

Fornybarkonferansen i Bergen

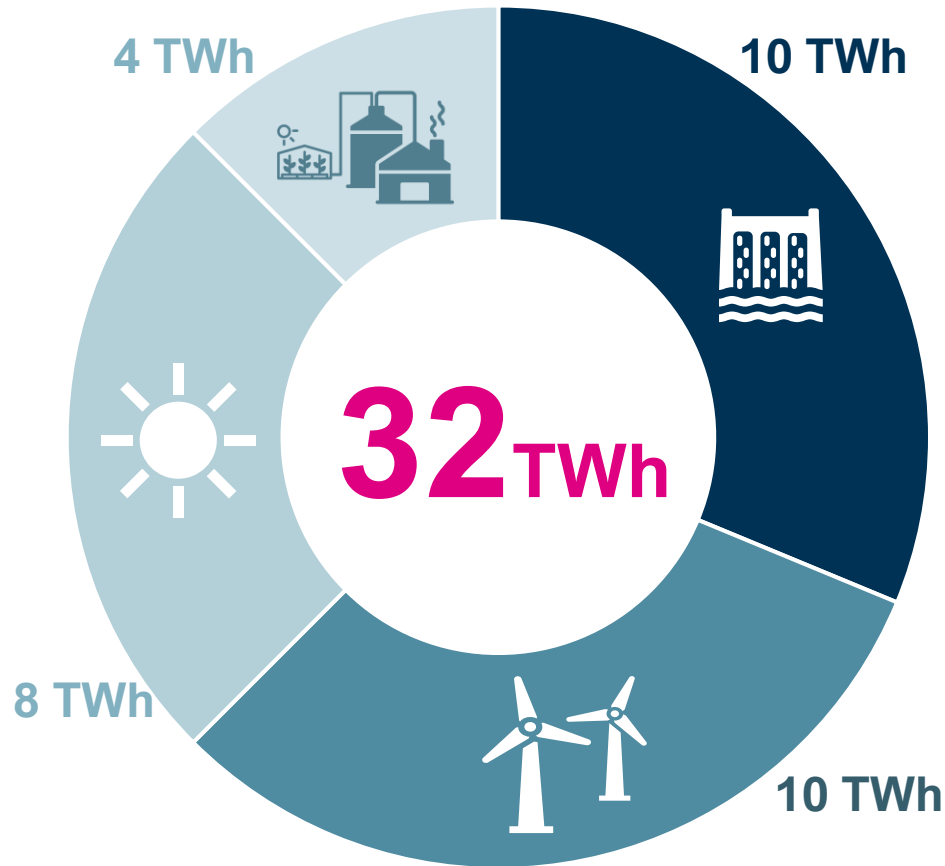
March 14, 2024

Lars Ove Skorpen

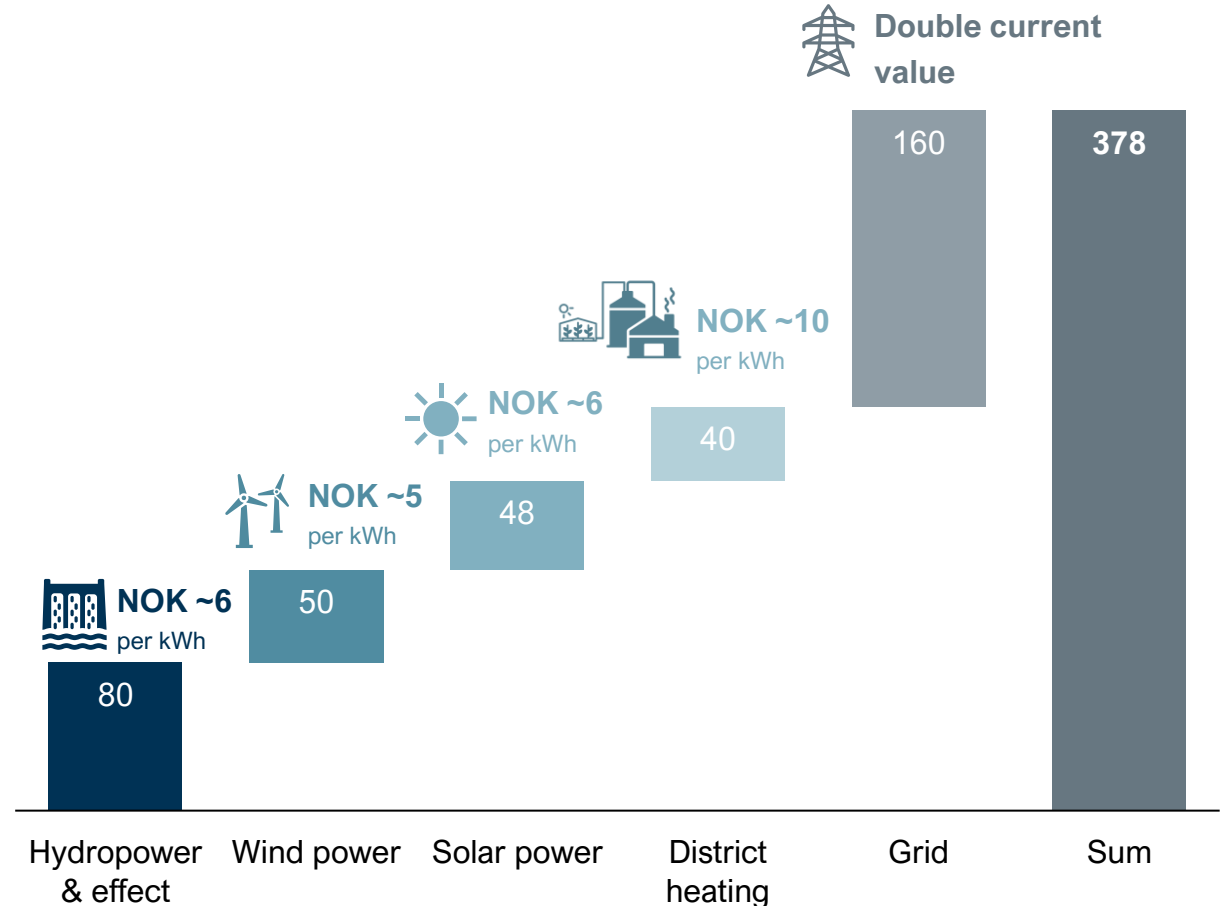
Director Power & Renewable Energy

NHO and LO's communicated goal of 32 TWh - will require nearly NOK 380bn of investments in hydro, wind, solar, heating and grid

