10 AUGUST 2025

COMPLAINT TO THE EFTA SURVEILLANCE AUTHORITY

UNLAWFUL STATE AID GRANTED THROUGH 'NORWAY PRICE' FOR ELECTRICITY

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1. INTRODUCTION

(1) This complaint is submitted on behalf of the following companies and organizations:

- ABK-Qviller AS
- Contura AB
- Daikin Airconditioning Norway AS
- Dråpe Entreprenør AS
- EPTEC Energi AS
- FJ Klima Norge AS
- Flexibility AS
- Høiax AS
- Jøtul AS
- Mitsubishi Electric B.V Norwegian Branch NUF
- Nordic Clima AS
- Nordisk Energikontroll AS
- Nordpeis AS
- Norges Naturvernforbund
- Norsk Kleber AS
- Norsk Varme
- Norsk Varmepumpeforening
- Oso Hotwater AS
- Panasonic Marketing Europe GMBH NUF
- Pingvin Klima AS
- Skarpnes AS
- Thermia Norge AS
- Varmepumpeservice AS
- Varme & design AS
- Byggmester Jan Kvilvang

(2) For the sake of simplicity, the complainants are hereinafter refered to as "**we**".

(3) The Norwegian Parliament has decided to introduce Norway Price[1], a fixed price scheme for electricity for NOK 0.40 per kWh (**Norway Price** or **the scheme**) from 1 October 2025. The scheme will be a voluntary alternative to the current electricity subsidy scheme that all households and holiday homes will be offered.

[1] In Norwegian, "Norgespris".

(4) A similar regime for district heating, Norway Price for district heating, will also be introduced. We will not specifically address this parallel regime in the present complaint, as it is but a consequence of the regime for electricity. That being said, the regime for district heating may raise different legal issues and illustrates the existence of a competitive relationship between different heating technologies and sources, which the Norwegian government appears to recognize through the inclusion of district heating in the Norway Price concept.

(5) The sheer number of complainants illustrates the economic and environmental importance of the matter. A large majority of households will presumably opt for Norway Price when it is introduced, in particular in Southern Norway. This will in turn lead to higher electricity consumption — in particular also for heating purposes —and higher electricity prices. The increase in prices will benefit producers of electricity at the expense of other energy sources for heating, such as wood. Further, the scheme will benefit traditional electric heating appliances, and will be to the detriment of heat pumps, wood-firing stoves, and other energy savings and smart energy consumption technologies. These effects will be severe – for example, it is estimated that 45% less heat pumps will be sold in the period up to 2030 as compared with a scenario without Norway Price, if one only looks at the historical correlation with the electricity price alone. Norway Price will in addition jeopardize the objectives Norway has set itself as regards the reduction of CO2 emissions, simply because Norway Price will lead to easily avoidable electricity consumption by households, and will hence slow or derail the necessary electrification of other parts of the economy.

(6) The present complaint will thus demonstrate that **Norway Price will entail the granting of (indirect) unlawful state aid in two regards**, namely i) to **electricity production,** at the expense of alternative (heating) energy sources such as wood, and producers and sellers of **traditional electric heating devices**, in particular at the expense of those producing and selling wood-burning stoves, geothermal energy devices and importantly, heat pumps.

(7) On a more overarching level, the scheme is in blatant contradiction with the objectives of both the EEA Agreement in general, and state aid rules in particular. It will affect the electricity markets in Norway and its neighboring countries, entailing that Swedes, Finns and Danes who already have higher electricity prices than Norwegians face higher electricity bills – jeopardizing thereby the internal energy market. It will create significant distortions of competition between competing technologies and set back those technologies that are crucial for attaining more efficiency in household energy consumption and in meeting climate objectives. Last but not least, it will be particularly damaging for energy sources such as wood which have an important role to play for security of supply and preparedness for crisis situations.

(8) The complaint focuses on those aspects and effects of the scheme that are pertinent for the legal analysis under the lens of state aid rules. In doing so, we present the relevant factual background in section 2 of the complaint. In section 3, we provide our legal analysis.

