number of analyses and assessments were carried out by **NVE** and **Statnett** during this period, related to the ongoing situation, characteristics of the power system, and work on mitigation measures.

The Electricity Price Committee

To assess the current system for determining electricity prices, the Government established the **Electricity Price Committee** on February 15, 2023, an independent expert committee. The committee's main task was to **examine and discuss various models that could contribute to more stable, predictable, and competitive electricity prices for households, industry, and businesses, while also ensuring continued investment in renewable energy (Strømprisutvalget, 2023)**. The expert committee consisted of individuals with specialized knowledge of the economic, legal, and physical characteristics of the Norwegian power system.

The fundamental function of the electricity market is to ensure secure access to electricity for consumers and societal functions at the lowest possible cost, both in the short and long term. The models the committee was asked to evaluate had to safeguard Norway's energy security over time and provide necessary incentives for production, reservoir management, electricity exchange, and consumption behaviour aligned with these goals.

The Electricity Price Committee submitted its report on October 12, 2023. The report was widely circulated for consultation when it was presented, with the deadline set for December 15 same year. The Ministry of Energy received 146 consultation responses – 24 from private individuals and 41 from municipalities and county authorities. The report is attached to the letter, along with an unofficial English translation of the summary prepared by the committee afterwards.

Below is an overview of what the committee was asked to assess and describe:

- **How various proposals for changes in electricity price formation in the wholesale market would affect the Norwegian power system**, energy security, incentives to invest in new renewable power production, electricity exchange, and end-user prices. It also included assessing how changes in the wholesale market would impact other short-term balancing markets and futures markets for electricity.
- **Describe the relationship between price formation in the wholesale market and the end-user electricity market.** Provide a status update on competition and the availability of contracts in the Norwegian end-user market, and assess which short- and long-term measures could ensure consumers access to lower and more predictable prices within the framework of the EEA Agreement.
- **Report on crisis measures and long-term reforms related to electricity price formation in the European power market**, and how the implementation of proposed or discussed measures in the EU and European countries could affect electricity pricing in Norway. This includes both expected impacts from the European market and potential effects if similar measures were introduced in the Norwegian system.
- **Discuss the main factors that will influence electricity prices in the long term in Norway and in connected countries.** Also, assess the challenges posed by the current pricing model as surrounding countries transition to very high shares of renewable energy production.

The committee evaluated fifty different measures aimed at shielding electricity consumers from price increases — ranging from major market reforms to various types of support schemes. Each measure was assessed in terms of its impact on the electricity market and whether it would conflict with the provisions of the EEA Agreement.

In the wholesale market, the committee considered measures such as reducing the use of transmission capacity with foreign countries, direct interventions in reservoir management, price-targeted interventions, and improvements in market information to support better decision-making by market participants.

In the end-user market, the committee assessed measures such as politically determined price caps, politically determined discounts on electricity prices, and direct income transfers to consumers.

The committee concluded that if measures are to be introduced to directly influence electricity prices, they should be implemented in the end-user market. It emphasized that interventions in the wholesale market would require significant regulatory changes and could have negative consequences for the power system and energy security. Therefore, the committee recommended that any measures aimed at securing lower and more predictable prices for consumers should be implemented in the end-user market.

Both the current electricity support scheme and the proposed Norway Price are examples of such end-user market measures, in line with the committee's recommendations.

Appendix 4: Media clipping references

"The Bogeyman Norway Price: It is the electrification of oil platforms and new industries – not the Norway Price – that will be decisive for Norway's power balance."
(Editorial, Dagens Næringsliv (Norwegian Business Daily) 1.10.2025)
https://www.dn.no/leder/dn-mener-busemannen-norgespris/2-1-1878792?zephr_sso_ott=BGptbV

"Critics of the Norwegian price model claim that fixed rates lead to waste. That's not true." (Robert Næss, Chief Investment Officer, Nordea. Aftenposten 1.10.2025)
https://www.aftenposten.no/meninger/debatt/i/5E9d8E/kritikerne-av-norgespris-hevder-at-fastpris-gir-sloesing-det-stemmer-ikke

"A Defense of Norway Price" (Kjell Roland, economist and member of the Energy Commission, TU (Teknisk ukeblad) 8.2.2025)
https://www.tu.no/artikler/et-forsvar-for-norgesprisen/555633

«The Norwegian price model does not challenge the Energy Act. Lower and more predictable electricity costs are good news for both consumers and the future of the Energy Act"
(Herdis Helle, PhD, lawyer at the Norwegian Confederation of Trade Unions (LO), Andreas C. Halse, associate lawyer at Elden, advisor at Agenda, Rett 24, 24.3 2025)
https://rett24.no/articles/norgespris-utfordrer-ikke-energiloven

"*The Norwegian electricity price model provides predictability – but a heat pump lowers your electricity bill*" *(Energiaktuelt AS*):
https://www.energiaktuelt.no/norgespris-gir-forutsigbarhet-men-varmepumpe-gir-lavere-stroemregning.6730011-575509.html

"Heat pump 2025 – how to make the most of the Norwegian price model, Enova subsidies, and grid tariffs, while enjoying cooler summers and warmer winters" (Energiverket):
https://energiverket.no/varmepumpe-2025-slik-utnytter-du-norgespris-enova-stotte-og-nettleie-og-far-svalere-somre-og-varmere-vintre/

"Heating with firewood or electricity – yes, please, both!" (NRK, 6.10.2025):
https://www.nrk.no/vestfoldogtelemark/vedfyring-eller-strom_-ja_-takk-begge-deler_-1.17589990

"Divided opinions on the impact of the Norwegian price model: – Some expect a modest decrease" (E24, 5.10.2025):
https://e24.no/energi-og-klima/i/KMd5p4/uenige-om-norgespris-effekt-forventer-en-viss-nedgang