



ROYAL NORWEGIAN  
MINISTRY OF PETROLEUM AND ENERGY

# Announcement of competition for a project area in Sørliche Nordsjø II for offshore renewable energy production





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## 1. Introduction

- I. The Ministry of Petroleum and Energy (the Ministry) hereby announces a competition for a project area for offshore renewable energy production in Sørilige Nordsjø II, in accordance with Act No. 6 of 21 April 2021 on offshore renewable energy production (the Offshore Energy Act).
- II. The competition is carried out in accordance with Section 2-3 of the Offshore Energy Act and Chapter 2A of the Regulations to the Offshore Energy Act. The competition winner will be awarded a project area with a time-limited exclusive right to carry out a project-specific impact assessment and to apply for a licence pursuant to Section 3-1 of the Offshore Energy Act for production facilities; cf. Section 2-3 (4) of the Offshore Energy Act. The provisions of the Public Administration Act shall otherwise apply. The Public Procurement Act does not apply to the competition.
- III. The Sørilige Nordsjø II area was opened for offshore renewable energy production through a Royal Decree of 12 June 2020. Three special conditions were stipulated for Sørilige Nordsjø II:
  - a) A licence may not be granted in an area for which a production licence for petroleum has already been granted, unless this is announced in the production licence or there is an agreement in place with the holder of the production licence.
  - b) In the case of activities in particularly valuable and vulnerable areas, conditions aimed at avoiding damage to the particularly valuable and vulnerable environmental values must be anticipated.
  - c) A licence may be granted for the development of up to a maximum of 3,000 MW.
- IV. The area that makes up Sørilige Nordsjø II is delimited by the following coordinates:

04° 20' 48'' E	56° 49' 24'' N
05° 10' 05'' E	57° 05' 36'' N
05° 29' 51'' E	56° 44' 17'' N
05° 02' 01'' E	56° 35' 30'' N
04° 38' 29'' E	56° 29' 02'' N

The coordinates are given using geodetic datum WGS 84.

## 2. Determination of project area

- I. The Ministry hereby determines one project area for the first phase of Sørilige Nordsjø II in the Sørilige Nordsjø II area; cf. Section 2a of the Offshore Energy Act.

