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Decision No 108/23/COL

Ministry of Trade, Industry and Fisheries
PO Box 8090 Dep
0032 Oslo
Norway

Subject: Investment aid scheme for floating offshore wind projects

1 Summary

- (1) The EFTA Surveillance Authority (“ESA”) wishes to inform Norway that, having assessed the “Investment aid scheme for floating offshore wind projects” (“the measure”), it considers that it constitutes State aid within the meaning of Article 61(1) of the EEA Agreement and decides not to raise objections¹ to the measure, as it is compatible with the functioning of the EEA Agreement, pursuant to its Article 61(3)(c). ESA has based its decision on the following considerations.

2 Procedure

- (2) The Norwegian authorities notified the measure on 25 July 2023.²

3 Description of the measure

3.1 Background

- (3) Since 2021, energy prices have increased significantly in large parts of Norway, reaching historically high levels. The Russian military aggression against Ukraine has driven up the prices for gas and electricity to unprecedented highs, significantly above the already elevated levels observed in the period before the aggression. Russia’s deliberate weaponisation of gas flows has created significant volatility and uncertainty in the EU and global energy markets.
- (4) The notified measure is designed to comply with the European Commission’s (“the Commission”) Temporary Crisis and Transition Framework for State aid measures to support the economy following the aggression against Ukraine by Russia (“the TCTF”).³

¹ Reference is made to Article 4(3) of Part II of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice.

² Document Nos 1390303, 1390301 and 1390299.

³ Communication from the Commission on the Temporary Crisis and Transition Framework for State aid measures to support the economy following the aggression against Ukraine by Russia ([OJ C 101, 17.3.2023, p. 3](#)). The Temporary Crisis and Transition Framework replaces the Temporary Crisis Framework adopted on 28 October 2022 and applies to all measures notified as of 9 March 2023 as well as to measure notified prior to that date.

- (5) The notified measure aims at developing renewable energy production by supporting investments in floating offshore wind (“FOW”) technology-based wind farms. The Norwegian authorities have explained that FOW technology would become commercially mature faster if smaller projects with shorter lead times, such as the projects targeted by the measure, would be supported. FOW is at this point considered as commercially immature technology and does still need public support.
- (6) As FOW is not limited by depth constraints, it is considered to provide more flexibility compared to seabed-fixed installations which are neither economically attractive nor feasible in waters that are 60 meters deep or deeper.
- (7) Since they are less dependent on water depth and seabed soil properties it is possible to place the FOW farm in larger areas, at locations further out at sea, where the wind has a much higher average speed and a more consistent flow. By doing so, one would avoid wake effects from nearby wind turbines or other wind farms.⁴
- (8) Furthermore, FOW projects in remote offshore marine areas are considered to have less impact on environmental surroundings, as the impact of noise and visual pollution is less of a concern compared to the installations closer to shore.
- (9) The Norwegian authorities also highlight that the Energy Commission (in Norwegian: “[Energikommisjonen](#)”) delivered a report to the Ministry of Petroleum and Energy in February 2023, concerning Norwegian energy policy in a long-term perspective (“the Report”).⁵ According to the Report, there is a clear need for more efficient and flexible energy use and investments in different types of renewable power to increase production.⁶
- (10) Based on the above, the Norwegian authorities consider public support for FOW to be necessary, as the cost of producing electricity with FOW is still much higher than for other renewable energy sources.⁷ However, reduced costs are expected in the long term, from over 120 øre/kWh in 2021 to around 50 øre/kWh towards 2050.
- (11) The Norwegian authorities refer to the data provided by the Norwegian energy markets regulator (“NVE”), which compares the LCOE (Levelized Cost of Energy) of different energy sources, including the most common renewable energy source technologies:

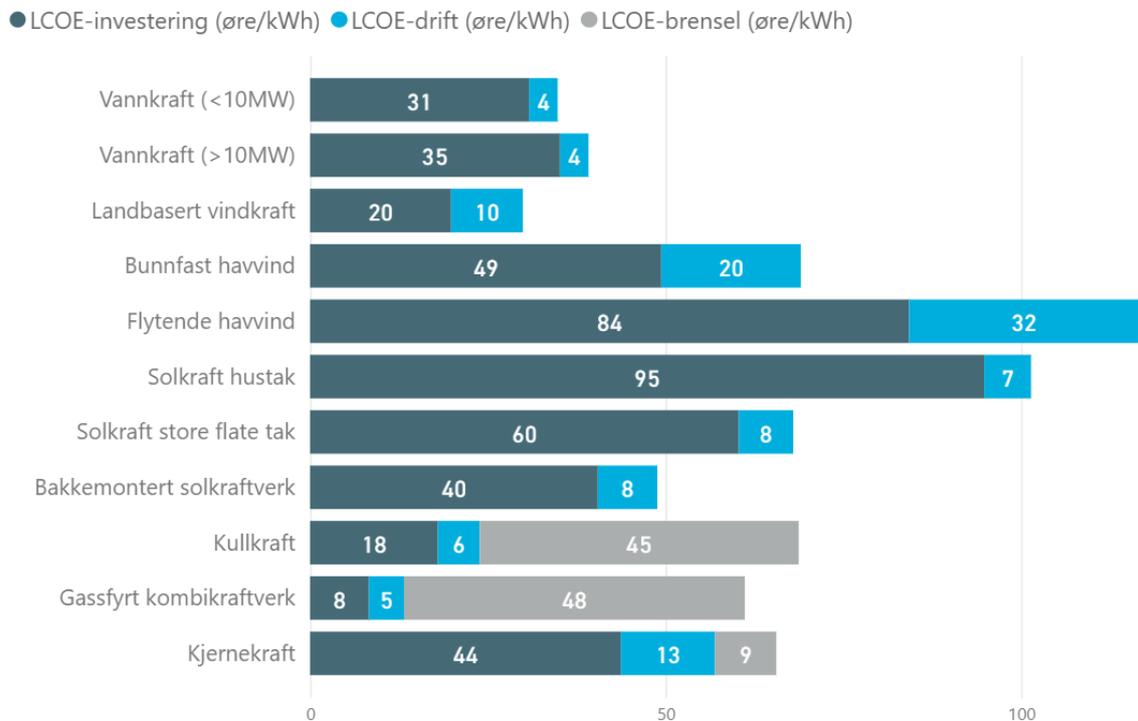
⁴ Wind turbines create wakes, which are areas of reduced wind speed and increased turbulence downstream of the turbines, which in turn leads to reduced energy output.

⁵ https://www.regjeringen.no/no/dokumenter/nou-2023-3/id2961311/?q=langiktig&ch=2#match_0

⁶ *Ibid*, chapter 1.1.

⁷ <https://www.nve.no/energi/analyser-og-statistikk/kostnader-for-kraftproduksjon/>.

<https://www.menon.no/wp-content/uploads/2022-53-Flytende-havvind.pdf>, see pages 18-20.



Source: NVE.no⁸

In addition, NVE also provides LCOE estimates for 2030, according to which FOW remains the most expensive renewable energy source:



Source: NVE.no⁹

⁸ <https://www.nve.no/energi/analyser-og-statistikk/kostnader-for-kraftproduksjon/>. The data are from 2021. (In English: dark grey column: LCOE-investments. blue column: LOCE-operation. light grey column: LCOE-fuel. The energy sources listed from the top are: hydropower, hydropower, onshore wind energy, bottom-fixed offshore wind, floating offshore wind, solar roof on houses, larger solar power roofs, fixed tilt solar roof, coal power plant, gas-fired combined cycle power plant and nuclear power).

⁹ <https://www.nve.no/energi/analyser-og-statistikk/kostnader-for-kraftproduksjon/>. See footnote 8 for the English translation.

- (12) According to the Norwegian authorities, there are, to their knowledge, currently no FOW projects that have been implemented without significant public financing in the world, and certainly not in Norway. Therefore, the Norwegian authorities consider that additional FOW projects would accelerate the cost-effectiveness of FOW technology by contributing to the establishment of supply chains.
- (13) In view of the foregoing, the Norwegian authorities argue that the notified measure aims to respond to the need for more renewable energy, and to support one of the most promising, yet not commercially viable technologies to make an important contribution faster.

