



## ROYAL NORWEGIAN MINISTRY OF ENERGY

### Appendix 10

#### General Description of the Support Mechanism and the Competition for State Aid

##### 1. General Information

The Norwegian Parliament has authorized the Ministry of Energy to enter into commitments regarding state aid for floating offshore wind in Vestavind F and Vestavind B, but such that the total state commitments do not exceed a cost framework of NOK 35 billion (2025 kroner), cf. decision 385 of 19 December 2024.<sup>1</sup> The award of project areas and support for floating offshore wind will be granted through a two-step competition. In the first step, three project areas, each with a capacity of 500 MW, will be awarded based on qualitative criteria.

Participants who have been awarded a project area will have the opportunity to participate in a competition for state aid, where one project will receive support. The right to support is awarded to the winner of the auction. The support model has been approved by the EFTA Surveillance Authority (ESA).<sup>2</sup>

This document provides a general description of the support model and the premises the model is based on. In the event of conflict between Appendix 9 Draft Investment Aid Agreement and this document, Appendix 9 Draft Investment Aid Agreement shall prevail.

##### 2. Investment Aid as the Support Model

###### 2.1 General Information About Investment Support

Investment aid has been selected as the support mechanism. The investment aid agreement will be entered into between the state, represented by the Ministry of Energy, and the participant who wins the support competition (referred to as the support recipient).

The support recipient will receive financial grants to cover the costs of establishing the energy facility.

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<sup>1</sup> See the Government's proposal in the Ministry of Energy's Prop. [Prop. 1 S \(2024–2025\)](#) and the Parliament's decision in the [Statsbudsjettet 2025](#) p. 96.

<sup>2</sup> ESAs decision 067/25/COL, dated 15. april 2025.



The support recipient carries all market and price risks associated with the project, including risks related to changes in cost levels, power prices, and the operation of the energy facility.

## 2.2 Support Amount

The support amount is determined through a competition for state aid. The competition will be conducted as an auction, where the winner is the bidder offering the lowest support amount to realize their project (in aid/MW).

## 2.3 Eligible Costs

The investment support is limited to the support recipient's costs for establishing the energy facility. Eligible investment costs do not include costs for other investments, maintenance, or operation of the energy facility after completion.

## 2.4 Payment

The investment support will be paid ~~as a lump sum once~~ out in two instalments. The first payment, amounting to 10 percent of the support, will be disbursed after the recipient has made the investment decision, while the remaining amount will be paid when the energy facility is completed ~~and~~. The payment upon investment decision is conditional on the recipient documenting incurred costs equivalent to the support amount, while the payment upon completion is conditional on the Ministry of Energy ~~has~~ having received the project accounts detailing the ~~support recipient's~~ recipients' eligible costs.

The project is considered completed when the majority of its total capacity is operational, and the Ministry has received confirmation from an independent third party that the production and grid facilities are operational and have delivered power at the onshore grid connection point.

## 2.5 Operation and Power Production

After completion, the support recipient shall operate the energy facility in accordance with the support agreement, licenses, and applicable regulations.

All power produced from the facility is to be delivered at the onshore connection point, except for power used for the facility's own operation and grid losses. Any alternative delivery of power requires prior consent from the state.

## 2.6 Obligations and Risk Allocation

The support agreement includes an obligation to realize the project, with sanctioned deadlines and requirements for providing guarantees.

