



OLJE- OG ENERGIDEPARTEMENTET

Norwegian Energy Policy

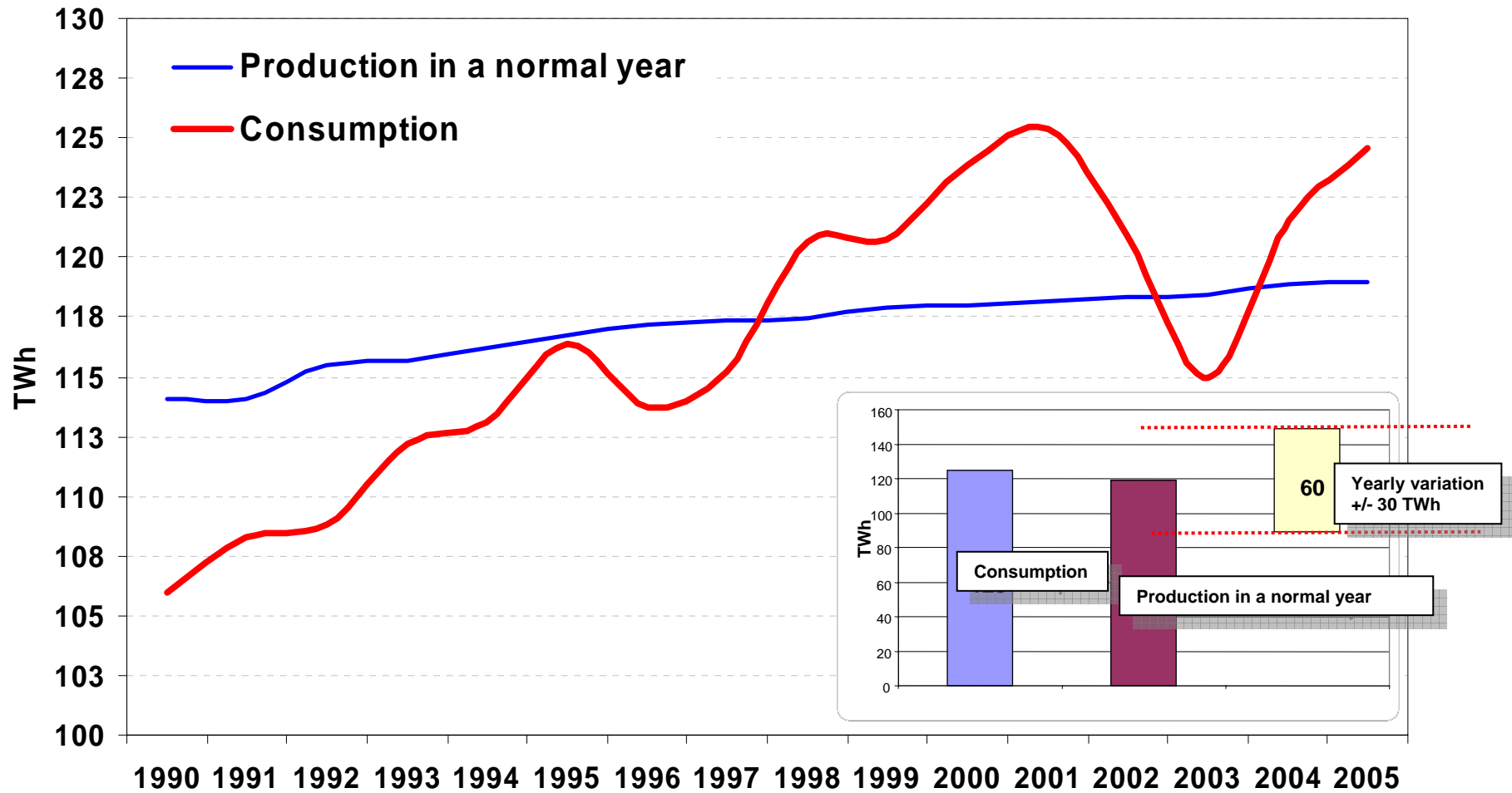
**State Secretary
Anita Utseth**

NEP, 27 September 2006

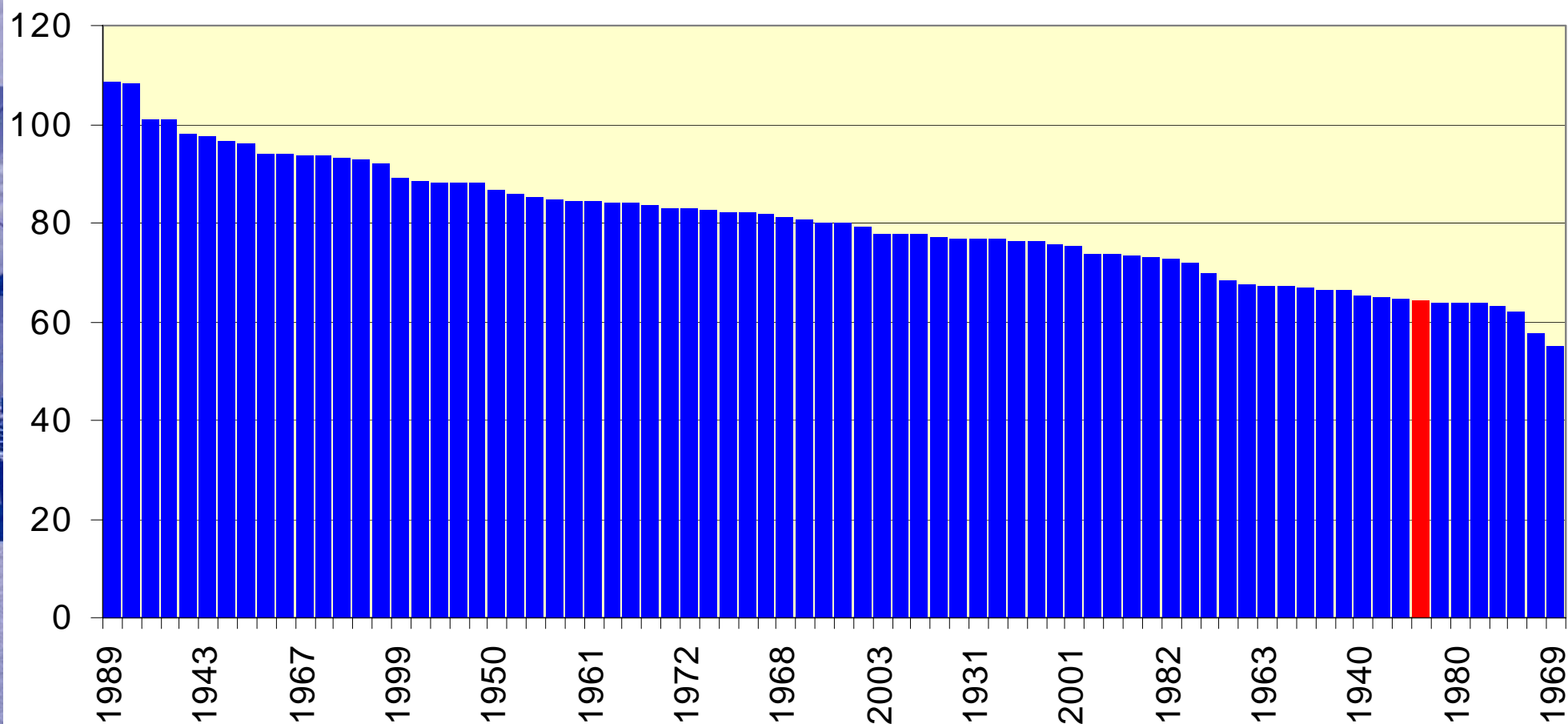
Norwegian Challenges

- Energy Security: secure a stable energy supply with predictable prices
- Meet the Kyoto target on emissions of green house gases
- Dependence on rainfall and inflow to water reservoirs
- The Industry's long term contracts terminate in 2005-2010
- Record high prices on electricity to consumers