NEW PRODUCTION GOAL BY 2030



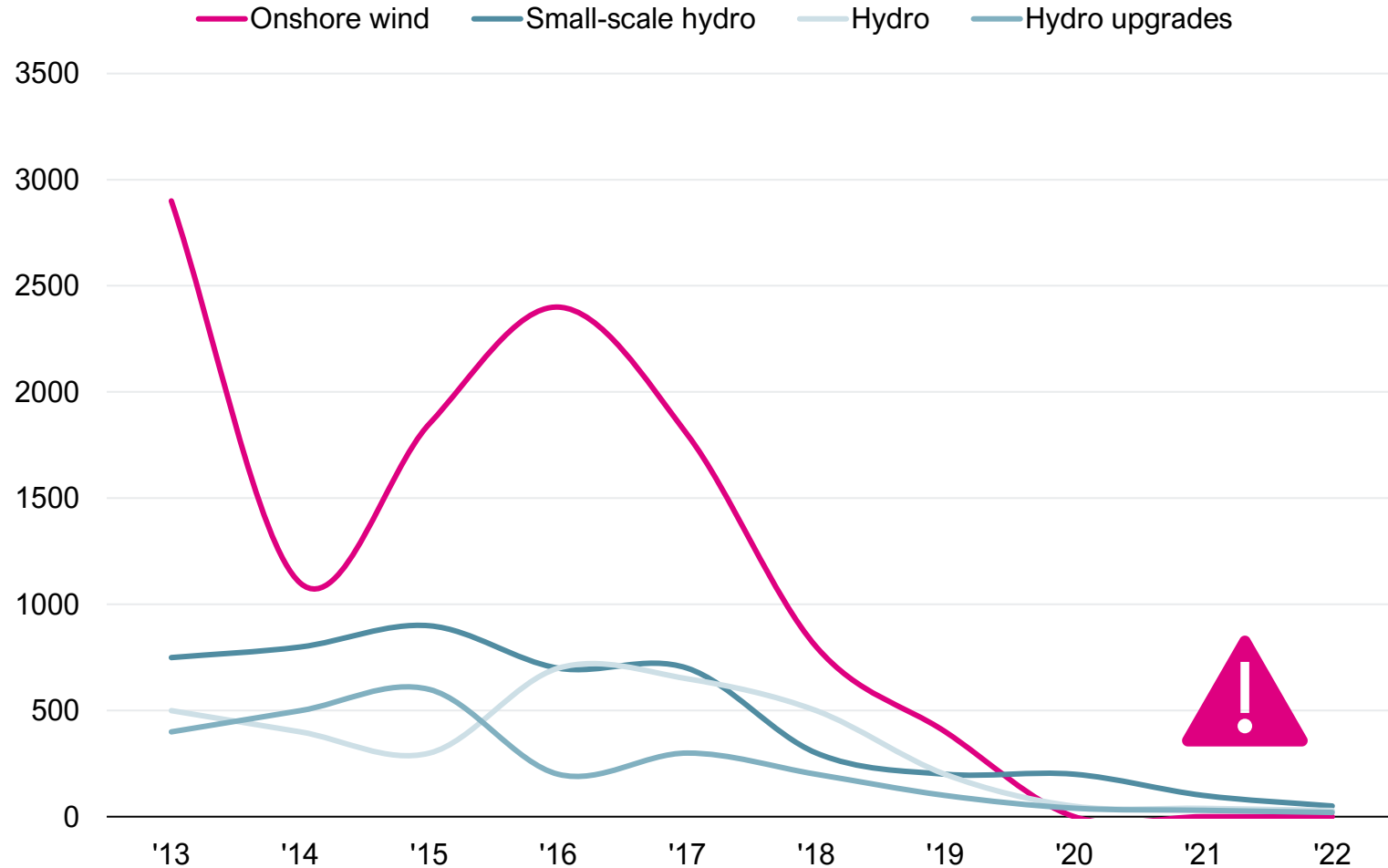
EST. INVESTMENTS NEEDED TO GET 32 TWh | NOKbn



Note(*): Including 20bn of investments in effect (pump storage)