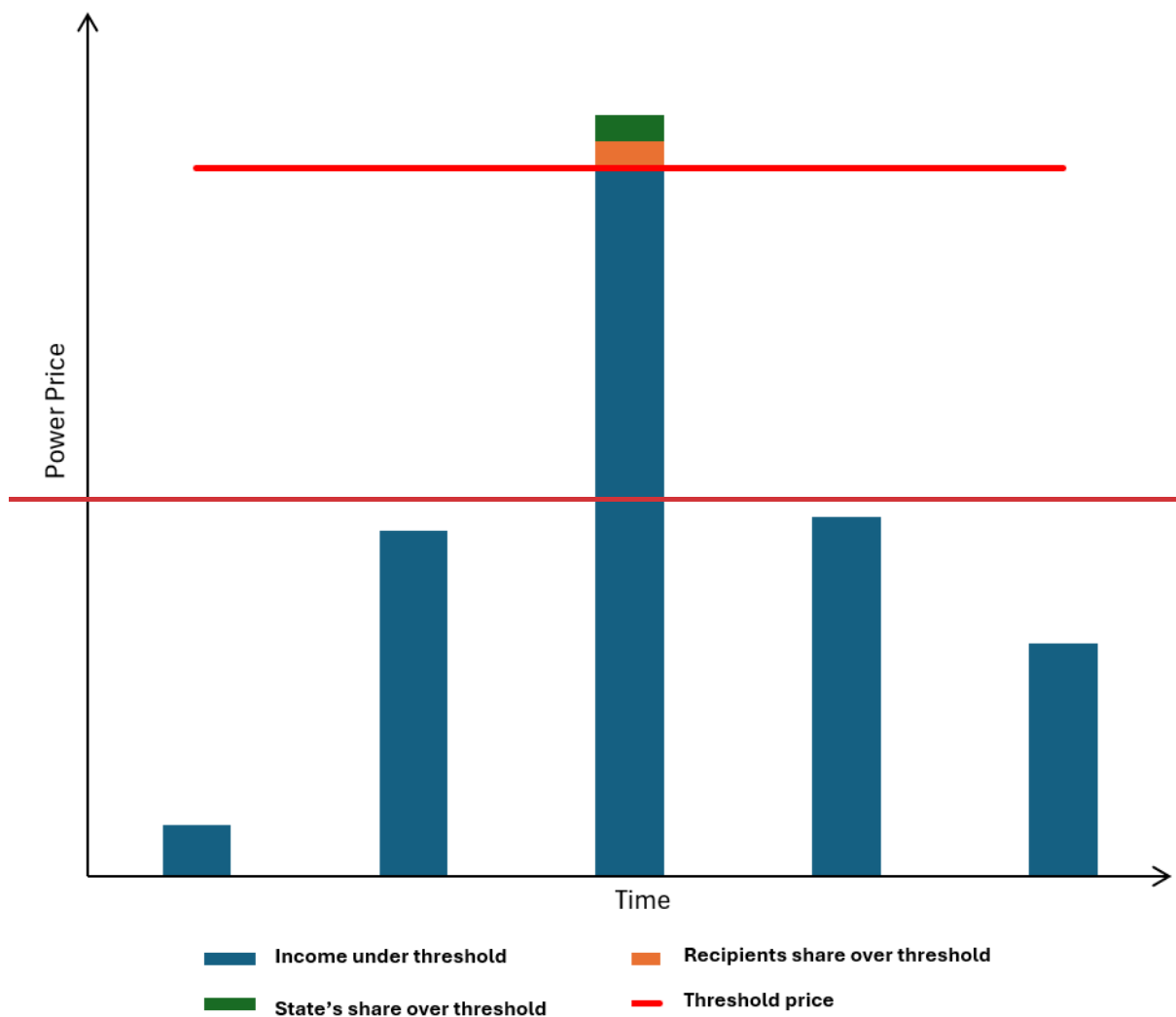
The support model provides risk relief only in the form of covering a portion of the investment costs. The support recipient shall design, build, and operate the project at their own expense and risk. The support recipient is also responsible for selling the produced power at their own expense and risk.

