



Appendix 1 Auction rules

The auction will be conducted with open, descending bids (English auction). In the auction, bidders compete for state aid by successively submitting lower bids until only one bidder remains (see exception to this rule further down). The lowest submitted bid equals the strike price.

Any bid placed during the auction is binding. If the auction winner does not enter into the contract for difference, the liquidated damages shall fall due for payment, as described in Chapter 3 paragraph V of the Announcement.

Bidding

The auction opens on March 18th at 9 Central European Time (CET). There will be 40 minutes of open bidding. A new lowest bid submitted in the last ten minutes will give a 10-minute reset. This means, if a bid is submitted during the last ten minutes, the remaining time will be increased to 10 minutes, regardless of whether it was one or nine minutes left when the bid was submitted.

If a bid is submitted during the last ten minutes before a scheduled break, the bid will stand until the break and for an additional ten minutes after the break.

There is no reservation/ceiling price. However, there is a technical range of acceptable bids. This range is from 5 to 999 øre/kWh. Bidders must submit a bid to be allowed to see the lowest submitted bid. Bidders will not see who holds the lowest bid unless it is themselves.

Minimum bid decrement

The minimum bid decrement is the minimum amount a bidder must reduce their bid price by, relative to their own last bid, in order for the bid to be accepted. The minimum bid decrement is set to NOK 0.25 øre/kWh.

For example:

- Bidder 1 bids NOK 10.00 øre/kWh.
- Bidder 2 bids NOK 9.98 øre/kWh.
- Bidder 1's next bid must be NOK 9.75 øre/kWh or lower – which is the minimum amount Bidder 1 can reduce its bid price by, relative to its prior bid of NOK 10.00 øre/kWh.
- Bidder 1 bids NOK 9.75 øre/kWh.
- Bidder 2's next bid must be NOK 9.73 øre/kWh or lower – which is NOK 0.25 øre/kWh lower than Bidder 2's prior bid of NOK 9.98 øre/kWh.
- Bidder 2 chooses to bid NOK 9.70 øre/kWh.
- Bidder 1 chooses to bid NOK 9.5 øre/kWh. This bid is only NOK 0.2 øre/kWh lower than Bidder 2's bid. It is an accepted bid because it meets the bid decrement rule of at least NOK 0.25 øre/kWh below Bidder 1's prior bid of NOK 9.75 øre/kWh.

A bidder can submit a bid which is above the leading bid, as long as the bid meets the minimum bid decrement. A new bid above the leading bid will not cause a bid extension.

Breaks

If the auction continues for more than two hours the time schedule shown beneath will be followed. If the auction does not end before 18.15 CET, the auction will continue at 9 the next working day and follow the same schedule until there is a winner. After each break there will be 10 minutes open bidding, regardless of the remaining time before the break.

Bidding	9 – 11
Break	11 – 11.30
Bidding	11.30 – 13.30
Break	13.30 – 13.45
Bidding	13.45 - 15.45
Break	15.45 – 16.15
Bidding	16.15 - 18.15
Break till next day	-

Auction result

The bidder submitting the lowest bid price (in NOK øre/kWh) wins the auction. The auction platform will not accept ties during bidding unless the minimum contract price of NOK 5 øre/kWh is met. If the minimum contract price is met, multiple bidders will be able to bid the final lowest acceptable bid of NOK 5 øre/kWh. The winner will then be decided by drawing lots, and the contract price will be NOK 5 øre/kWh. The non-winning bidders have no obligations to the state.

Price

The currency of the auction, and the CfD, is Norwegian Kroner (NOK). The bids are given as NOK øre/kWh, in Q1 2023 Kroners. Bids can include five decimal numbers.

Illegal collaboration

Agreements or concerted practices which have as their object or effect the prevention, restriction or distortion of competition, i.e. collusive behavior regarding bidding or bidding strategies, are prohibited under Section 10 of The Competition Act.

Disclaimer

If problems arise that could affect the execution or the outcome of the auction, the Ministry can postpone, suspend, stop, or annul the auction. The bidders can use multiple log-ins from different locations. Should however something happen, which prevents a bidder from bidding online, it will be possible to call Procurex and bid over the phone. This will require an email verification.