(9) In view of the importance of this case and the damage the introduction of Norway Price will wreak, the EFTA Surveillance Authority (**ESA or the Authority**) is urged to prioritize this case and open a formal investigation procedure swiftly. The Authority ought also to consider to issue a suspension injunction in accordance with Article 11 of Protocol 3 Part II to the Surveillance and Court Agreement – indeed, if there is one aspect of the scheme that almost everybody agrees on, it is that its consequences have not been assessed in sufficient detail, and that the government ought to have also explored alternative means to reduce households' energy bills. By means of example, please refer to the conclusions of the Norwegian Better Regulation Council[2]. Suspending the introduction of the scheme would thus both prevent its

[2] *In Norwegian «Regelrådet»*. See https://regelradet.no/2025/04/07/forslag-til-ny-lov-om-norgespris-og-stromstonad-til-husholdninger/

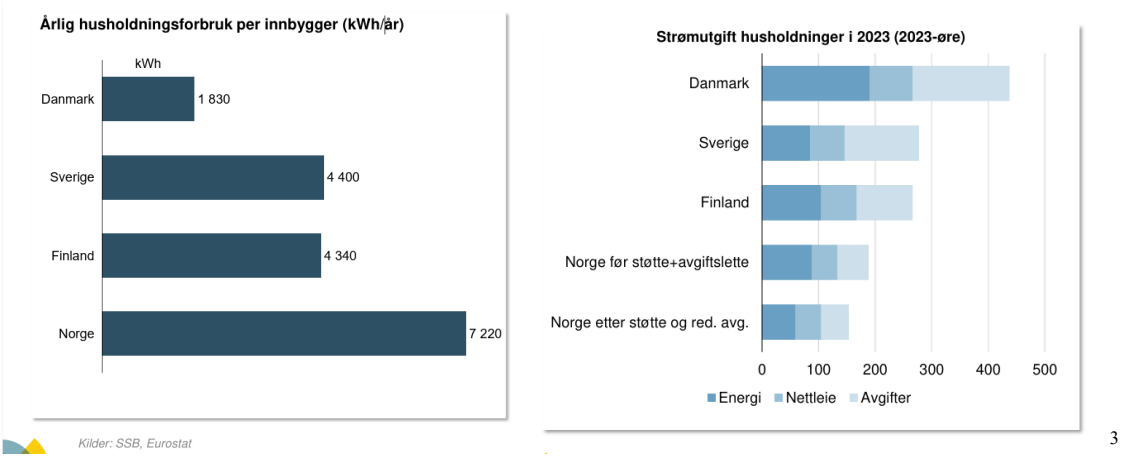
damaging effects and give the Norwegian authorities the opportunity to also assess more appropriate instruments to reduce the energy bills of those in need of it.

2. FACTUAL BACKGROUND

2.1 Introduction

(10) Norway is one of the world's most electrified countries. Compared with other countries in Scandinavia, households consume more, and pay less, for electricity.

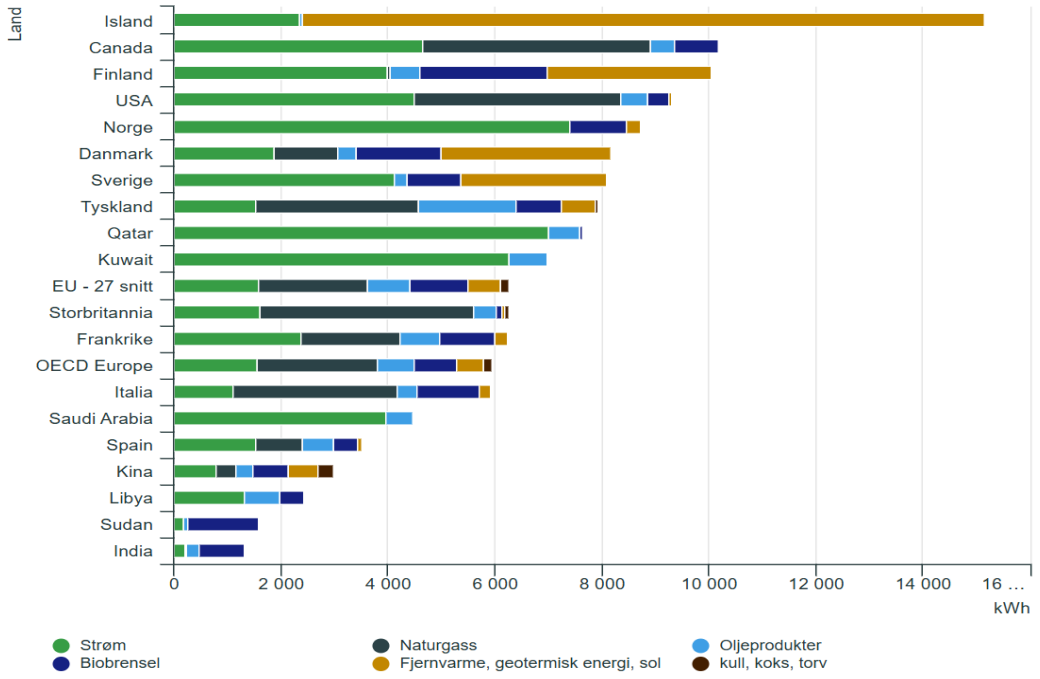
Figure 1: Household consumption and expenses



[3]

(11) Further, the share of electricity in the energy mix is much higher than in other countries.