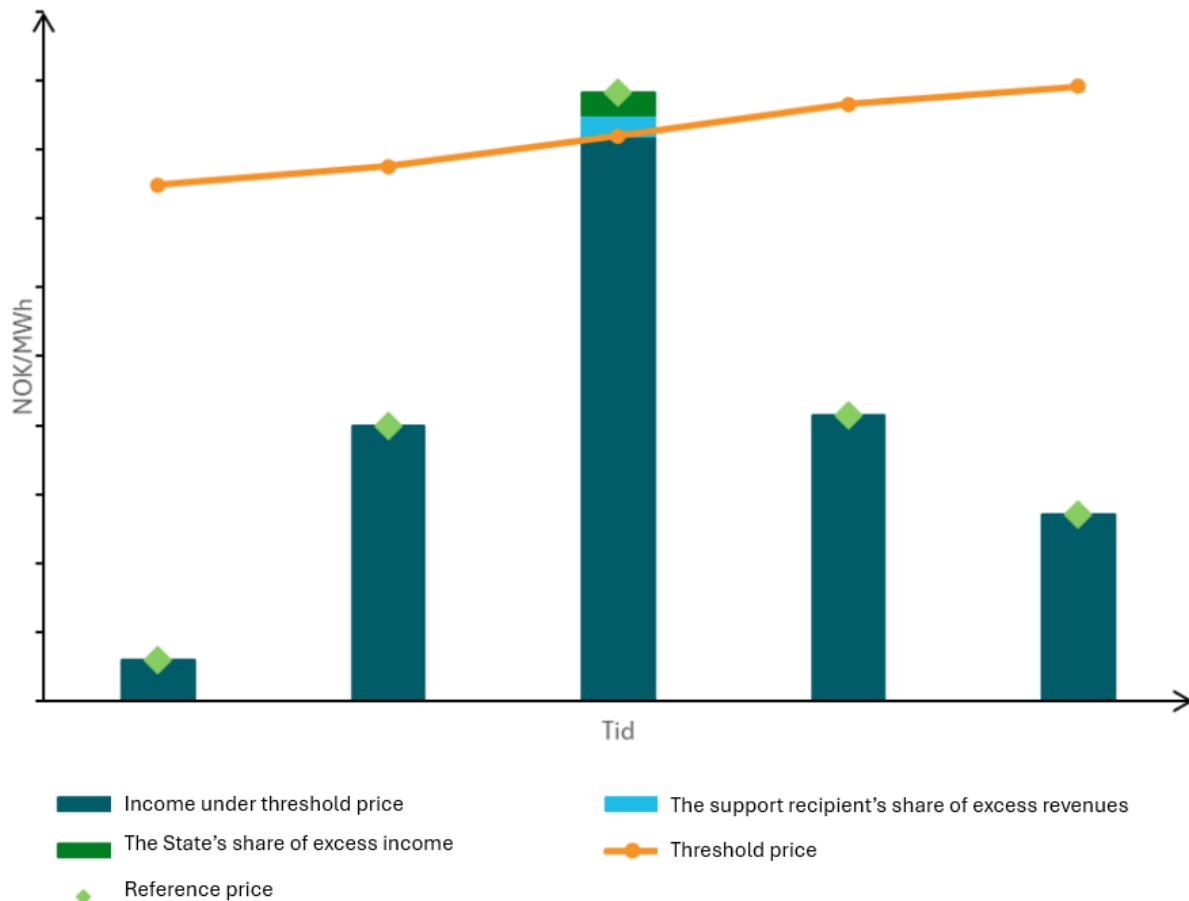
The agreement does not restrict the Ministry's authority to grant or deny a license to the support recipient.

## 2.7 Mechanism for Revenue Sharing in case of high power prices

To prevent overcompensation, the agreement includes a revenue-sharing mechanism between the support recipient and the state in cases of high power prices. This mechanism will remain in effect for 15 years.

An annual threshold price will be set based on the Norwegian Water Resources and Energy Directorate's (NVE) high price estimate plus an additional 25 percent. Prices exceeding this threshold are considered extraordinarily high. Based on all power from the production facility sold at spot price, an annual average and production-weighted reference price will be calculated. If the reference price exceeds the threshold price, 50 percent of the revenues above the threshold price will be allocated to the state. Power sold under long-term power purchase agreements (PPAs) and exposed to a fixed price will be excluded from this revenue-sharing model.





**Figure 1 Illustration of the mechanism for revenue sharing in case of high power prices**

## 2.8 Inflation Adjustment

The support amount will be adjusted for inflation based on changes in the consumer price index. 10 percent of the amount will be adjusted for inflation until the recipient has made the investment decision, while the remaining portion of the support amount will be adjusted for inflation until the energy facility is completed and operational.

The threshold price in the revenue-sharing mechanism for high power prices will be adjusted annually for inflation.