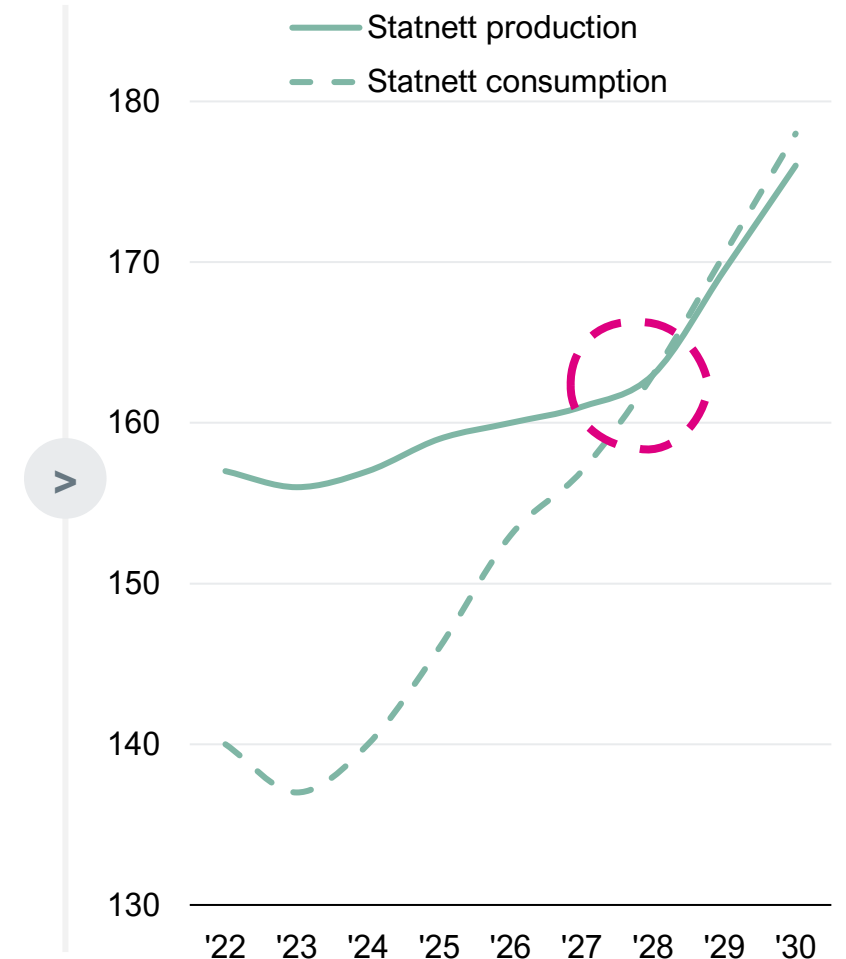
No new wind permits since 2019

Permits for new power | MW, 2013-2022



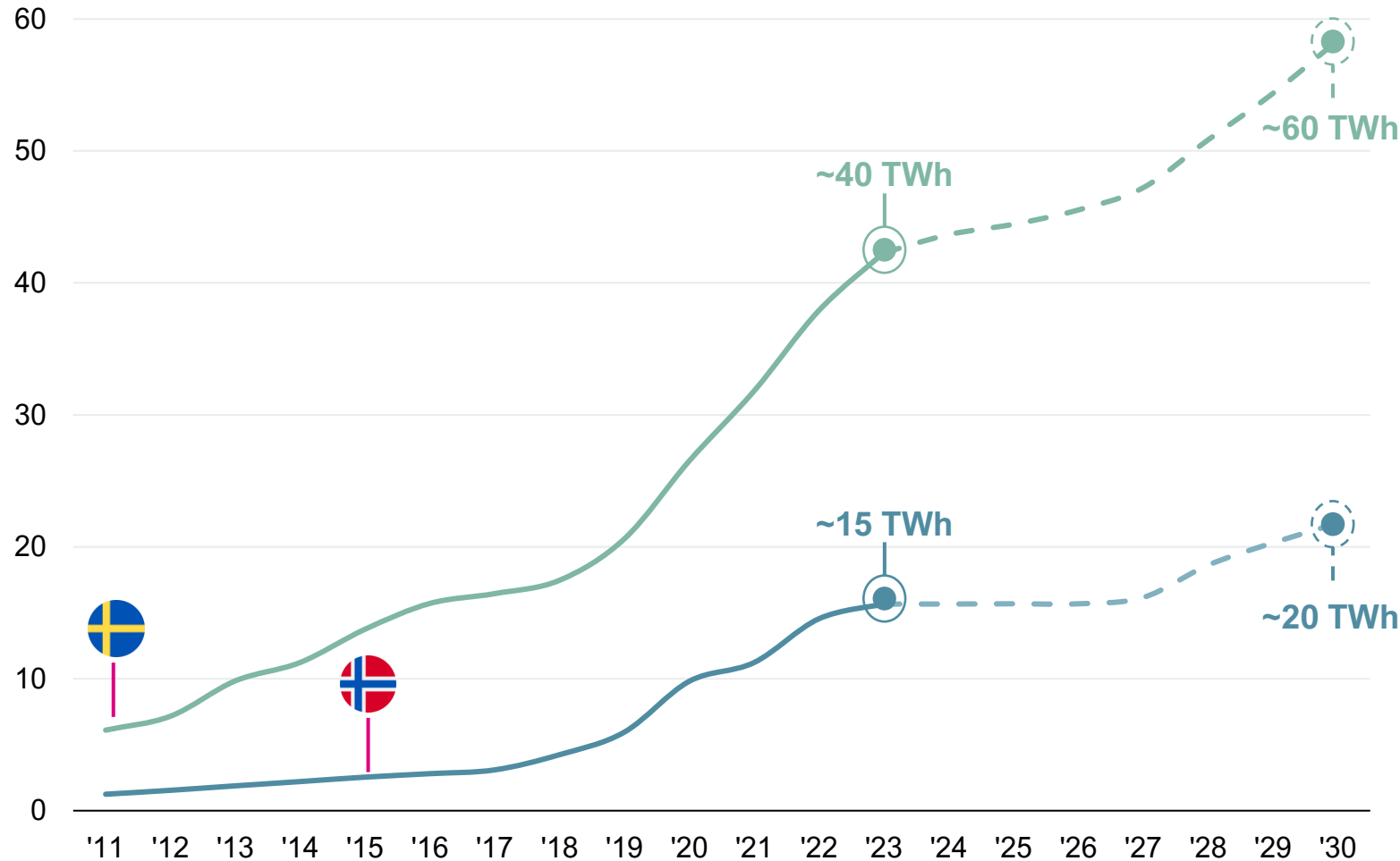
Source: Hydro Rein

Power balance Norway | TWh, Statnett prediction



Sweden has 3x Norway's wind capacity with several projects in the pipeline

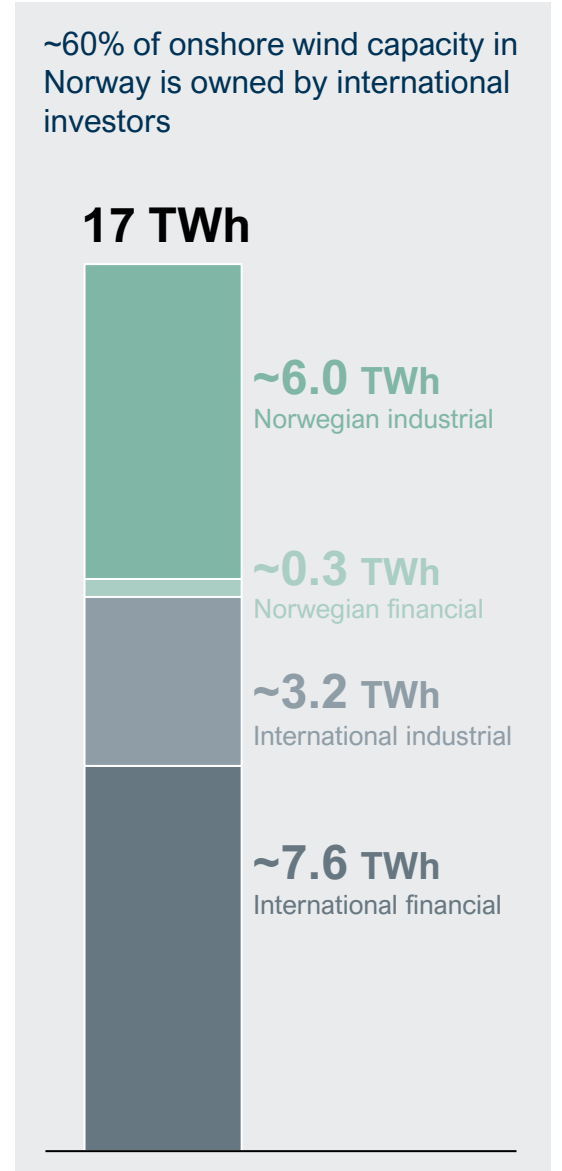
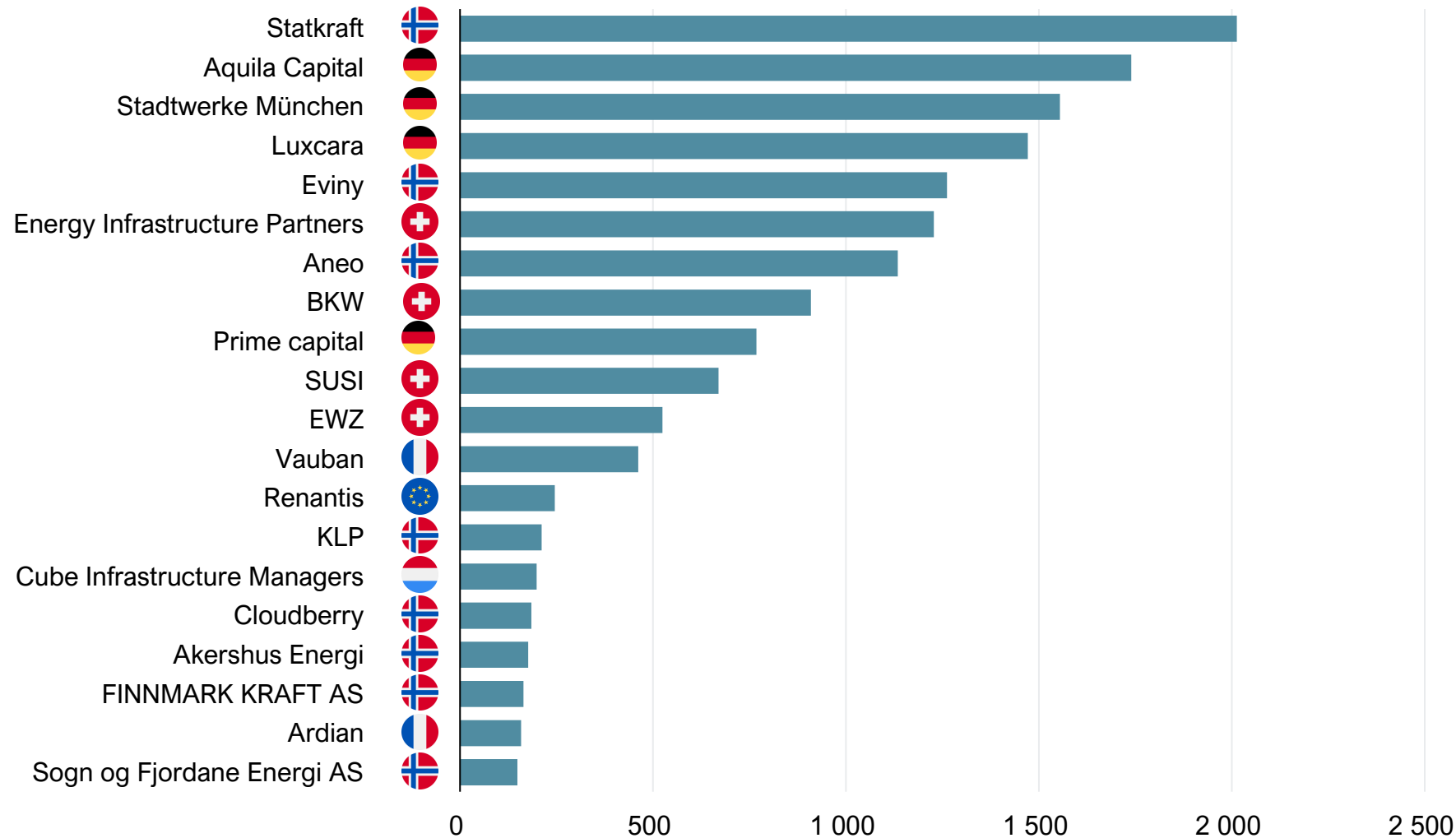
Wind production Sweden and Norway | TWh, historical and estimates



Source: Volue



60% of onshore wind in Norway is owned by international investors (GWh)



International investors have pointed to reduced appetite and damaged investor confidence in Norway following new and sudden tax proposals



...Proposed changes could result in liquidations of operational wind farms and effectively **prevent any** further onshore wind power **investments** in Norway

...**devastating consequences** for Norway's reputation and **for new investments in Norway**

TAALERI



...The introduction of a sudden and unexpected tax that discriminates against existing investments will severely **damage investors' confidence** in Norway as a stable business environment and prevent new investments.