Figure 2: Energy mix[4]



[5]

[3] Attachment III, pages 3 and 26.
[4] "Strøm" (Green) illustrate the use of electricity.
[5] Statistics Norway (2022) https://www.ssb.no/energi-og-industri/energi/artikler/varmepumper-reduserer-utgiftene-til-stromavhengige-

As the above also illustrates, Norway and its households are highly dependent on electricity as an energy source. The total annual end use of electricity in Norway was 117 TWh in 2024 of which private households consumed 39 TWh (33 percent)[6]. **Households thus account for approximately a third of Norway's total electricity consumption**.

(12) In 2023, the average total energy consumption per household was around 18,900 kWh. Electricity accounted for 15,700 kWh, which is about **83% of household's total energy consumption**, whereas the remainder is provided by wood and district heating, The electricity dependency of households in the EU is significantly lower, at about 25% on average[7].

(13) There is one main reason for this electricity dependency: Norwegian households rely chiefly on electricity for heating. A staggering **two thirds of all electricity consumed in households is used for heating purposes**[8]. Approximately 10-12% is used for hot water[9] and approximately 4% for charging of electric cars[10].

(14) The importance that household customers have for total electricity consumption, and the fact that electricity is the main source for heating, are facts that are essential to bear in mind for the assessment of this complaint, as these elements of background distinguish the Norwegian energy market from any other European country. As we will revert to below, **fixing the price of electricity in Norway at a low level has profound effects — and more so as would have been the case elsewhere.**

(15) The retail market for electricity, and the market for heating, thus need further explanation.

2.2 The retail market for electricity in Norway

(16) Household customers in Norway are free to choose their power supplier. There is fierce competition among the power suppliers for those end users, with more than 100 different electricity suppliers operating nationwide.

(17) End users can (in principle) choose between three main types of electricity contracts: fixed price, standard variable price and spot price (based on market prices, with a mark-up).

(18) Spot price contracts are by far the most common contract type for all categories of end users, except for power-intensive industries, for which fixed price contracts are more common. For households, **spot price contracts covered 94.9% of electricity consumption** in Q3/2024[11].

(19) As regards spot price contracts, electricity suppliers buy electricity at the spot price in the wholesale market and sell it at the same price to end users, including a mark-up which covers their operating costs.

(20) Competition between electricity suppliers for end users is mainly based on price, i.e. the size of mark-up. Increasingly innovative services such as apps that help monitor and manage electricity consumption have become an important competitive factor. Indeed, it is cost-saving for households with spot price contracts to move their consumption to periods with (low) electricity prices, and these new services enable such steps.

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nordmenn#:~:text=Str%C3%B8m%20til%20oppvarming%20i%20Norge%E2%80%A6%20I%202021,blitt%20sett%20p%C3%A5%20som%20en%20dyr%20luksusvare .

[6] Statistics Norway (2024) https://www.ssb.no/statbank/table/11561

[7] Statistics Norway (2022) https://www.ssb.no/energi-og-industri/energi/artikler/varmepumper-reduserer-utgiftene-til-stromavhengige-nordmenn.

[8] https://www.nve.no/energi/energisystem/energibruk/energibruk-i-bygg/

[9] NVE (2024) https://www.nve.no/energi/energisystem/energibruk/energibruk-i-bygg/.

[10] Statistics Norway (2022) https://www.ssb.no/energi-og-industri/energi/statistikk/produksjon-og-forbruk-av-energi-energibalanse-og-energiregnskap/artikler/lavere-stromforbruk-men-mer-bruk-av-ved-i-2022

[11] Statistics Norway (2024) https://www.ssb.no/en/energi-og-industri/energi/statistikk/elektrisitetspriser/article-for-electricity-prices/lower-electricity-price.

(21) The **prevalence of spot-price contracts makes households particularly perceptible to respond to market signals**, i.e. changes in electricity prices. This is in contrast to the consumption of industry, which is relatively stable throughout days and the year[12]. Recent research illustrates that households do respond to (hourly) price signals – reducing their electricity consumption with approximately 3% during times of high electricity prices[13].