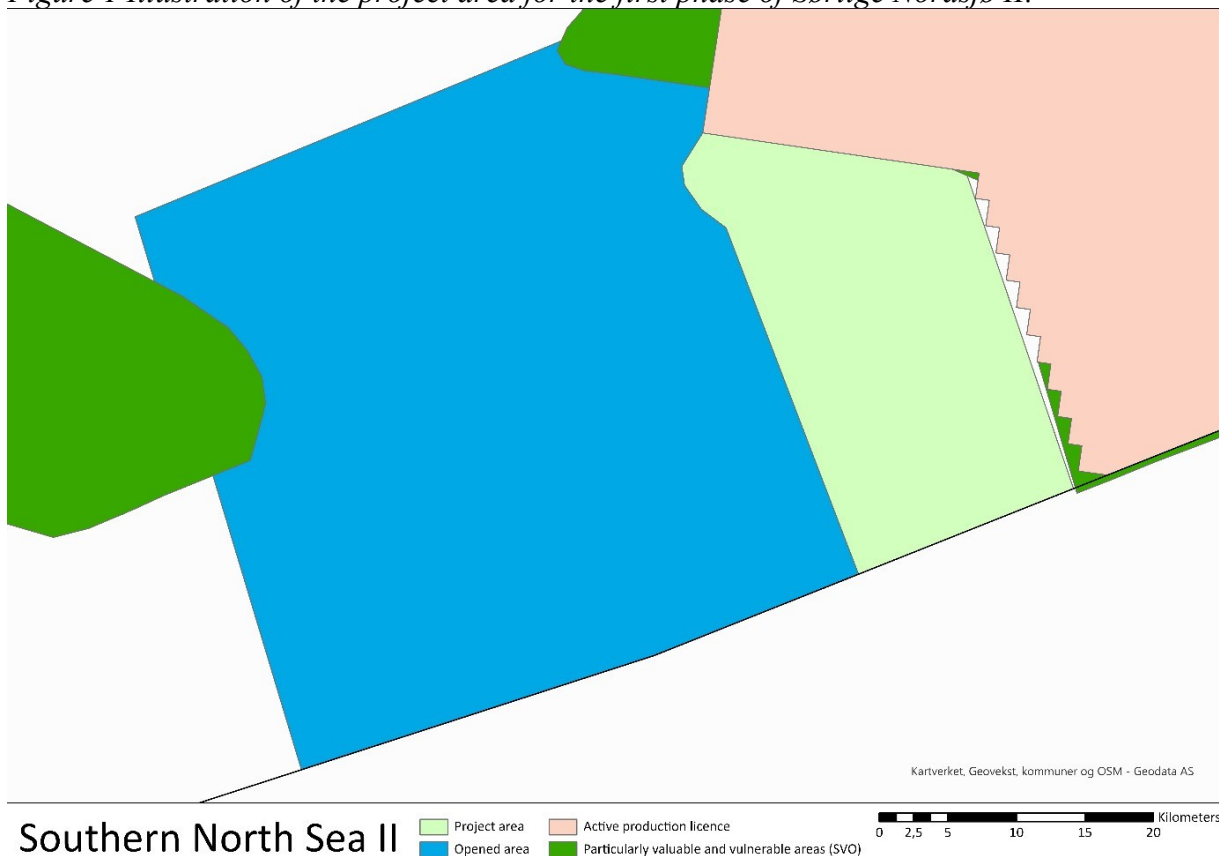


II. The project area for the first phase is delimited by the following coordinates:

05° 29' 44.85'' E	56° 44' 15.26'' N
05° 15' 26.95'' E	56° 39' 45.51'' N
05° 02' 33.21'' E	56° 52' 25.36'' N
05° 00' 37.44'' E	56° 53' 59.77'' N
04° 59' 10.50'' E	56° 53' 49.71'' N
04° 58' 46.54'' E	56° 54' 33.01'' N
04° 59' 54.78'' E	56° 55' 57.76'' N
05° 17' 59.53'' E	56° 55' 57.91'' N
05° 19' 05.85'' E	56° 55' 47.97'' N

The geodetic datum is WGS 84, and the areas are delimited by geodetic lines between the vertices.

*Figure 1 Illustration of the project area for the first phase of Sørlige Nordsjø II.*



- III. The installed capacity in the project area must be a minimum of 1,400 MW and a maximum of 1,500 MW.
- IV. The capacity density for the development in the project area must be at least 3.5 MW/km<sup>2</sup>.
- V. The Ministry reserves the right at any time to adjust the project area within the area opened up if this is necessary to develop the project or out of consideration for other affected interests. Any adjustments that take place after a project area has been awarded will be made in consultation with the developer.



### 3. Competition for the awarding of a project area and state aid

- I. After the application deadline, an assessment of the applicants and the applications will be carried out; cf. Appendix 11 (minimum requirements) and Appendix 4 (prequalification criterion). Only applicants that are prequalified and that can document fulfilment of the minimum requirements may take part in the subsequent auction. The Ministry shall be responsible for conducting the competition.
- II. The Ministry has established minimum requirements that apply to the execution of the project. In its application, the applicant must document the fulfilment of these requirements to be able to participate in the competition. If the applicant does not document the fulfilment of these minimum requirements, the applicant will be rejected from the competition. The minimum requirements and the method of approach for the Ministry's assessment of the fulfilment of the requirements are specified in more detail in Appendix 11. The minimum requirements are also listed in Appendix 6 Contract for Difference and in Appendix A to the Contract for Difference.
- III. The Ministry will carry out a prequalification of the applicants. The prequalification will be carried out as follows:
  - A) Applicants must fulfil the prequalification criterion Execution Capability in order to be prequalified.
  - B) If more than six applicants fulfil the prequalification criterion Execution Capability, the Ministry will subsequently rank the applicants.
  - C) After ranking the applicants, the Ministry will, based on the ranking, select a minimum of six and a maximum of eight applicants that are deemed as best suited to participate in the auction. The decision concerning the final number of applicants who are prequalified will depend on an overall assessment.