3.2 Objective

- (14) The objective of the notified aid measure is to accelerate the rollout of FOW technology by supporting several small-scale commercial FOW projects. The Norwegian authorities expect, based on the current market information, that each supported project will have installed capacity of approximately 10-60 MW.¹⁰
- (15) According to the Norwegian authorities, approximately 50-100 MW of installed new capacity can be financed under the scheme.
- (16) The scheme will only cover FOW where electricity is generated through a floating wind turbine,¹¹ allowing electricity generation in water depths where fixed-foundation turbines are not feasible.

3.3 National legal basis and aid granting authority

- (17) The aid is granted by Enova SF (“Enova”). Enova is a State enterprise wholly owned by the Norwegian State via the Ministry of Climate and Environment. Enova was established on 1 June 2001 with the aim of developing and managing various support programmes with the objective of energy saving and reduced climate gas emissions in Norway.
- (18) The national legal basis for Enova as a State aid grantor is the Parliamentary Decision of 5 April 2001,¹² and the Agreement between Enova and the Ministry of Climate and Environment,¹³ on the management of the funds derived from Enova’s budget, during the period between 1 January 2021 to 31 December 2024.
- (19) Enova has the competence to allocate its total disposable budget under different aid schemes and programmes.
- (20) The national legal basis for the aid in question is Enova’s programme, setting out the conditions of the aid, i.e., eligibility for aid, eligible costs/calculation of aid, disbursement of the aid, objective etc. Enova will develop and publish the programme for the measure following ESA’s approval of the scheme.

¹⁰ \The approximate capacity of the wind turbines as such. The yearly production may vary depending on amongst others the weather conditions.

¹¹ An offshore wind turbine mounted on a floating structure.

¹² The Parliamentary Decision amends the Energy Act of 29 June 1990 No 50 ([Energiloven](#)). Ot.prp.nr.35 (2000-2001).

¹³ <https://www.enova.no/om-enova/om-organisasjonen/oppdragsbrev-og-avtaler/>

3.4 Aid will not be made conditional on the relocation of an activity

- (21) The Norwegian authorities confirm that aid granted under the measure will not be made conditional upon the relocation of an activity of the beneficiary from another country within the EEA to the territory of Norway. There is no provision in the legal basis of the measure, or otherwise in Norwegian law, that would entail such a condition.

3.5 Beneficiaries

- (22) The scheme is open to all FOW projects that can be finalised within five years from the aid award. Only newly installed FOW projects are eligible for aid under the scheme. Projects which started before 9 March 2023 will not be eligible.
- (23) The Norwegian authorities have also confirmed that only projects on which work has not started prior to the submission of the application are eligible for aid under the scheme.¹⁴
- (24) Based on Enova's market knowledge, the Norwegian authorities expect that several projects are likely to be supported under the scheme. Based on the current market information the projects will likely have 1-4 wind turbines, with an installed capacity of 10-15 MW each. However, the Norwegian authorities do not rule out granting aid to slightly larger projects.

3.6 Aid instrument, allocation procedure and intensity

3.6.1 General elements of the measure

- (25) The Norwegian authorities have confirmed that the aid intensity is up to 100% of the total investment cost.
- (26) The aid will be awarded following a competitive bidding process. There will be two to three bidding rounds. Details concerning the organisation of the bidding rounds and the criteria for aid awards, will be published in advance on Enova's website.
- (27) The Norwegian authorities have submitted that the terms of the bidding process will not in any way determine how the produced energy is to be consumed, nor will they entail any form of requirement for a sector specific use of the energy produced.
- (28) The Norwegian authorities have confirmed that the specific programme will contain all relevant information, and ensure that the process will be open, clear, and transparent.
- (29) The Norwegian authorities have further confirmed that there will be no prohibition against applying again in the second or third round in case of a non-successful bid in the first round.
- (30) In case of repeated undersubscription of competitive bidding processes, the Norwegian authorities will introduce remedies for any future schemes notified to ESA concerning the same technologies as covered by the measure.

¹⁴ Start of works is defined as the earliest between the moment in which construction works related to the investment started, the moment of the first legally binding commitment to order equipment and the moment of any other commitment that makes the investment irreversible.

- (31) The Norwegian authorities have confirmed that support under the measure does not run counter to the “do no significant harm principle”.¹⁵
- (32) Moreover, the Norwegian authorities have confirmed that the measure does not by itself, or by the conditions attached to it or by its financing method constitute a non-severable violation of EEA or Union law.