BlackRock



This is the final straw. From now on, we would rather invest in Sweden, Finland **or even the Dominican Republic**, because the framework conditions are much more stable there

PRIME
CAPITAL |



...The proposed taxes and the resulting uncertainty in the investment climate **significantly reduce Luxara's appetite for further investment in Norway** and change the perception of Norway offering reliable conditions to expand the renewable energy sector

Luxcara



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TAALERI

 **BlackRock**

ENTERPRISE VALUE
EUR **537.5m**

CAPACITY
365 MW

PRODUCTION
1220 GWh

VALUATION
EUR/MW
~1.47m

NOK/kWh
~5.0

BlackRock



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PRIME
CAPITAL



...The proposed taxes and the resulting uncertainty in the investment climate **significantly reduce Luxara's appetite for further investment in Norway** and change the perception of Norway offering reliable conditions to expand the renewable energy sector

Luxcara

17 strong consortiums initially indicated interest in Norwegian offshore wind...

SØRLIGE NORDSJØ II

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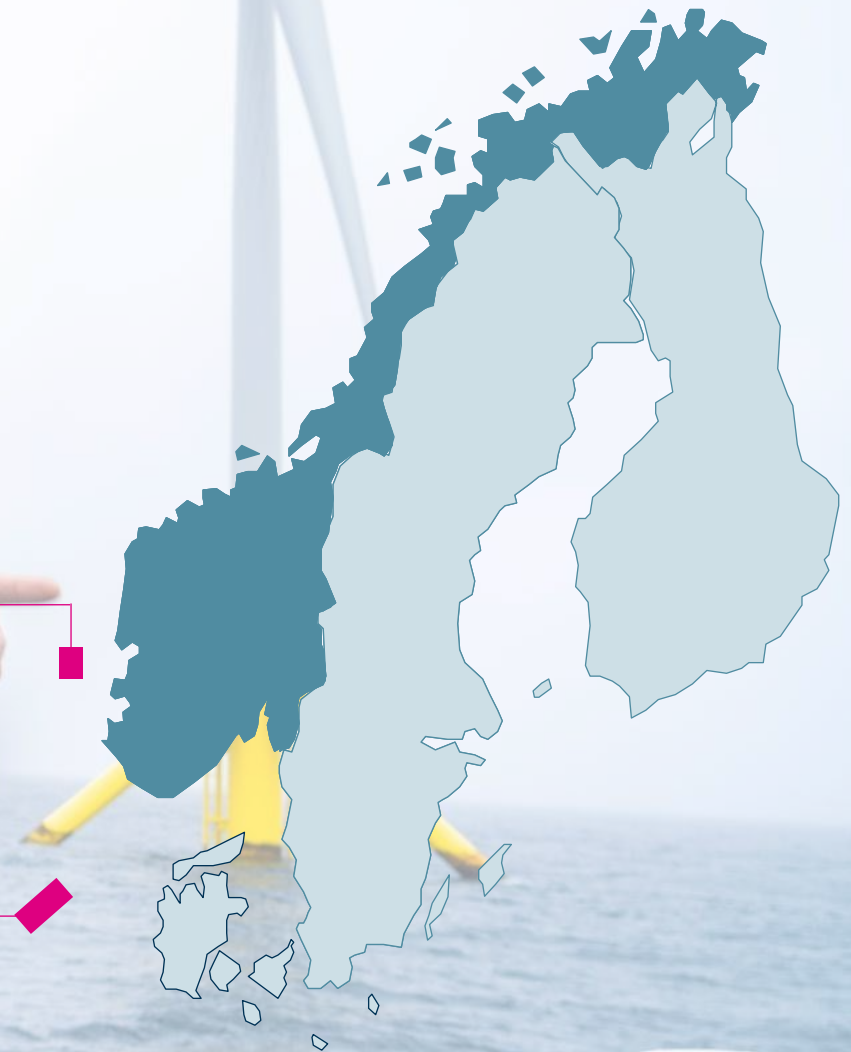
UTSIRA NORD

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BOTH

Utsira Nord
1.5 GW
Floating

SørligeNordsjø II
1.5 GW
Bottom-fixed



...But only 4 of the original 17 are left for SN II








SØRLIGE NORDSJØ II

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UTSIRA NORD

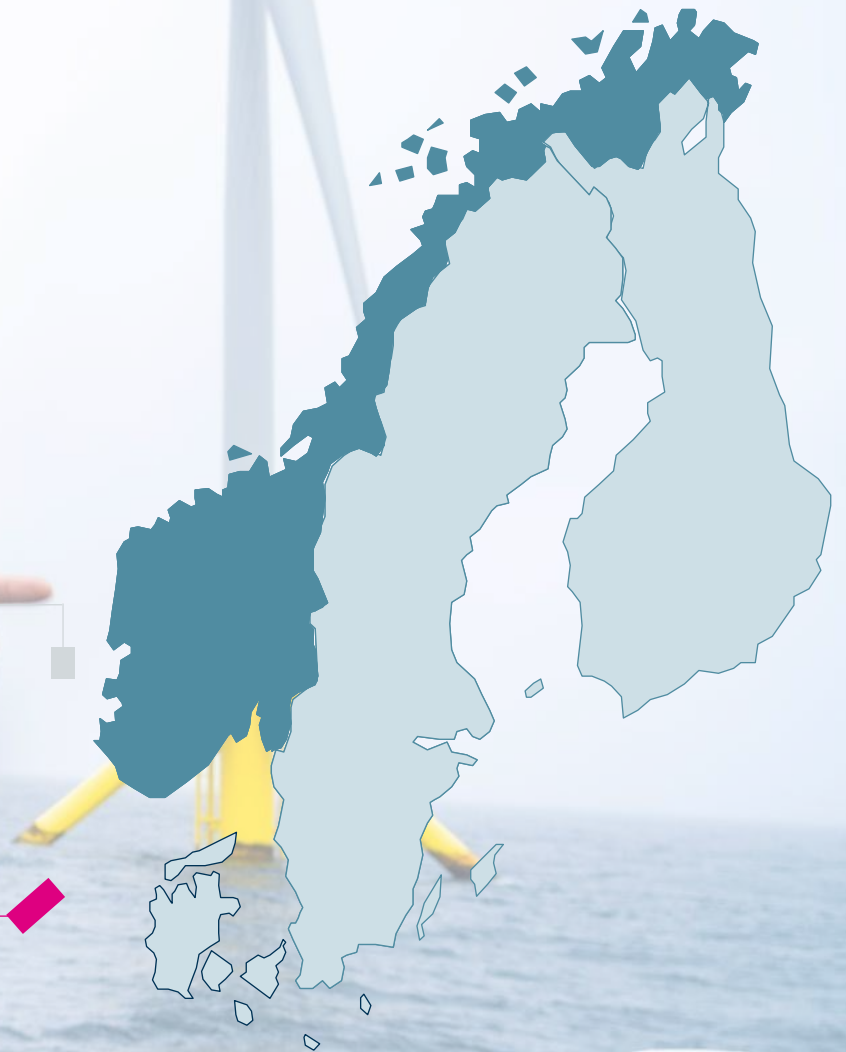
  	 	 	 	 	   	   
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BOTH

 Hafslund Fred. Olsen Renewables	 edf	 TotalEnergies Norsk Havind
  	 FERD VATTENFALL	

