



OLJE- OG ENERGIDEPARTEMENTET

Norwegian Energy Policy

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Minister of Petroleum and Energy

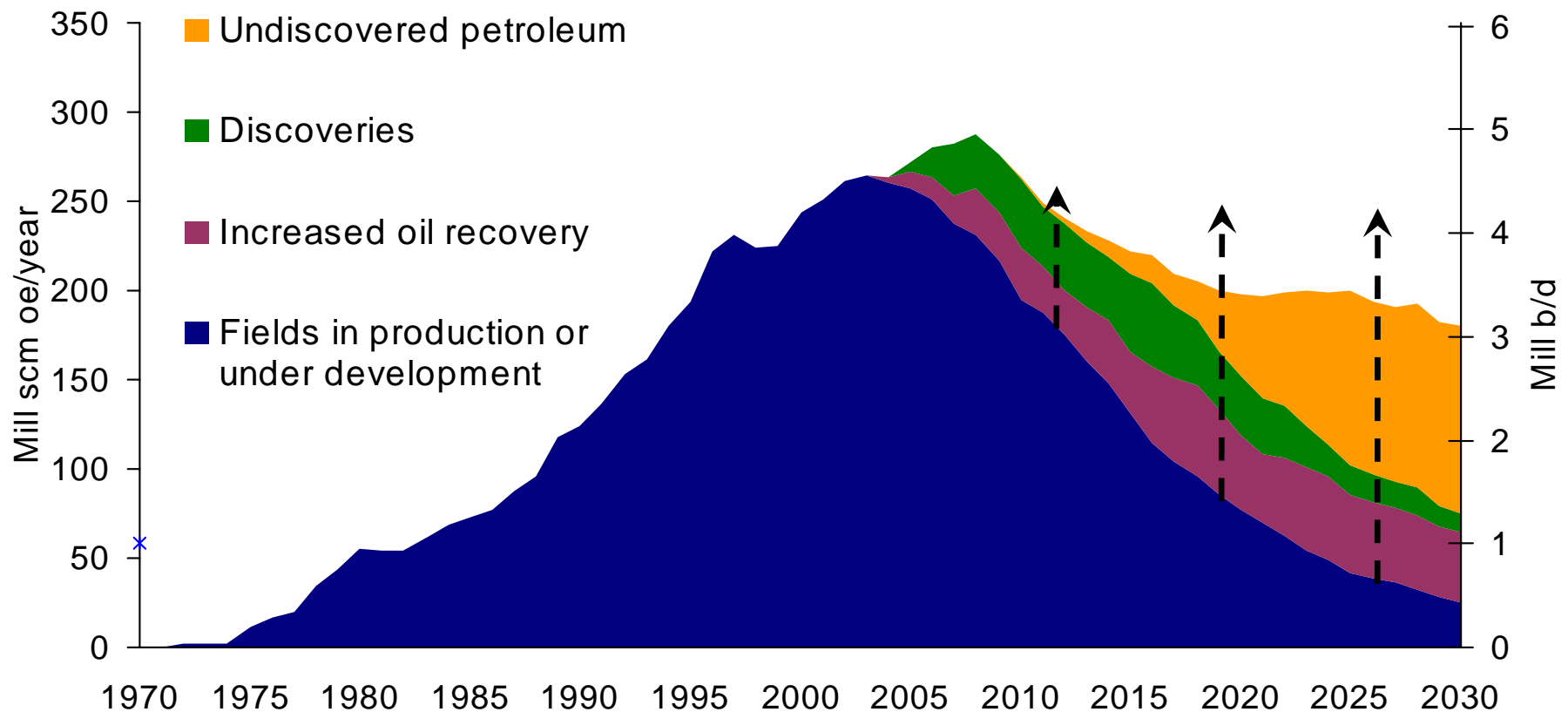
Nordic Energy Summit 2004, Oslo

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The Government wants to ensure efficient and profitable production of oil and gas

- Uncover the potential on the NCS
- Maintain production in a long term perspective



A more mature continental shelf creates challenges



- Reduced exploration activity
- Declining average discovery size

- Few discoveries planned developed

- Falling production
- Increasing unit costs

High cost level



The Government's measures to meet these challenges:

- Increase exploration activities
- Reduce costs
- Increase recovery
- Increased emphasis on R & D
- New participants on the NCS
- Adjustments to the petroleum tax system