3.6.2 Eligible costs

- (33) The eligible costs under the scheme are the project’s investment cost. According to the Norwegian authorities, the main capital expenditure (CAPEX) categories are as follows:
- Turbines
 - Turbine installation
 - Substructure
 - Tow-out and connection
 - Mooring
 - Anchor
 - Installation of mooring/anchor
 - Internal cables
 - Installation of internal cables
 - Port
 - Project development

3.6.3 Qualification criteria

- (34) The projects must fulfil Enova’s qualification criteria to participate in the competitive bidding process. The qualification criteria are the same as Enova uses for its other aid schemes. They are already known to the market and consist of the following:
- i. Financial implementation capacity: the applicant needs to demonstrate that it has sufficient financial resources to implement the project. The aim of the criterion is to only support projects that can be financed. This will for example require the submission of proof of sufficient capital or credit, or binding commitments from investors. Enova will conclude that the applicant has sufficient financial resources if it can document that it has realistic plans for the financing of both construction and operation of the project.
 - ii. Technical implementation capacity: applicants need to show that they have the technical expertise to implement the project, for example by means of submitting reference projects. Reference projects do not have to relate to offshore wind but must relate to industrial development projects of similar scale.

¹⁵ No significant harm to environmental objectives within the meaning of Article 17 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088. Incorporated into the EEA Agreement at points 31o and 31 p of Annex IX (Financial services) and point 46 of the Protocol 37 (containing the list provided for in Article 101) to the EEA Agreement [2022/1595] by Joint Committee Decision No 151/2022 of 29 April 2022.

iii. Organisational implementation capacity: it also needs to be demonstrated that the applicant has sufficiently qualified personnel and suppliers, *inter alia* by submitting CVs of core personnel, and descriptions of suppliers.

- (35) In addition, there needs to be a project description, illustrating that the project is sufficiently mature to be implemented within a relatively short period and in conformity with applicable laws and regulations, including permits. For the project description, Enova will publish a template.
- (36) The Norwegian authorities have explained that the construction of a FOW installation normally takes around three to four years, and the projects have to be finalised within 5 years of the aid award. The aim is to ensure that work on the project starts within a relatively brief period of time after the aid is awarded (1-2 years at most).
- (37) As for the permit, the Norwegian authorities have explained that, if the applicant does not already have a permit, it would be required to demonstrate that there is a credible plan to obtain one. The permit is required at the latest when aid is paid out.
- (38) The Norwegian authorities have explained that Enova will pay out aid in tranches, against proof of incurred cost, which necessitates a permit, as the construction of a FOW installation cannot legally start without a permit.
- (39) The list of qualification criteria is exhaustive. Non-compliance with the criteria will lead to applications being excluded from the competition.

3.6.4 Selection criteria

- (40) The Norwegian authorities have explained that 70% of the total selection criteria are defined in terms of aid per unit of capacity installed (aid per MW installed). The application with the highest installed capacity per aid will receive the highest possible score, namely 6. The other applicants will get a score based on a linear distribution down to zero.
- (41) For the remaining 30%, the Norwegian authorities will rely on the following, exhaustive set of criteria Enova uses for many of its existing schemes:
- i. Innovativeness: Enova will assess how innovative the project's technology is as compared to other existing technologies. While FOW as such is technologically mature, there may be components of a project that are more or less innovative, such as a new floater design which enables more cost-efficient simplified fabrication or assembly. It can also include more innovative technology with less impact on marine life etc. which increases the likelihood of obtaining future licenses to operate FOW installations.
 - ii. Commercial promise: Enova will assess whether the project and its technology has a potential of being successful in the market going forward. Enova will evaluate if the supported small scale commercial project can be the basis for further commercial use of this technology on a larger scale, in particular the expected cost reductions.

iii. Potential contribution to a low-carbon economy: Enova will assess the relative change to the LCOE (Levelized Cost of Energy). The LCOE will be calculated based on CAPEX and operational expense (“OPEX”) over the full lifetime of the project, divided by the net energy production over the full lifetime of the project. In addition, a discount rate will be applied which provides a LCOE for each project and technology concept. The relative change will be assessed from the difference between the project’s current LCOE and the technology’s probable LCOE in the future. The applicants will have to provide credible estimates for the CAPEX and OPEX of future projects (being implemented in 2030 and 2040), in order to calculate the LCOE for future project based on the same technology concept. The Norwegian authorities have confirmed that Enova will evaluate the estimates provided by the applicants against its own estimates on current market LCOE average.