Utsira Nord
1.5 GW
Floating

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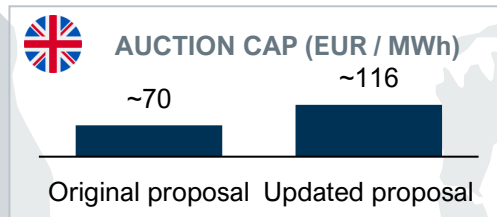
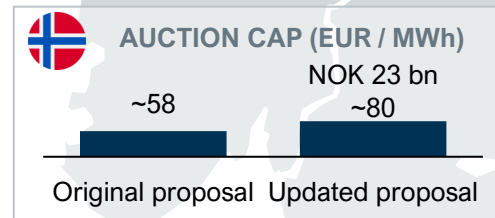
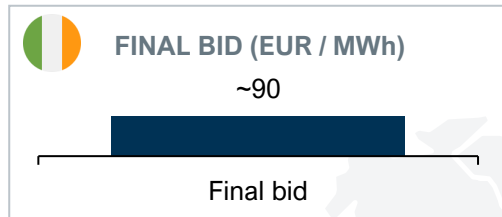
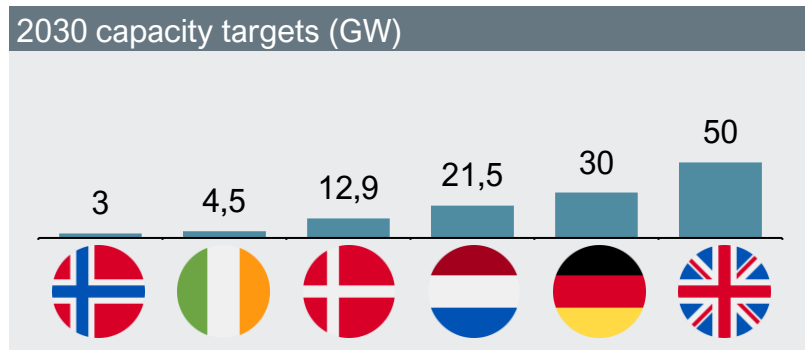
7 consortiums in total applied for pre-qualification, 5 qualified and one has later pulled out of the auction



REALISTIC CONTENDERS IN THE AUCTION

Norway has the least aggressive capacity targets and lowest indicated auction price caps – with more difficult conditions than comparable countries



NOK 23bn
MAXIMUM SUBSIDY SN II

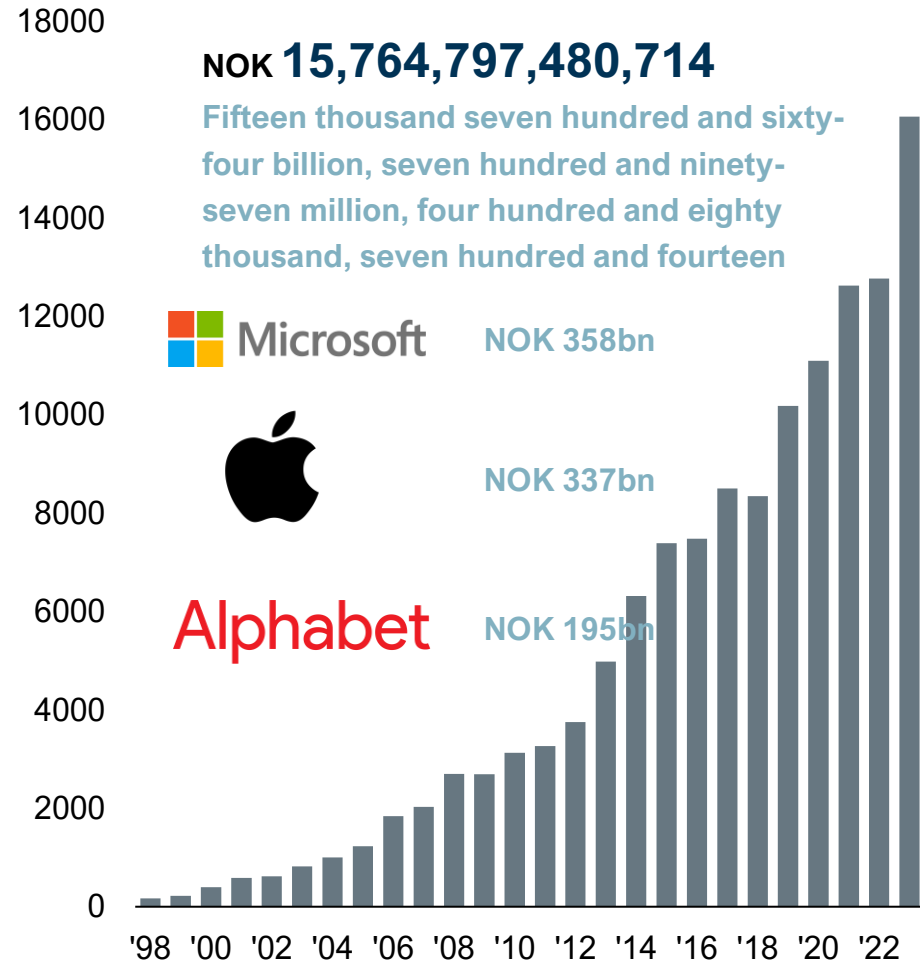
3GW
NORWAY'S 2030 AMBITIONS

Note: Currencies have been converted from GBP and NOK to EUR

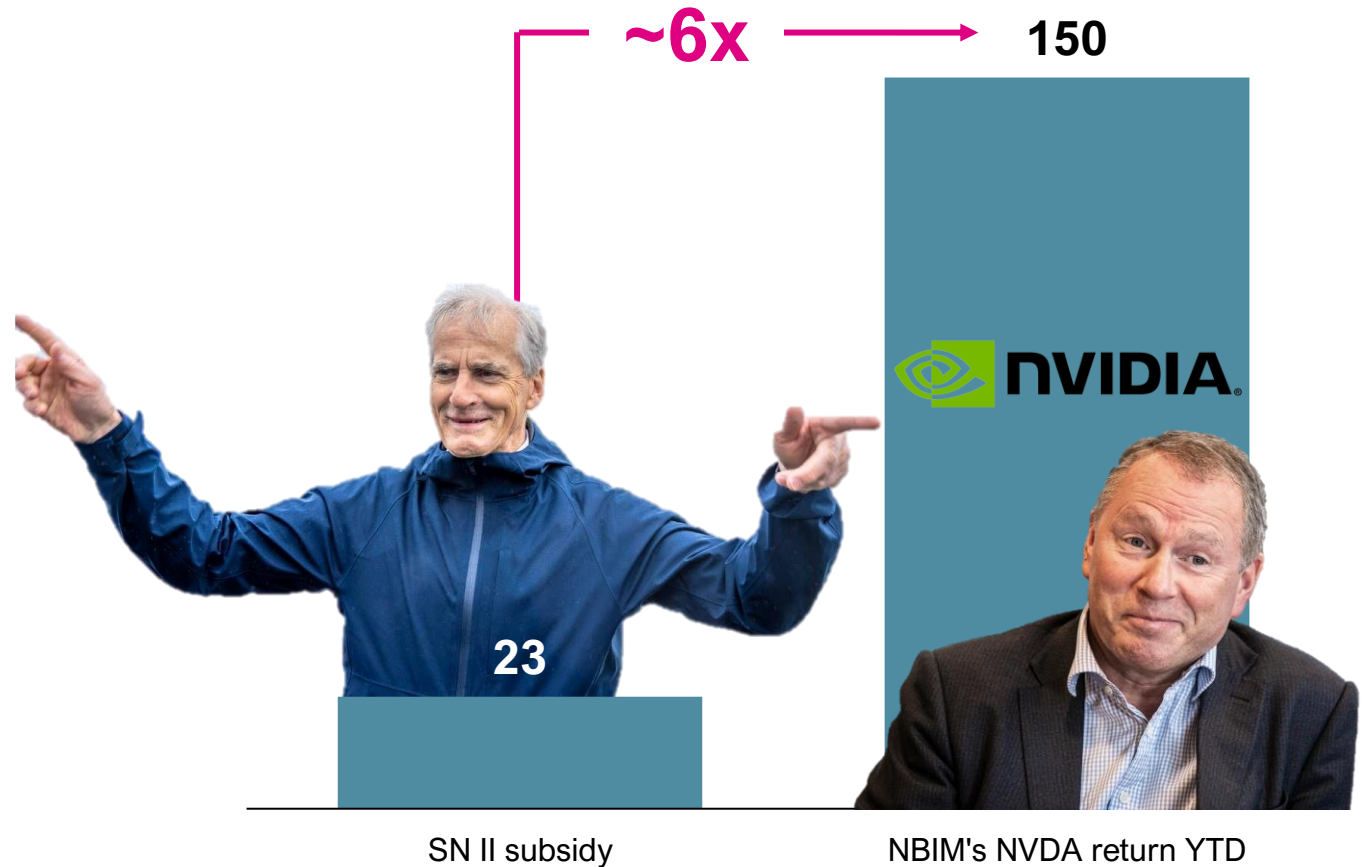
Note also that UK auction is quoted in 2012 prices – prices on graph converted to 2023 prices applying Bank of England estimates