The prequalification criterion and the procedure for the Ministry's ranking and selection process are specified in Appendix 4.

- IV. Competition for the awarding of the project area will take place through an auction; cf. Section 2-3 of the Offshore Energy Act. Only applicants that fulfil the minimum requirements and that are prequalified will be permitted to participate in the auction.
- V. Applicants that are to participate in the auction must provide a bank guarantee in favour of the government no later than 14 days prior to commencement of the auction. The bank guarantee shall essentially confirm to the terms and conditions set out in Appendix 10, as described in more detail in paragraph 5 III G below. The guarantee shall provide security for the fulfilment of the liquidated damages set out in Appendix 8; cf. paragraph 5 III F below. The liquidated damages shall fall due for payment if the winner of the auction does not enter into the contract for difference. Applicants that have not provided a bank guarantee by the deadline shall forfeit the right to participate in the auction.
- VI. The applicant submitting the lowest bid price (NOK øre/kWh) shall win the auction. The winner will be granted a time-limited exclusive right to the project area, to submit a notification containing a proposal for a project-specific investigation programme and to



apply for a licence.

- VII. As soon as possible, and no later than four weeks after the end of the auction, the applicant that wins the auction shall:
- A) Establish a separate undertaking (developer) pursuant to section 3-5 of the Offshore Energy Act, if the applicant is not, or has not formed, a separate undertaking at the time of the auction. Fulfilment of the requirement for a separate undertaking is a precondition for awarding of the project area and entry into the contract for difference.
  - B) Enter into a contract for difference with the state, cf. Appendix 6 Agreement concerning contract for difference. The contract for difference shall be determined by the Ministry and will not be subject to negotiation.
  - C) Provide guarantees for fulfilment of the contract for difference, as specified in more detail in the contract for difference.
- VIII. Within six weeks of the decision to award a project area, the undertaking must submit a notification with a proposal for a project-specific study programme; cf. Section 2d of the Regulations to the Offshore Energy Act.
- IX. After the project area has been awarded, the right to make changes to the project compared with the application shall be regulated in the contract for difference. Consent for such changes cannot be expected to be given, unless the project is amended to something that is qualitatively equivalent or better. The developer shall be responsible for documenting that the change is qualitatively equivalent or better.
- X. Licence applications must be submitted in accordance with Section 7 of the Regulations to the Offshore Energy Act.
- XI. The decision concerning awarding of the project area and the conclusion of a contract for difference shall not impose any restrictions on the Ministry's right to award or not to award licences, or on the Ministry's right to impose conditions for licences pursuant to applicable regulations.
- XII. For the parts of the project area that are not covered by the licence decision, the developer's right to these areas pursuant to Section 2-3 of the Offshore Energy Act will lapse.

#### **4. Model for state aid**

- I. Any state aid will be awarded through a two-way contract for difference. The contract for difference will be established by the Ministry, and will not be subject to negotiations.
- II. Reference is made to the Storting's decision 837, 14 June 2023:

*"The Storting consents to the Ministry of Petroleum and Energy entering into a two-way Contract for Difference for the support of renewable energy production for the first phase of Sørlege Nordsjø II, but so that the total governmental commitments do not exceed a cost framework of NOK 23 billion. The Ministry of Petroleum and Energy is granted the authorisation to adjust the contract price, the minimum price and the*



*cost framework with effect from the first quarter of 2023 until the first quarter of the year in which the offshore wind farm is put into operation".*

The documents that serve as basis for the decision is Prop. 93 S (2022-2033) *Authorisation to enter into a two-way contract for difference for the support of renewable offshore energy from the first phase of Sørlege Nordsjø II* and the Recommendation to the Storting 496 S (2022-2023) by the Energy and Environment Committee on the same matter.

- III. Conclusion of the contract for difference is also conditional upon a positive decision by the EFTA Surveillance Authority following prior notification of the state aid measure.
- IV. The Ministry reserves the right to make any necessary changes to the state aid model, contract for difference or announcement documents that are required to obtain ESA's approval pursuant to the state aid rules.