(42) Enova will make a qualitative and comparative assessment of the bids received when giving a score to each project and award the available budget to the applicants with the highest score.

(43) The Norwegian authorities have provided the following as an example on the how the selection process will be carried out:

	Project A	Project B	Project C
TOTAL CAPEX MNOK	4000	3000	2000
Aid applied MNOK	2000	1000	1200
Installed capacity MW	75	45	30
Installed capacity per aid applied MW/MNOK	0.0375	0.0450	0.0250
Score Cost effectiveness 0-6 (70%)	5.00	6.00	3.33
Score innovativeness, commercial promise, potential contribution to the transition to a low carbon economy 0-6 (30%)	4.0	4.0	6.0
Final Score	4.70	5.40	4.13

- (44) In the above table, applicant A and B have received equal score 4 for innovativeness, commercial promise and potential contribution to the transition to a low carbon economy. Applicant C has received score 6 since its technology is considered to be more promising and lower in LCOE in the long term, even though the project requires more aid per MW installed capacity than A and B. The Norwegian authorities have explained that applicant B would in this case be granted aid even though applicant C has a more innovative project. Assuming that the available budget is NOK 2 billion, it would not be possible to grant aid to the runner up applicant A.

3.7 Budget and duration

- (45) The measure will have a budget of NOK 4 billion.
- (46) The Norwegian authorities plan to launch the first bidding round in Q4 of 2023 or Q1 of 2024, once ESA has approved the scheme. There will be a period of several months during which applications can be submitted, followed by Enova's evaluation of the submitted applications. A second, and possibly a third bidding round would be held during the remaining duration of the scheme.
- (47) Aid under the scheme may be granted no later than 31 December 2025.

3.8 Cumulation and monitoring

- (48) The Norwegian authorities confirm that aid under section 2.5.1 of the TCTF will not be cumulated with aid under section 2.5.2, i.e. operating aid for the same project.
- (49) As regards other aid, cumulation is possible as long as the aid concerns other eligible costs or aid without identifiable eligible costs, and the relevant thresholds are complied with.
- (50) Moreover, the Norwegian authorities have submitted that the applicants must provide information about any other public funding they have received prior to applying for aid under the measure for the same eligible costs. This would be taken account of in the assessment of the project's cost effectiveness.
- (51) The Norwegian authorities have confirmed that if the project receives any other public funding following an award under the measure, which would be taken account of through reductions in the pay-outs of aid under the measure.
- (52) All grants above EUR 100 000 will be published in the national State aid register.¹⁶

4 Presence of State aid

4.1 Introduction

- (53) Article 61(1) of the EEA Agreement reads as follows: "Save as otherwise provided in this Agreement, any aid granted by EC Member States, EFTA States or through State resources in any form whatsoever which distorts or threatens to distort

¹⁶ [Registeret for offentlig støtte.](#)

competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement.”

- (54) The qualification of a measure as aid within the meaning of this provision requires the following cumulative conditions to be met: (i) the measure must be granted by the State or through State resources; (ii) it must confer an advantage on an undertaking; (iii) favour certain undertakings (selectivity); and (iv) threaten to distort competition and affect trade.
- (55) The measure is administered and financed from funds emanating from the State budget by Enova, a State enterprise fully owned by the Norwegian State via the Ministry of Climate and Environment (see section 3.3). The measure is therefore imputable to the State and financed through State resources.
- (56) The measure confers an advantage on its beneficiaries in the form of direct grants, which they would not have had under normal market conditions. The advantage granted by the measure is selective, since it is awarded only to certain undertakings, in particular undertakings active in small scale commercial FOW projects (see section 3.5).
- (57) The measure is liable to distort competition since it strengthens the competitive position of its beneficiaries. ESA notes that the electricity market is liberalised in the EEA, and there are no restrictions as regards the markets where the applicants under the scheme will be active. For that reason, the measure also affects trade between Contracting Parties since those beneficiaries are active in sectors in which intra-EEA trade exists.
- (58) In view of the above, ESA concludes that the measure constitutes State aid within the meaning of Article 61(1) of the EEA Agreement.