How much is NOK 23 billion, really? The Norwegian oil fund has made more than NOK ~150 billion on a single stock this year

Market value of the Norwegian oil fund | NOK billion, 1998-2023



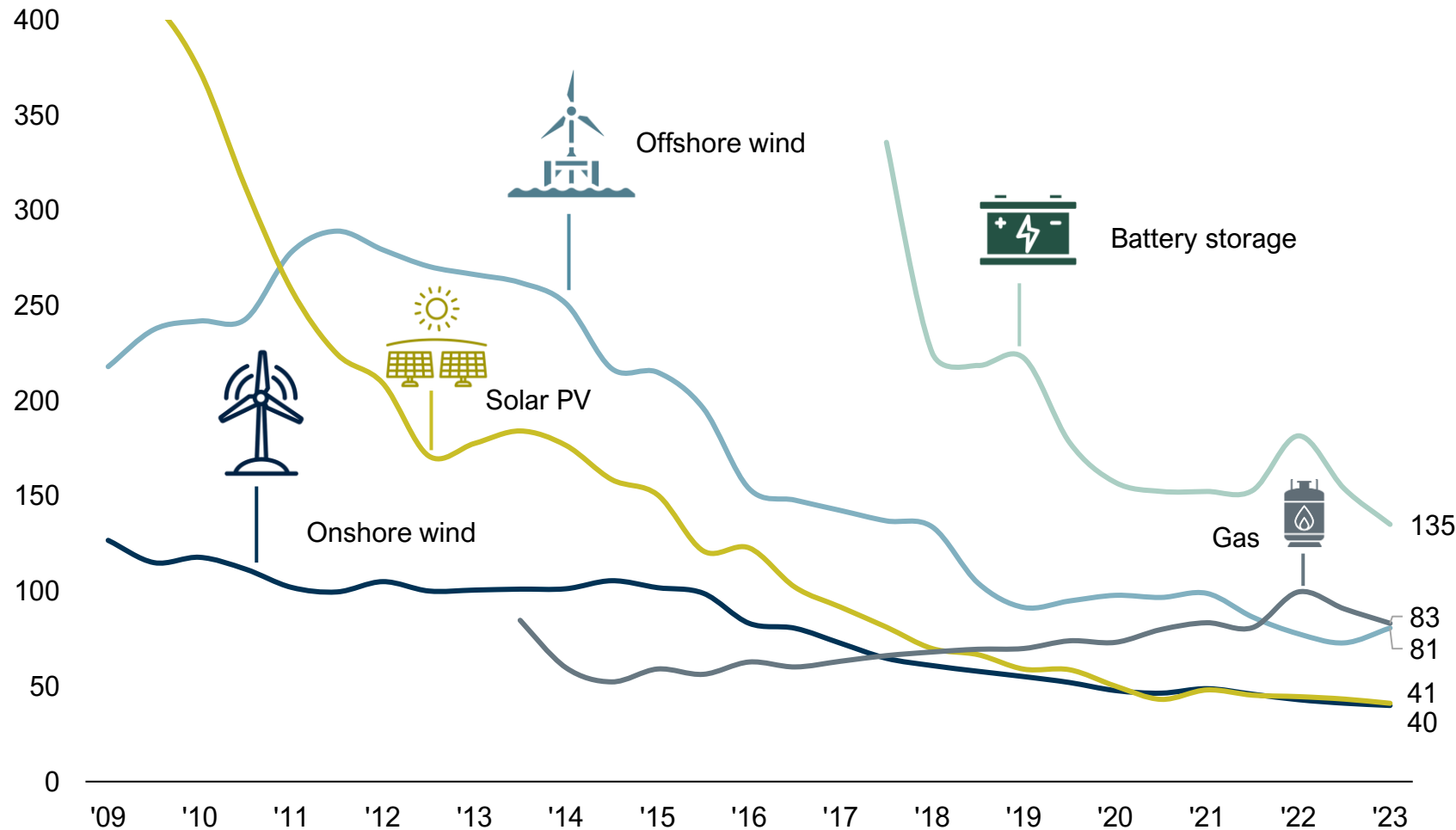
SN II subsidy vs. NBIM's return on their NVDA shares | NOK billion, January – March 2024



Source: NBIM, Factset

LCOE is now coming back down for most technologies following a spike in 2022

LCOE for selected technologies (Global average) | USD/MWh



Nuclear
240 øre/Kwh (231 USD/MWh)

Offshore wind (excl. China)
113 øre/kWh (108 USD/MWh)

Solar PV (fixed axis)
43 øre/kWh (41 USD/MWh)