## **5. Application for participation in the auction**

- I. In order to assess applications for participation in the auction, the Ministry will require information about the project and the applicant.
- II. Several companies wishing to develop a joint project (consortium) must submit one joint application. The applicant companies are collectively regarded as a single applicant. The applicant companies in a consortium may fulfil the prequalification criterion collectively, unless specified otherwise.
- III. The application must contain:
  - A) Signed application letter
  - B) Additional information about the applicant
  - C) Copy of articles of association, partnership agreement or binding cooperation agreement
  - D) Documentation of fulfilment of minimum requirements
  - E) Documentation of fulfilment of the prequalification criterion
  - F) Letter of confirmation from parent company or associate contributing to fulfilment of the prequalification criterion
  - G) Letter confirming acceptance of competition terms and conditions and obligation to be liable for liquidated damages
  - H) Letter of confirmation for credit limit for issuance of bank guarantee
  - I) Public version of the application

### **A) Signed application letter**

The applicant must submit an application letter, signed by person(s) authorised to bind the company/companies. A power of attorney must be submitted if the application is signed by anyone other than those who are authorised to sign on behalf of the company. In the case of consortia, the application must be signed by all the applicant companies. A



template for an application letter can be found in Appendix 1.

## **B) Additional information about the applicant**

The applicant must provide the following information:

- i. Full name of the applicant company, address and organisation number.
- ii. Documentation confirming that the applicant has been legally established in the form of a certificate of incorporation from the Register of Business Enterprises (Norwegian companies) or equivalent documentation confirming that the applicant is registered in the Register of Business Enterprises, professional register or trade register in the state in which the enterprise is established (foreign companies).
- iii. An overview of the applicant's group structure. The overview shall contain the full name, address, organisation number and ownership interest of all group companies, as well as a chart showing the company structure.
- iv. Information about the applicant's beneficial owners in accordance with Section 14 of the Money Laundering Act.
- v. Information on where the companies specified in points i) and iii) are registered, the companies' head offices, as well as the composition of the board along with a statement of the board members' domicile and nationality, and who is responsible for the day-to-day management of the companies.

Where several companies apply jointly, the information listed above must be presented for all companies. The share that each of the cooperating companies has must be clearly stated.

## **C) Copy of articles of association, partnership agreement or binding cooperation agreement**

The applicant must submit the applicant's articles of association or a binding partnership agreement. The applicant must also submit any shareholder agreement, if available. If there is no shareholder agreement for the applicant, this must be stated.

Where several companies apply jointly as a single consortium, a binding agreement on cooperation between the applicant companies must be submitted, including relevant collaboration, partnership, company and/or shareholder agreements and associated appendices.

In addition, a summary of the content of the enclosed agreement(s) must be enclosed on a maximum of two pages (per agreement). The summary must describe the key elements of the agreement(s), including decision-making processes and voting rules, roles, ownership, financial liability, transfer limitations, cancellation and termination, etc. The summary shall contain unambiguous references to the relevant provisions of the agreement(s).

## **D) Documentation of fulfilment of minimum requirements**

In the application, the applicant must submit the requested documentation of fulfilment of the minimum requirements for the execution. The document requirements and the basis for the Ministry's assessment of the fulfilment of the requirements are described in Appendix 11.





**E) Documentation of fulfilment of the prequalification criterion**

In the application, the applicant must submit the requested documentation of fulfilment and evaluation of the prequalification criterion. The documentation requirements and how the criterion will be assessed are described in Appendix 4.

The application and associated appendices must be structured and marked in accordance with the layout in Appendix 4 (including both the main criterion and its sub- criteria).

**F) Letter of confirmation from parent company or associate contributing to fulfilment of the prequalification criterion**

If the applicant's fulfilment of the prequalification criterion is based on contributions from the parent company or another associated company, the applicant must submit a letter of confirmation signed by the parent company or associate.

If the applicant relies on contributions from several companies, letters of confirmation must be provided by all companies.

The letter of confirmation must be drawn up as specified in Appendix 7. If the applicant relies on contributions from other companies for the fulfilment of parts of the prequalification criterion, the letter of confirmation must contain a description of the sub-criteria to which the contribution applies.