5 Aid scheme

- (59) ESA notes that the legal basis of the measure is an act which does not require further implementing measures for the granting of the aid, and which identifies the beneficiaries in a general and abstract manner.¹⁷ The aid is therefore granted on the basis of an aid scheme.

6 Lawfulness of the aid

- (60) Pursuant to Article 1(3) of Part I of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice (“Protocol 3”): “The EFTA Surveillance Authority shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid. ... The State concerned shall not put its proposed measures into effect until the procedure has resulted in a final decision.”
- (61) The Norwegian authorities have notified the measure and have yet to let it enter into force. They have therefore complied with the obligations under Article 1(3) of Part I of Protocol 3.

¹⁷ See Article 1(d) of Part II of Protocol 3 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice (“Protocol 3”).

7 Compatibility of the aid

7.1 Introduction

- (62) In derogation from the general prohibition of State aid laid down in Article 61(1) of the EEA Agreement, aid may be declared compatible if it can benefit from one of the derogations enumerated in the Agreement. The Norwegian authorities invoke Article 61(3)(c) of the EEA Agreement as the basis for the assessment of the compatibility of the aid measure.
- (63) Article 61(3)(c) of the EEA Agreement provides that ESA may declare compatible “aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest”.
- (64) The effects of the Russian aggression have demonstrated the urgent need to reduce dependency on imports of fossil fuels and to accelerate the energy transition. The Commission has considered that Member States may need to take additional measures in line with the REPowerEU Communication and to accelerate the decarbonisation of European industry, in order to achieve the European Union’s climate targets. In that context, the Commission has adopted the TCTF. In the TCTF, the Commission considers State aid measures justified and can be declared compatible with the internal market on the basis of Article 107(3)(c) TFEU for a limited period of time if it contributes to speeding up the rollout of renewable energy, storage and renewable heat in line with the REPowerEU Communication.
- (65) Article 107(3)(c) TFEU corresponds to Article 61(3)(c) of the EEA Agreement. In order to ensure uniform application of the State aid rules throughout the European Economic Area, in line with the objective of homogeneity established in Article 1 of the EEA Agreement, ESA will also apply the TCTF. Therefore, in case where all relevant applicable conditions in the TCTF are fulfilled, ESA will declare the measure in question compatible with the EEA Agreement on the basis of its Article 61(3)(c).

7.2 Aid for accelerating the rollout of renewable energy and energy storage relevant for REPowerEU

- (66) Based on the information presented by the Norwegian authorities, as set out above, ESA concludes that the measure fulfils all of the applicable conditions under Section 2.5 of the TCTF, entitled “Aid for accelerating the rollout of renewable energy and energy storage relevant for REPowerEU”. In particular:
- I. Aid supports the accelerated rollout of energy and storage from renewable sources, namely wind, as defined in Article 2 point (1) of Directive (EU) 2018/2001.¹⁸ In particular, the measure supports production of renewable

¹⁸ Directive (EU) 2018/2001 is pending incorporation into the EEA Agreement. As regards wind energy, the definition in Article 2 point (1) corresponds in substance to that of Article 2 point (1) of Directive 2009/28/EC, as incorporated into the EEA Agreement by Joint Committee Decision No 162/2011 of 19 December 2011 at point 41 of Annex IV.