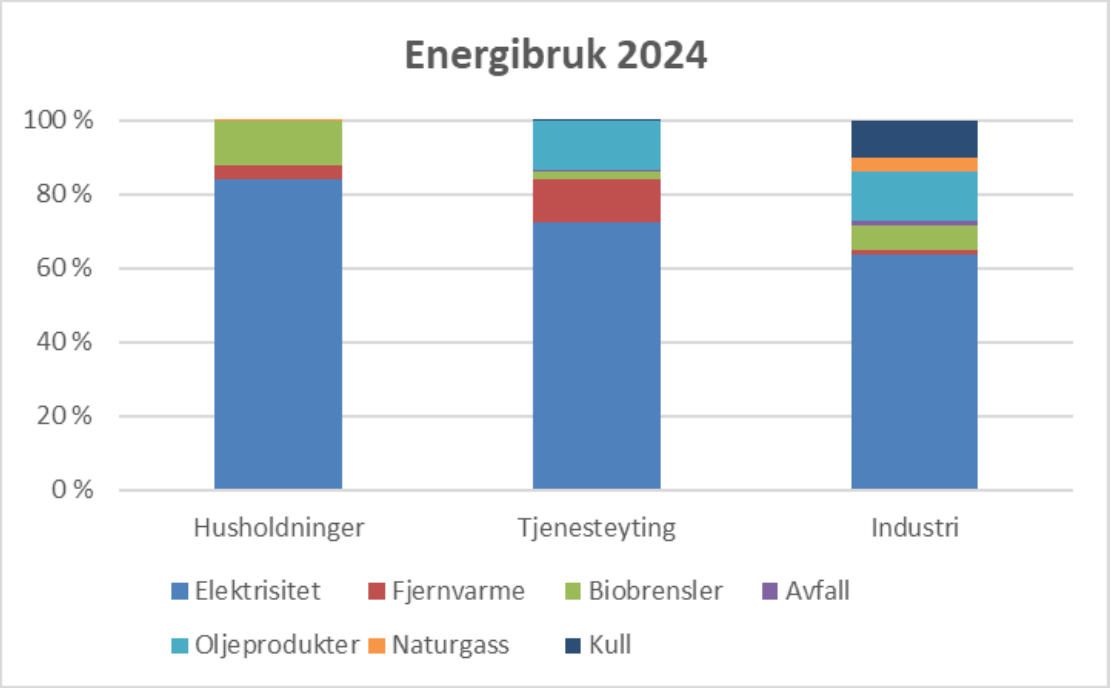
(22) In summary, Norwegian households consume a large amount and share of electricity, which hitherto was directly exposed to price signals that Norwegian households responded to, by reducing electricity consumption when prices were high. With Norway Price, a large share of households' ca. 39 TWh electricity consumption will be shieled from price signals in the form of quickly changing market prices for electricity.

2.3 The heating market

(23) Norway has a cold climate, and a large part of its energy consumption is used for heating. Unlike most other countries, the dominant source is direct electric heating. The high proportion of electric heating can put pressure on the power supply during cold periods[14].

(24) Indeed, most of households' energy provided by electricity (approx. 80 per cent), with the remainder mostly covered by biofuels (around 15 per cent), of which wood burning accounts for a significant share, as the following illustrates. The remainder is mostly made up of district heating. Recall also that approximately two thirds of households electricity consumption is used for heating, meaning that more than half of total energy consumption in households is made up of electricity used for heating.

Figure 3: Household energy consumption



[15]

[12] Attachment III, page 16.
[13] Hofmann, Lindberg, Evidence of households' demand flexibility in response to variable hourly electricity prices – Results from a comprehensive field experiment in Norway https://www.sciencedirect.com/science/article/pii/S0301421523004068#abs0010
[14] https://energifaktanorge.no/en/norsk-energiforsyning/varmeforsyning/
[15] Source: Statistics Norway (2024)

(25) Note however that electricity used for heating powers two distinct types of technologies. On one hand, there are the widespread traditional electric heating devices, where an electrical device converts an electric current into heat. One the other hand, there are heat pumps, which are much more efficient, putting out two to five times as much energy in the form of heat as they are using in electricity. For relatively cheap electric heating appliances such as space heaters, the theoretical maximum would be 100% efficiency, and the best models today reach around 95% efficiency[16]. Heat pumps on the other hand require a significantly higher upfront investment and are therefore only economically rational when electricity prices exceed a certain threshold.