Focus on Security of Supply



Sum usable water inflow (TWh) week 1-33, 1931 - 2006

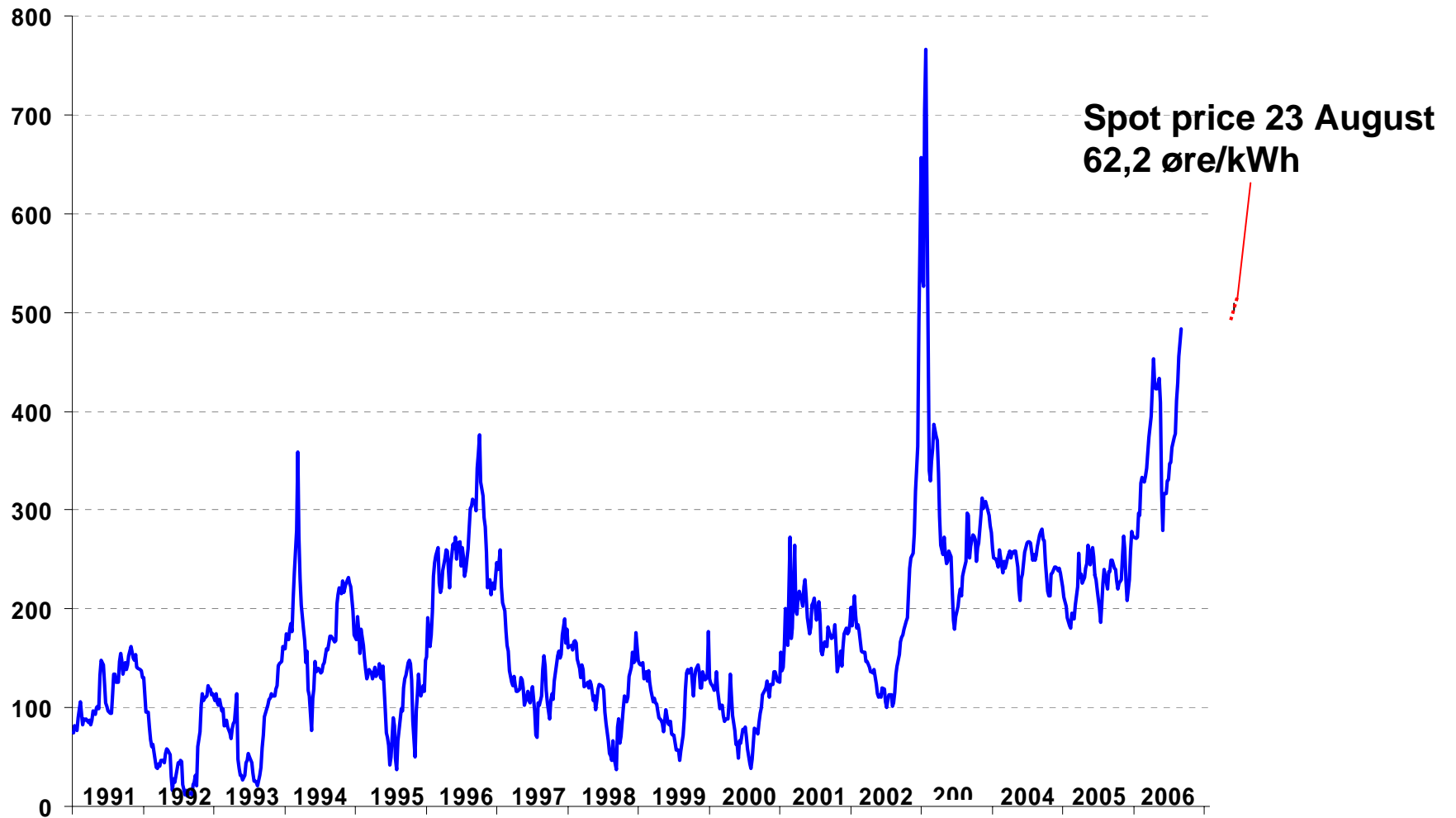


Source: NVE



Spot prices of electricity (1991-2006)

kr/MWh



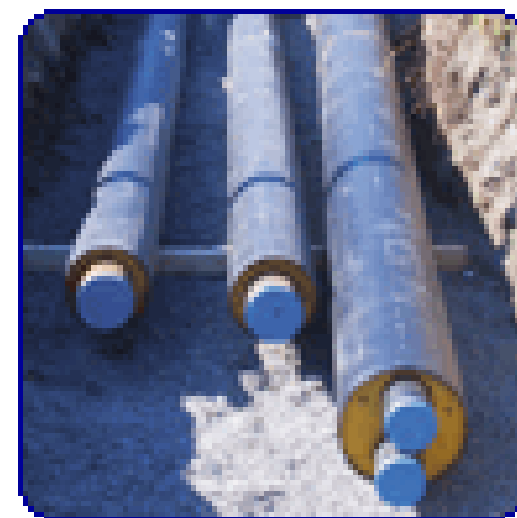
Government actions

Goal:

- to secure a stable supply of energy at acceptable prices to households and to the industry
 - Initiative to change energy use and supply
 - new electricity production from additional renewable sources
 - increased use of district and residential heating and biomass
 - energy efficiency and energy savings
 - Contribute to making gas fired power plants with carbon capture and storage a reality

Initiative to change energy use and supply

- The initiative to change energy use and supply means that we will change how we produce, transport and use energy
- We are dependent on a market development of new effective and sustainable renewable solutions
- Enova is the Government's instrument in the initiative to change energy use and supply

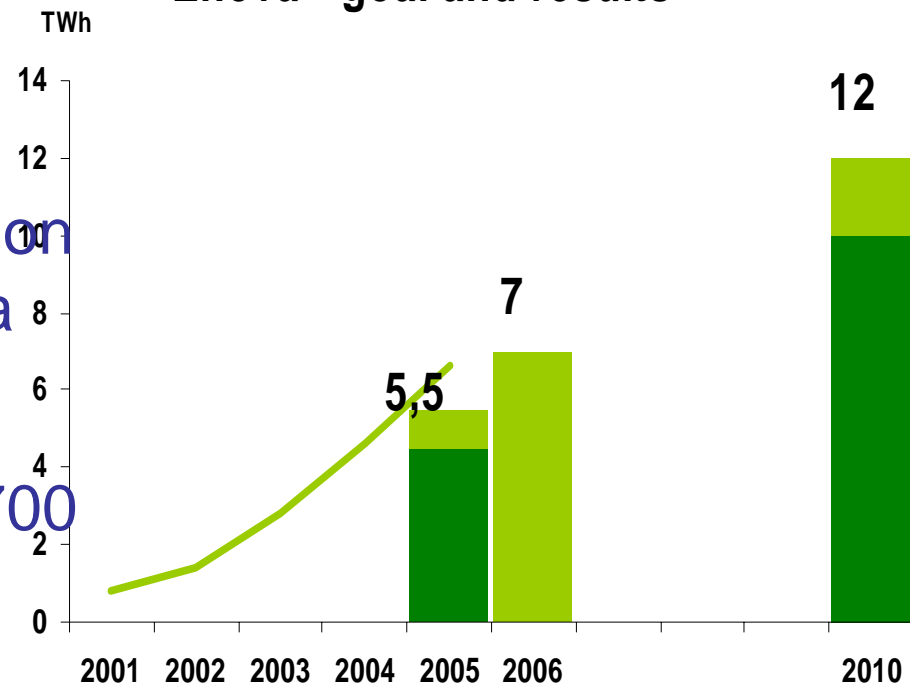


Enova



- The overall target for energy saving and renewable energy is:
 - 12TWh within 2010
 - 30 TWh within 2016
- Government has decided to establish fund of NOK 20 billion to increase funding for Enova
- Proceeds from fund will increase funding from NOK 700 mill to NOK 1,6 bn annually