**G) Letter confirming acceptance of competition terms and conditions and obligation to be liable for liquidated damages**

The applicant shall submit a signed confirmation of commitment in which the applicant accepts the terms and conditions that apply if the applicant wins the auction and the liability (in the form of liquidated damages) associated with breaching these terms and conditions. The liquidated damages shall fall due for payment if the winner of the auction does not enter into the contract for difference.

The confirmation of commitment must be drawn up as specified in Appendix 8. Where the applicant is a consortium, confirmation of commitment must be submitted on behalf of each of the applicant companies.

**H) Letter of confirmation for credit limit for issuance of bank guarantee**

The applicant shall submit a letter of confirmation from the bank that will provide the bank guarantee specified in paragraph 3 IV as security for the payment of liquidated damages by the applicant. The letter of confirmation shall be in a format that essentially corresponds in terms of its form and content to the format set out in Appendix 9.

Applicants who are to participate in the auction must provide a bank guarantee in favour of the state by no later than 14 days prior to commencement of the auction as specified in paragraph 3 IV. The bank guarantee shall be an on-demand guarantee for NOK 400 million, and comply in all material respects with the terms and conditions set out in Appendix 10. The bank guarantee shall be valid for 60 days from the auction date.

The confirmation letter and subsequent bank guarantee shall be issued by a bank that has a credit rating equivalent to at least A- (S&P / Fitch) or A3 (Moody's).



The bank guarantee provided by the winner of the auction will be released after the winner has signed the contract for difference and provided a new guarantee as collateral for the fulfilment of the obligations under the contract.

The Ministry will release guarantees provided by other applicants after the auction has ended.

#### **I) Public version of the application**

The applicant must submit a copy of the entire application, including appendices, where technical installations and procedures, as well as operational or business matters that must be kept secret for competitive reasons (cf. Section 13(1)(2) of the Public Administration Act) have been redacted. The applicant must submit a separate document stating the reasons for each paragraph in the application that is requested be redacted and why it is important that this information be kept secret for competitive reasons; cf. Appendix 2. If other legal grounds for secrecy are cited, this must be specified separately.

It should be noted that the Ministry will, when requesting access, make an independent assessment of whether or not there is a legal basis for exempting the information the applicant has redacted from public disclosure. If, in the view of the Ministry, there are no grounds for exempting the information, the Ministry will be obliged to provide access to such information.

IV. Applications for participation in the auction must be submitted by:

**15 November 2023 at 12.00pm.**

Applications submitted after this deadline will not be considered.

V. No more than one application from the same applicant or consortium will be accepted.

VI. Changes to the application will not be permitted after the expiry of the application deadline, with the exception of possible clarifications made in accordance with item XII below.

VII. No changes may be made within the applicant or applicant companies (consortium) after the deadline for applications for prequalification and until signing of the contract for difference. This means that the consortium must be the same at the time of auction as when it applied for prequalification. After the award and signing of the contract for difference, Section 2d of the Regulations to the Offshore Energy Act and the contract's regulation of transfers and changes to control shall apply.

VIII. The Ministry must be notified immediately of any changes to the information in paragraph 3 III letters B and C through to the award date. The Ministry may independently request additional documentation.

The Ministry must also be notified immediately of any significant changes in the factual circumstances which form the basis for the application through to awarding of the project area.



- IX. The application must be submitted in Norwegian. Appendices to the application that were originally prepared for purposes other than the application may be submitted in English or another Scandinavian language if they are not available in a Norwegian version.
- X. The application must be submitted electronically via the offshore wind energy application portal at [www.altinn.no](http://www.altinn.no)<sup>1</sup>. If the technical solution contains several versions of the same document, the most recently submitted version will be considered to be the valid one.
- XI. The applicant is responsible for any ambiguities in the application, and for ensuring that all questions and requirements are answered and documented.
- XII. The Ministry may, at its discretion, request in writing that the applicant send, clarify or supplement the information and documentation that have been received if the information or documentation appears to contain errors or ambiguities, or if certain information or documents are missing. If the applicant fails to submit the requested information within five working days, the application will not be considered.
- XIII. The Ministry reserves the right to reject applications that contain deviations, reservations or ambiguities related to the announcement documents.