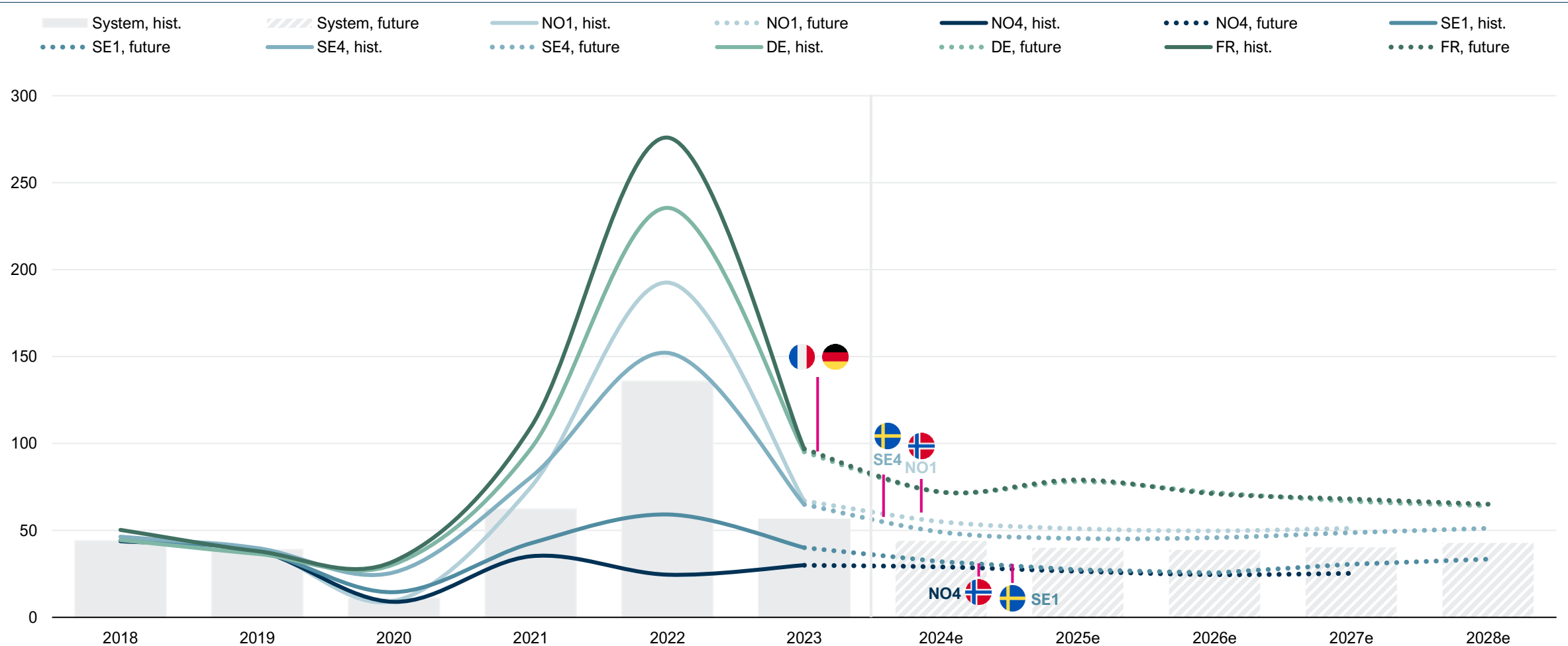
Onshore wind
42 øre/kWh (40 USD/MWh)

Source: Bloomberg

Power prices nearly normalized in 2023 following a surge in 2022

But Nasdaq future prices are still above historical levels – except for N. Norway and N. Sweden

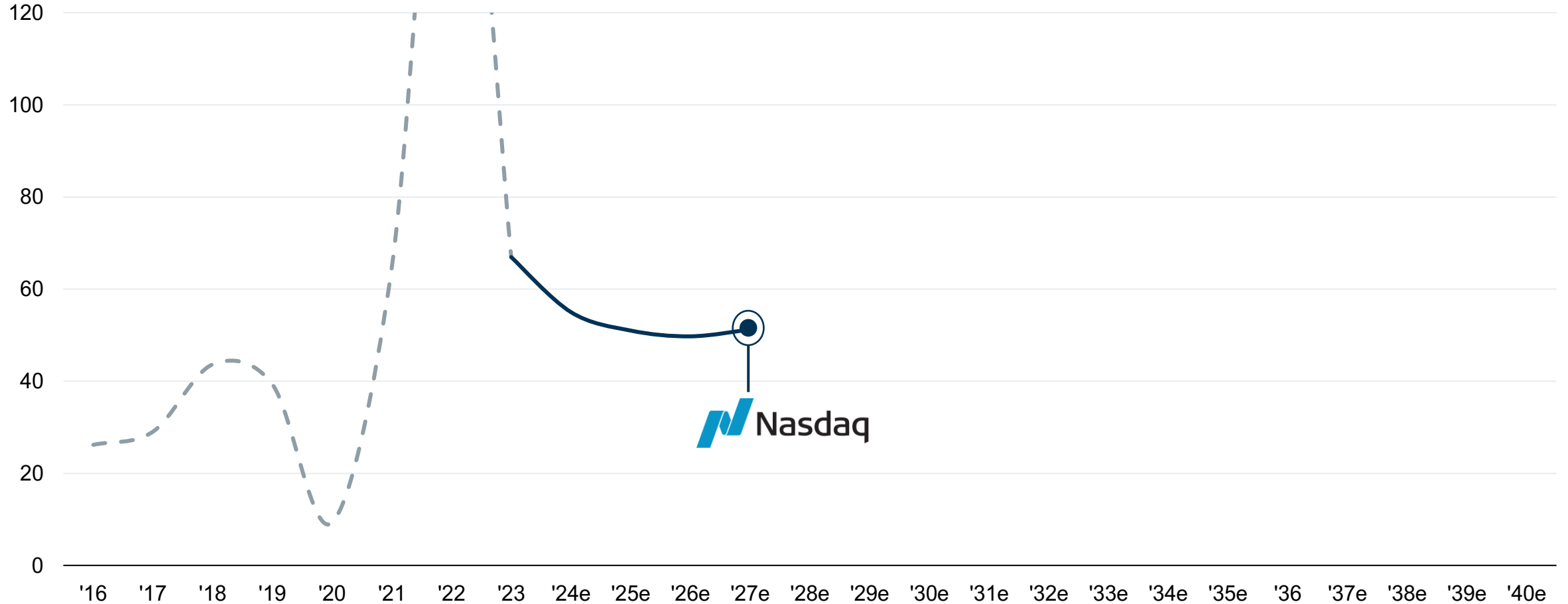
Historical power prices and power futures | EUR/MWh



Sources: Nord Pool; Montel as of 08.03.2024

Nasdaq prices point to a price falling towards EUR/MWh 50 in 2027

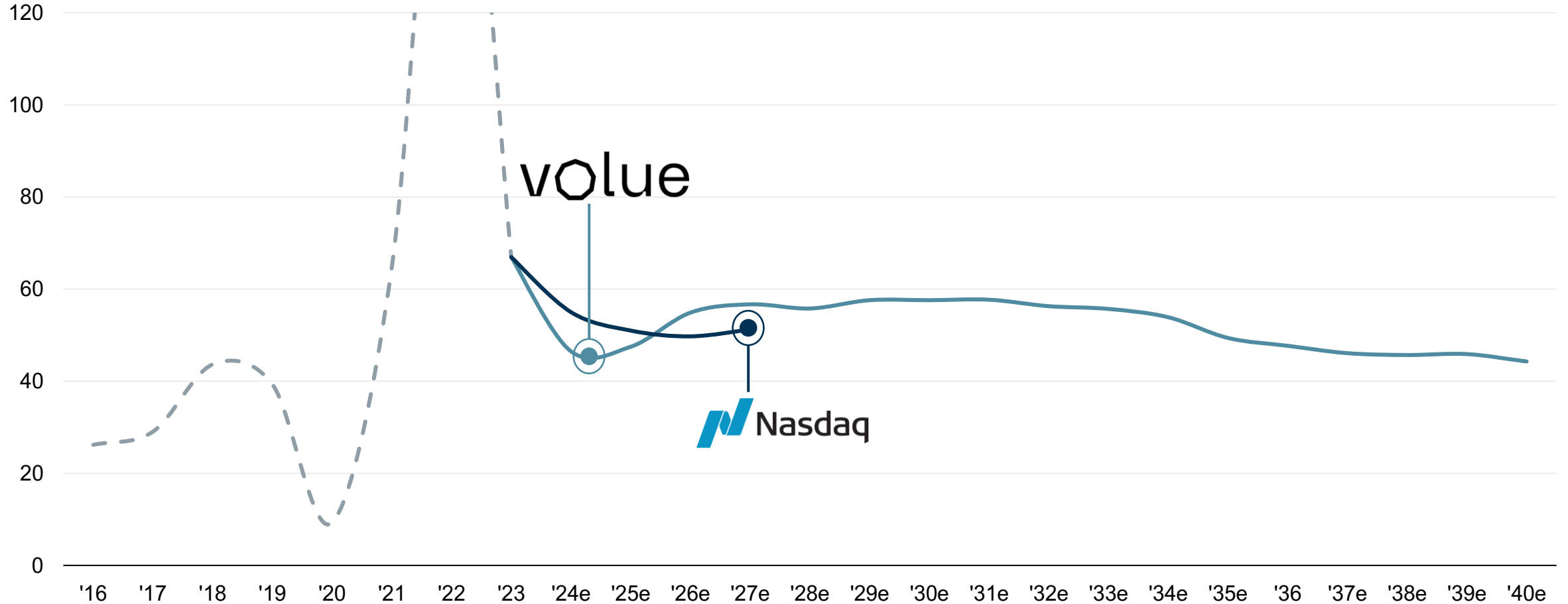
Power futures and predictions NO1 | EUR/MWh