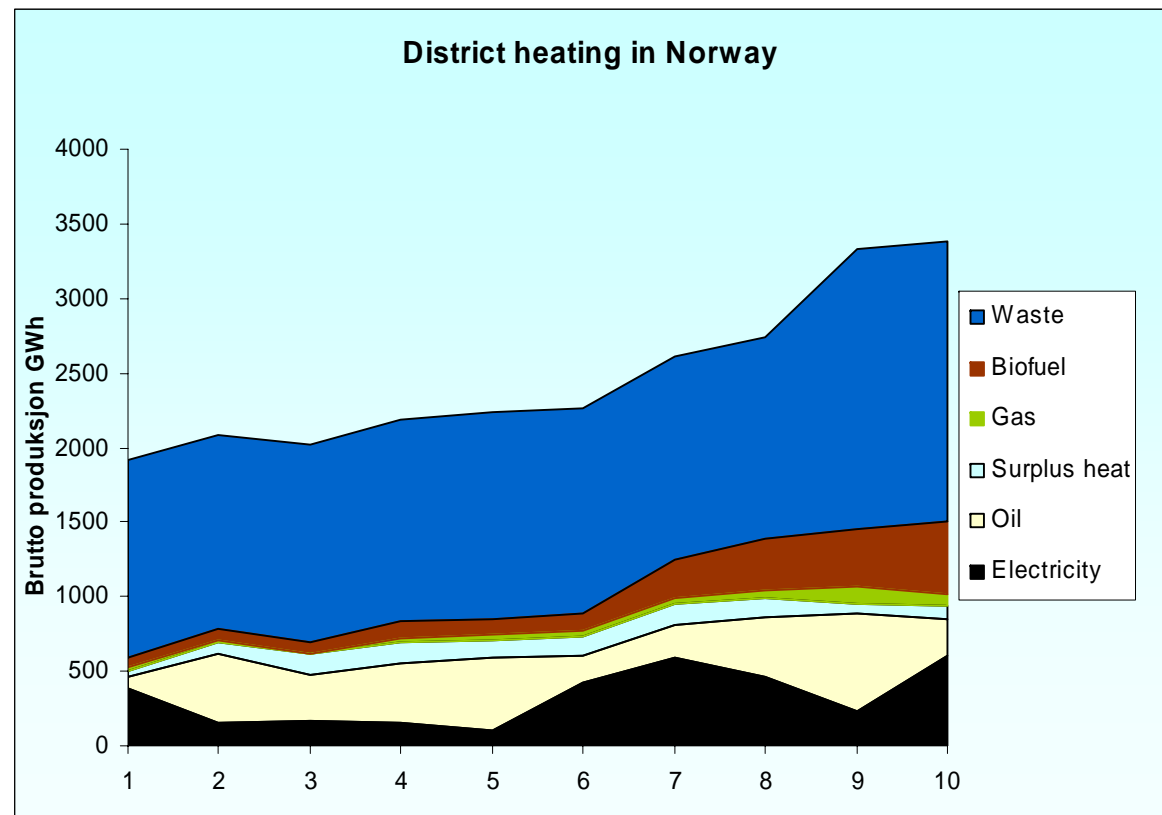
Enova - goal and results



District heating is an important focus area

Development of the infrastructure is important:

- To increase the flexibility in the energy system
- To be able to use more renewable energy sources.



Bioenergy and residential heating

Considerable resources
High demand for heating



Bionordic - Jostedal 1



Special support scheme for households to limit use of electricity



The Government's Target

CO₂-capture and value chains for CO₂



Seller

Sources of CO₂:
Gas fired power
Plants
Industrial Plants



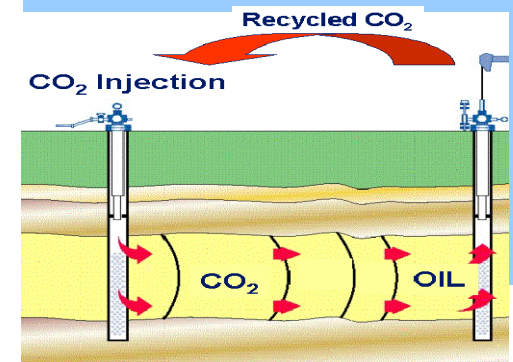
Transport



Buyer



CO₂ to EOR
Storage



Status of CO₂-capture

- Construction of Naturkrafts gas fired power plant at Kårstø has started
- The government has started the planning of CO₂ capture at the plant
- The aim is to establish a CO₂-capture facility at Kårstø by the end of 2009
- Statoil and Shell are working on the Halten project



Summary

- Security of supply is job # 1
- Lack of inflow to the Norwegian water reservoirs this year, leading to increased scarcity and higher prices
- Historic increase in funding for renewables; Fund of NOK 20 billion to be established
- Heating and bio energy are important to limit use of electricity
- Need of new electricity production to improve the energy balance:
 - New renewable Energy Sources
 - Carbon Capture and Value Chains for CO₂