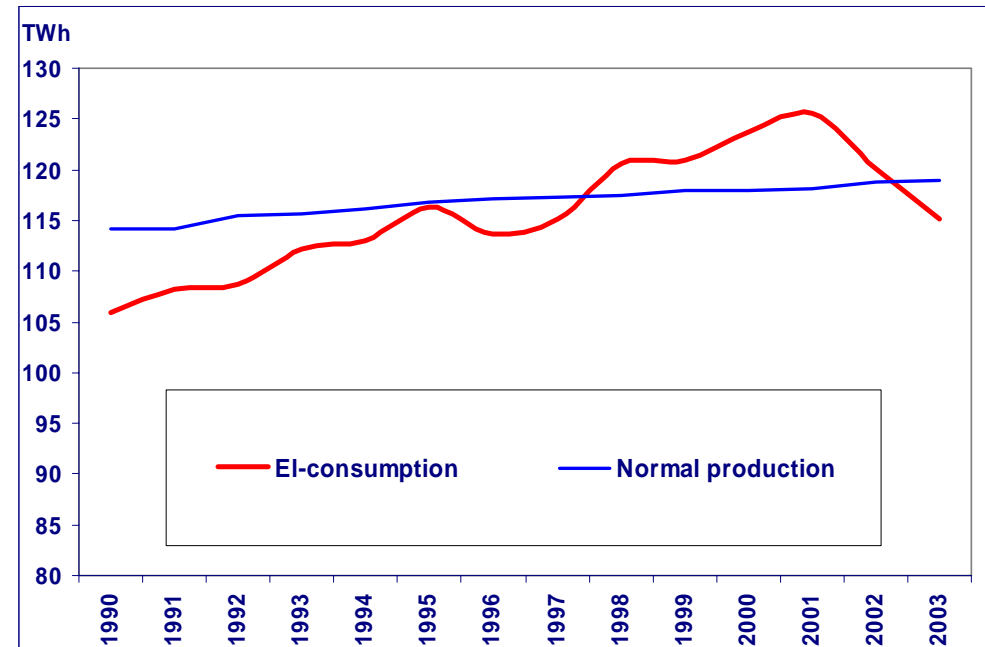
...while maintaining high HSE standards

Oil Market and oil price

- Oil prices have reached record high levels, due to:
 - Very strong growth in oil demand (China, USA) because of strong global economy
 - Tense political situation in important producing countries
 - Opec almost at full capacity; 1-1,5 mbd spare capacity
- Oil prices are likely to remain at a high level for the rest of 2004 and into 2005, but lower than today

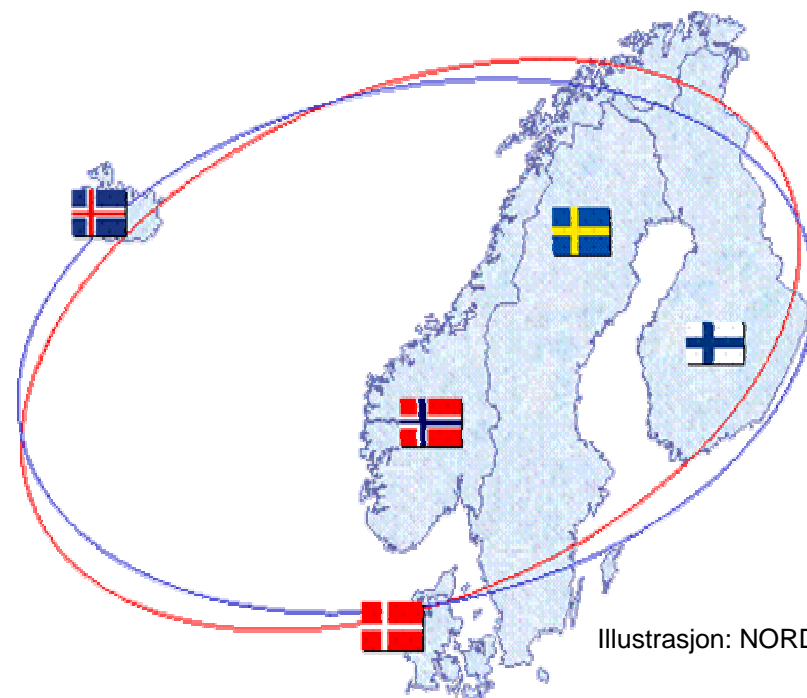
A strengthen security of power supply

- Need of increased production capacity
- Focus on renewable energy and a diversified use of energy
- The consumers play an important role in the electricity market



A well-functioning Nordic energy market is fundamental for the security of supply

- Ensure efficient use of limited resources
- Right market signals to obtain necessary investments
- Make sure there is sufficient and well-functioning transmission grid within Norway and to our neighbouring countries