Source: Statnett, NVE, Nasdaq, Volue

Value are slightly lower short term but higher further out on the curve

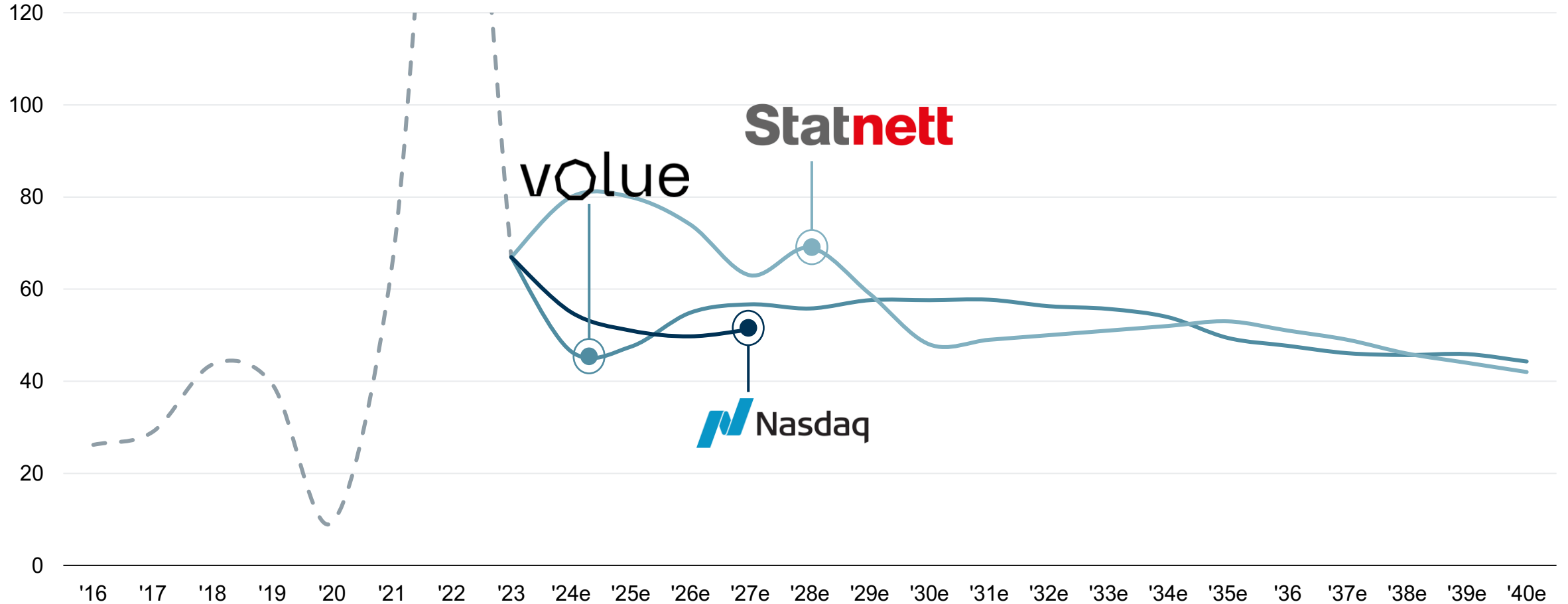
Power futures and predictions NO1 | EUR/MWh



Source: Statnett, NVE, Nasdaq, Volue

Statnett same long term price level but with a slightly different profile

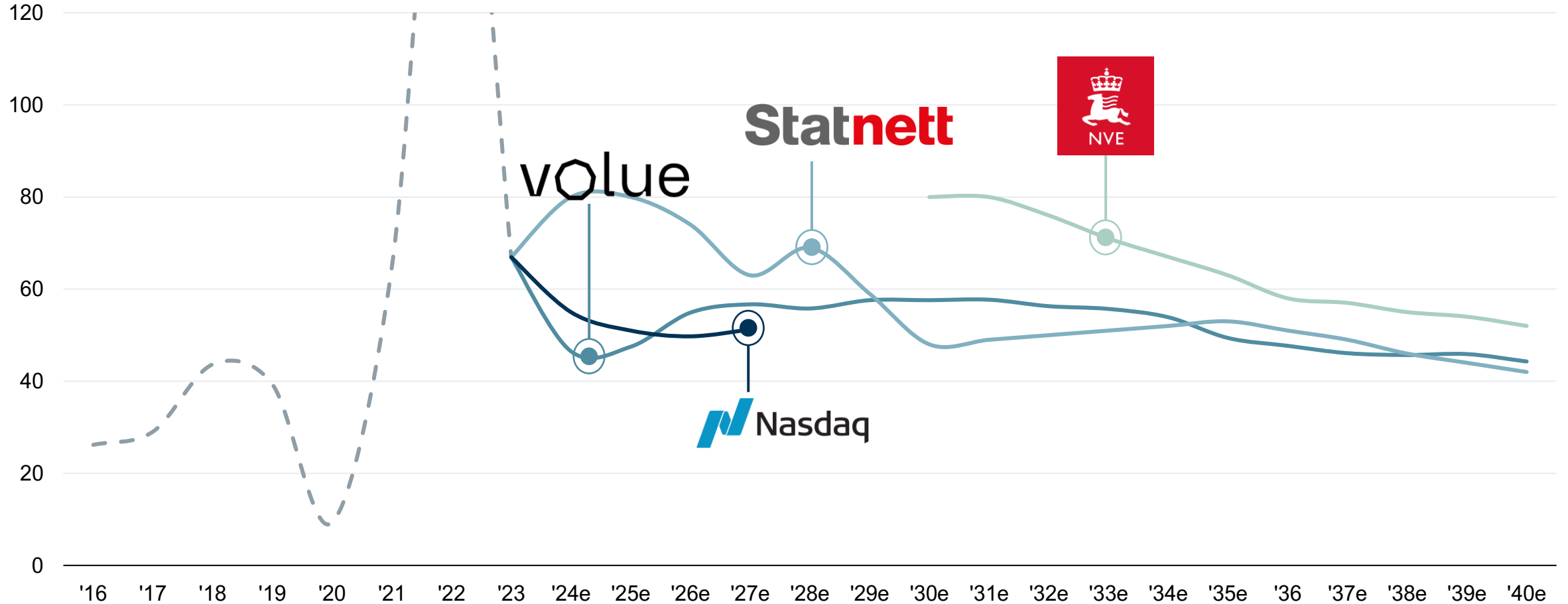
Power futures and predictions NO1 | EUR/MWh



Source: Statnett, NVE, Nasdaq, Volue

The big “bull” on prices is however the other state-owned entity NVE

Power futures and predictions NO1 | EUR/MWh



Source: Statnett, NVE, Nasdaq, Volue

The challenge ahead for investors



RENEWABLE TAXES



NIMBY



PERMITTING



GRID

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