## 6. Auction

- I. The auction will be carried out in the form of an English auction with open bidding.
- II. Bids must be specified in NOK øre/kWh. The winning bid will determine the contract price included in the contract for difference.
- III. If the auction ends in a tie between two or more applicants so that an auction winner cannot be chosen, the competition will be determined by drawing of lots.
- IV. Detailed auction rules will be published well in advance of the auction. These auction rules are deemed to have been accepted through participation in the auction.

## 7. Further information

- I. The announcement documents and associated appendices have been prepared in Norwegian. The Ministry has published an unofficial English version of parts of the announcement documents. Those are appendices 1, 3, 7, 9 and 10. In the event of differences between the two versions, the Norwegian version shall apply.
- II. After announcement, all communication with the Ministry regarding the announcement, the prequalification process and the auction shall exclusively take place by email to [havvind@oed.dep.no](mailto:havvind@oed.dep.no). Enquiries made via other channels will not be answered.
- III. Applicants may submit written questions concerning the documents during the period

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<sup>1</sup> [om-teknisk-losning-for-innsendelse-av-soknad-om-tildeling-av-prosjektomrade-sorlige-nordsjo-ii.pdf](http://om-teknisk-losning-for-innsendelse-av-soknad-om-tildeling-av-prosjektomrade-sorlige-nordsjo-ii.pdf) ([regjeringen.no](http://regjeringen.no))  
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from 17 April to 1 June 2023. Questions may only be submitted by email to [havvind@oed.dep.no](mailto:havvind@oed.dep.no), and will be answered on an ongoing basis and made available in anonymised form on <https://www.regjeringen.no/no/id2830329/>.

- IV. All information about the competition, including questions and answers and any changes, will be published at <https://www.regjeringen.no/no/id2830329/>.
- V. Applicants are encouraged to stay up-to-date on <https://www.regjeringen.no/no/id2830329/>.

## 8. Schedule

Activity	Date
Notification of announcement	29 March 2023
Period for submission of questions	17 April – 1 June 2023
Updated notification of announcement	17 October 2023
Deadline for submission of applications for prequalification	15 November 2023 at 12:00pm
Expected publication of detailed auction rules	October 2023
Expected decision on which players that may participate in the auction	January 2024
Expected auction date	February 2024

## 9. Reservations

- I. In the period up to the application deadline, the Ministry may make corrections, supplements or amendments to the announcement documents. Any corrections, supplements or amendments to the announcement documents will be announced at <https://www.regjeringen.no/no/id2830329/>. In the event of any changes, the Ministry will consider whether or not the application deadline should be postponed.
- II. The Ministry is working on amendments to the regulations, including those relating to national security. The competition will be carried out in accordance with the rules in force at any given time.
- III. The Ministry reserves the right not to assess the applications or carry out the auction.
- IV. In special cases, the Ministry may refrain from awarding project areas; cf. Section 2c of the Offshore Energy Act.
- V. Announcement shall be subject to the EFTA Surveillance Authority's (ESA) approval of the state aid as lawful state aid.

## 10. Appendices

Appendix 1 - Template for application letter, Sørlige Nordsjø II

Appendix 2 - Template for justification for redaction of application to participate in the auction

Appendix 3 - Project area, grid connection and regulatory conditions for the first phase of



Sørilige Nordsjø II

Appendix 4 - Description of prequalification criterion for the first phase of Sørilige Nordsjø II

Appendix 5 - General description of the Ministry's proposed state aid model for the first phase of Sørilige Nordsjø II

Appendix 6 - Contract for difference (to be published at a later date)

Appendix 7 - Template for confirmation of intention to support applicant

Appendix 8 - Template for confirmation of obligation to be liable for liquidated damages

Appendix 9 - Form for confirmation of credit limit for issuance of on-demand guarantee

Appendix 10 - Form of on-demand guarantee

Appendix 11 – Description of the minimum requirements for the execution of the project

If any errors are discovered in the announcement and associated appendices, please notify the Ministry by e-mail to [havvind@oed.dep.no](mailto:havvind@oed.dep.no).