

UNAUTHORIZED TRANSLATION

Energy policy agreement, 21 February 2008

Fact sheet -- PSO costs and contributions from renewable energy

PSO costs until 2012

As part of the energy policy agreement, the subsidy terms for renewable energy electricity production have been changed. This will result in the establishment of new production capacity and thus increased renewable energy use.

The principal initiatives are:

- increased support for biomass use by power plants,
- increased support for wind turbines on land and
- construction of new offshore wind turbine facilities.

Increased support will be paid for by all electricity consumers via a special fee on their electric bill, known as a public service obligation (PSO) fee. This also applies to support for the existing environment-friendly electricity production.

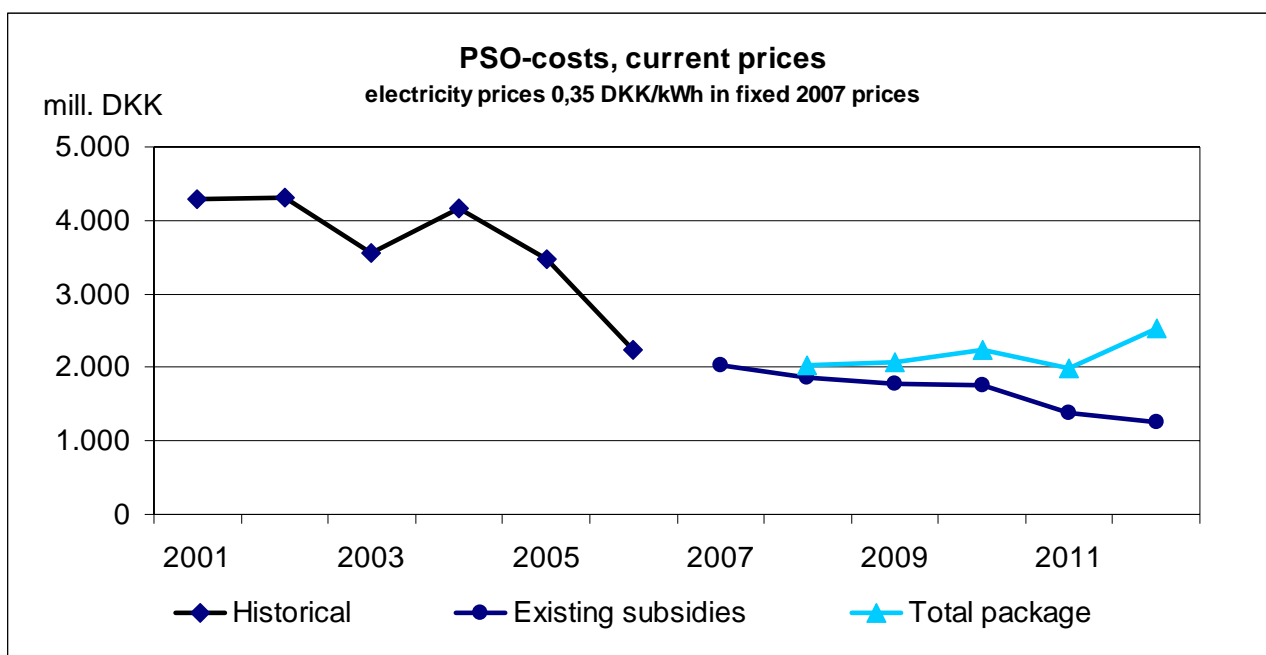
PSO costs for existing plants are to a great extent adjusted to the price of electricity, so that the support falls when the price increases, and vice versa. Since there have been relatively great variations in the price of electricity, the overall PSO costs have also varied significantly. From 2001 to 2006, the variations have been between approximately 2.2 and 4.3 billion kroner/year (see the figure below). As the existing renewable energy power plants gradually fall outside the subsidy scheme, the subsidy costs will decrease.

It is expected that about 1300 MW of wind turbine capacity will be constructed between now and 2012. This includes previously agreed scrapping plans and the current construction of offshore wind farms at Horns Rev and Rødsand.

An increase of about 14 PJ in the use of biomass and bio gas is expected in 2012, increasing the overall renewable energy use by about 2% with respect to gross energy consumption.

The overall increase in renewable energy electricity production until 2012 is about 5.8 TWh, corresponding to about 17% of the national electricity consumption. The cost increase will amount to about 1.3 billion kroner in 2012. With the addition of support for the existing plants, it is expected that overall PSO costs will amount to about 2.5 billion kroner (see the figure below).

For electricity consumers the additional cost as a result of the agreement will be about 3.6 øre per consumed kWh. For a household with an annual consumption of about 4000 kWh, this will mean about 150 kroner.



Renewable energy contributions from the individual proposals

Initiative	Expected effect in 2011 % renewable energy in gross consumption
Waste in central power plants	0.2
Biomass at central power plants	1.2
Bio gas	0.3
Heat pumps	0.1
Land wind turbines	0.1
Fee changes	0.4
Bio fuels	1.1
2011 total	3.4
Offshore wind turbines in 2012	0.6
2012 total	4.0