- electricity, where electricity is generated through a floating wind turbine. Therefore, the measure facilitates the development of economic activities that can contribute to reducing dependency on imports of fossil fuels and to achieve climate and energy targets in the EEA. The measure therefore complies with point 77(a) of the TCTF.
- II. Aid is granted under the measure on the basis of a scheme with an estimated volume and budget (see section (3.7)). The measure therefore complies with point 77(b) of the TCTF.
 - III. According to Point 77(c) of the TCTF, support schemes can be limited to one or several technologies covered in point 77(a) but not include any artificial limitation or discrimination. The Norwegian authorities have demonstrated that the limited eligibility of the measure does not represent an artificial limitation and that discrimination on this basis is excluded (see paragraph (22)). The measure therefore complies with point 77(c) of the TCTF.
 - IV. Aid is granted under the measure until 31 December 2025 at the latest (paragraph (47)) and the supported FOW projects must be finalised within five years of the aid award (see paragraph (22)). Pursuant to point 77(d) of the TCTF, offshore wind technologies are exempted from a strict deadline for installations to be completed and be in operation. However, the Norwegian authorities have submitted that the design of the measure will in any event ensure that only projects that can be completed within five years of the aid award, will receive aid. Moreover, an extension of the five years deadline would require Enova's approval. The measure therefore complies with point 77(d) of the TCTF.
 - V. Aid under the measure is granted in the form of direct grants. Considering the urgency of the challenge of reducing dependency on Russian imports and to accelerate the energy transition, ESA considers that aid is an appropriate instrument to support the targeted economic activity. The measure also complies with point 77(e) of the TCTF.
 - VI. Aid is determined through a competitive bidding process and the maximum aid intensity is 100% of the eligible costs. The Norwegian authorities have confirmed that the competitive bidding process envisaged to allocate the aid is open, clear, transparent and non-discriminatory. The competitive bidding process is based on objective criteria defined *ex ante*, where 70% in the total selection criteria are defined in terms of aid per unit of capacity installed (aid per MW installed), see in particular paragraphs (40) and (43). The Norwegian authorities have submitted that the measure is effectively competitive and that the aid will be limited to the minimum necessary. On that basis, ESA considers that the aid is limited to the minimum necessary to achieve the environmental goals behind the measure. It further follows that the measure complies with points 77(f), (g) and 77(i) of the TCTF.
 - VII. Point 77(h) of the TCTF does not apply to this measure as aid is granted only through competitive bidding under the measure.
 - VIII. Aid under the measure is granted only with respect to newly installed capacity and the aid amount is independent from the energy output (see recitals (22) and (42)). The measure therefore complies with point 77(l) of the TCTF.
 - IX. The Norwegian authorities have confirmed that aid under the measure will not be cumulated with other aid for the same eligible costs (see section

(3.8)). The measure therefore complies with points 77(m) and 77(n) of the TCTF.

- X. Aid under this measure is only granted for investments for which works started as of 9 March 2023 (paragraph (22)). The measure therefore complies with point 77(o) of the TCTF.
- XI. As described in paragraph (10), the Norwegian authorities have explained that in the absence of aid, the high costs of investing in FOW are likely to discourage investments as the technology is yet to be commercially viable. Since in the absence of aid, the economic activity supported by the measure would not be undertaken, ESA concludes that necessity of the aid and incentive effect are present. In addition, ESA concludes that the measure complies with point 77(p) of the TCTF.
- XII. The Norwegian authorities have confirmed compliance with the “do no significant harm principle” (see paragraph (30)). The measure therefore complies with point 77(q) of the TCTF.

(67) The Norwegian authorities have confirmed that, in compliance with point 51 of the TCTF, the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid.

(68) Moreover, the Norwegian authorities have confirmed that, in compliance with point 52 of the TCTF, the aid under the measure will not be granted to undertakings under sanctions adopted by Norway or the EU, including but not limited to: a) persons, entities or bodies specifically named in the legal acts imposing those sanctions; b) undertakings owned or controlled by persons, entities or bodies targeted by sanctions; or c) undertakings active in industries targeted by sanctions, insofar as the aid would undermine the objectives of the relevant sanctions.

(69) The Norwegian authorities also confirm that the monitoring and reporting rules laid down in section 3 of the TCTF will be respected (Section (3.8)).

(70) Based on the foregoing, ESA finds that the measure facilitates the development of certain economic activities and contributes to speeding up the rollout of renewable energy, when balancing those effects against the potential negative effects of the measure on the internal market. ESA considers that the positive effects of that measure outweigh its potential negative effects on competition and trade, and it can be declared compatible with the functioning of the EEA Agreement pursuant to Article 61(3)(c) of the EEA Agreement, since it meets all the relevant conditions of the TCTF.

8 Conclusion

(71) On the basis of the foregoing assessment, ESA considers that the measure constitutes State aid with the meaning of Article 61(1) of the EEA Agreement. Since ESA has no doubts that this aid is compatible with the functioning of the EEA Agreement, pursuant to its Article 61(3)(c), it has no objections to the implementation of the measure.

- (72) The Norwegian authorities have confirmed that the notification does not contain any business secrets or other confidential information that should not be published.

For the EFTA Surveillance Authority, acting under Delegation Decision No 096/23/COL.

Arne Røksund
President
Responsible College Member

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Countersigning as Director,
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