Large potential for upgrading and extension of existing hydropower

- **Environmentally friendly**
- **Additional benefits as better flood-protection and better peak-load capacity**
- **Small hydropower**



photo: NVE

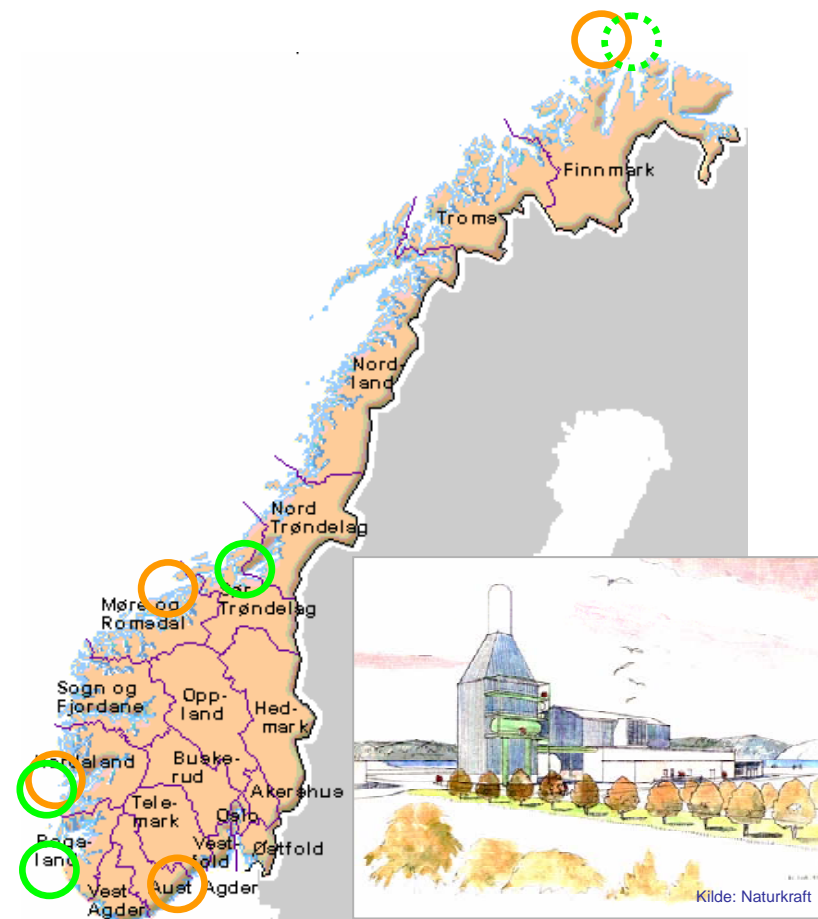
A mandatory certificate market for renewable electricity

- **Market-based support scheme for renewable electricity**
- **Plans for a common Norwegian and Swedish market – Ambitions for a European market**
- **A long-term policy instrument, duration at least 20 years**



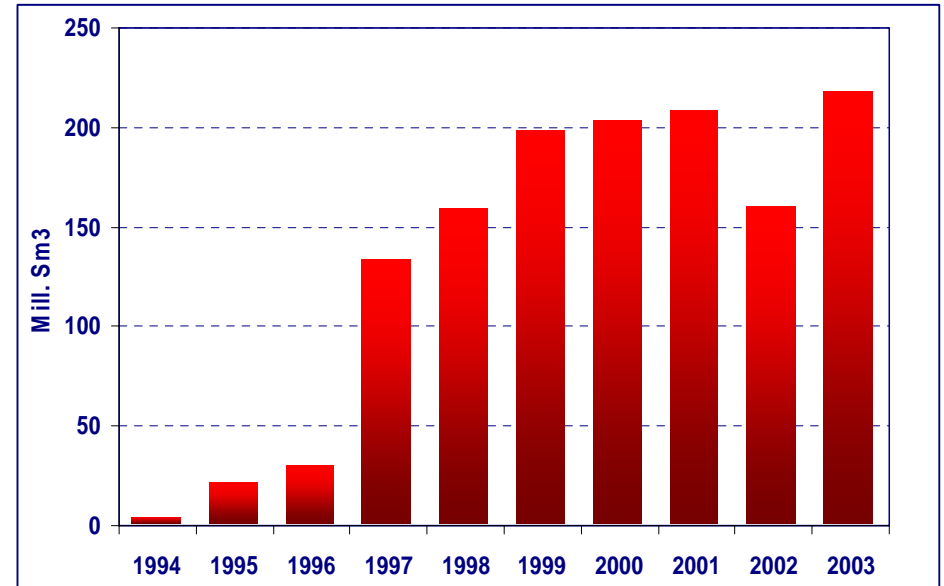
Gas fired power

- 3 concessions given – equivalent of 12 TWh
- One application to build a power plant on Tjeldbergodden - notifications received for Mongstad og Grenland
- Concessions for construction and emission permits will be processed according to normal procedures



Gradual development of domestic use of natural gas

- There is a significant potential of increased use within industry and households
- Natural gas should be utilised first where the conditions are best prepared
- The Government support a step-by-step development of a market for natural gas



The domestic use of natural gas is increasing.

Last year we used 217 million Sm³. This is equivalent to 2,4 TWh.

The energy policy – Summing up

- **The Norwegian energy policy shall:**
 - **Promote and create value and be based on a sustainable development**
 - **Provide profitable conditions for production of oil and gas in a long time perspective**
- **To improve our security of power supply:**
 - **There is a need of more power production and a more diversified use of energy**
 - **The Nordic electricity market must be well- functioning**

Internet address



www.oed.dep.no



www.mpe.dep.no