(26) There is a lot of empirical and analytical evidence demonstrating an **unequivocally clear correlation between electricity prices and the use of alternative heating fuels, and alternative heating technologies such as heat pumps**. We will revert in greater detail to how these correlations shape the impact Norway Price has on the market but will first turn to the scheme itself.

2.4 Norway Price for electricity

(27) On 31 January 2025, the Norwegian government proposed to introduce **Norway Price – a fixed price scheme for electricity of NOK 0.40 per kWh from 1 October 2025**. The proposal was sent for public consultation on 10 March 2025.[17] On 31 March, the government also proposed introducing Norway Price for households that use district heating. On 23 May, the government adopted a formal legislative proposal[18] for the introduction of Norway Price for both electricity and district heating (the legislative proposal). The proposal was adopted by the Norwegian parliament on 20 June 2025, even though several political parties voted against it.

(28) The regulation of Norway Price is contained in the Norwegian act on Norway Price and electricity subsidies for households (Nw: "*lov om Norgespris og strømstønad til husholdninger*") (LOV-2025-06-20-44) (**the Act**), which was announced 20 June 2025. The legislative proposal is contained in Prop. 148 L (2024–2025). The Act also covers the existing electricity subsidy scheme.

(29) Norway Price is a voluntary alternative to the current electricity subsidy scheme offered to all households and holiday homes.

(30) The price is set based on historical average prices but is expected to be ***significantly*** **below market prices** in Southern Norway. The Act does not establish a clear and transparent method for how the price will be determined after 31 December 2026.

(31) The government expects that the scheme will entail public expenditure of approximately NOK 6.6 billion (and NOK 370 million for district heating) for 2026. This estimate is inter alia based on an assumption that 70% of household in Southern Norway will choose Norway Price in 2026. All analyses show that for nearly all households in Southern Norway, choosing Norway Price would be the economically rational choice.

(32) The local distribution system operators (**DSOs**) and district heating companies **will administer the scheme** and be the contracting parties to the customers choosing Norway Price. DSOs will be responsible for settling the accounts of their Norway Price customers. DSO will refund customers the delta to Norway price if market prices are above Norway Price, and invoice the delta if market prices are below Norway Price. No

[16] Technology Review (2023) https://www.technologyreview.com/2023/02/14/1068582/everything-you-need-to-know-about-heat-pumps/#:~:text=Heat%20pumps%20today%20can%20reach%20300%25%20to,best%20models%20today%20reach%20around%2095%25%20efficiency.

[17] The government (2025) https://www.regjeringen.no/no/dokumenter/horing-av-forslag-til-ny-lov-om-norgespris-og-stromstonad-til-husholdninger/id3090841/

[18] The government (2025) https://www.regjeringen.no/no/dokumenter/prop.-148-l-20242025/id3102011/?epsremainingpath=id3102011%2f.

compensation to DSOs is provided for in the legislative proposal, such that the administrative expenses the scheme entails for DSOs will have to be financed by network levies. This means that all electricity customers must cover the administrative costs of Norway Price - even those who are not offered it, such as businesses, industry, and Norwegian municipalities, and those not opting for it.

(33) The scheme is meant to have a duration until 31 December 2029.

(34) According to Parliament's decision of 20 June 2025, and as illustrated by a Q&A dated 26 June 2025,[19] the following monthly consumption caps will be used:

- Electricity for households: 5000 kWh
- District heating for households: 4500 kWh
- Electricity and district heating for holiday homes: 1000 kWh

(35) According to an analysis made med THEMA Consulting,[20] the consumption "cap" of 5000 kWh will in practice mean that only 4% of households may at some point in the course of a year have electricity consumption above the cap. The electricity consumption above the cap will amount to ca. 0.3% of total electricity household consumption. In practice, this means that Norway Price will be the price households opting for it will pay, and that they will be de-linked from market prices and price signals.

(36) This **fixed-price scheme for up to a third of Norway's electricity consumption** will in turn give rise to profound effects in the electricity market and adjacent markets, as the following indicates.

2.5 Overview of likely consequences and effects of the adopted scheme

(37) In the following, we focus on those effects which we consider to be of greatest relevance for the ensuing legal assessment.

(38) The government assesses the effects of Norway Price in section 5 of its consultation paper for the public consultation[21] and in section 3 of the legislative proposal. By and large, it confirms that the scheme will indeed lead to higher consumption of electricity, higher prices at certain times, weakened incentives to save electricity (or move consumption), including investments in alternative heating solutions, as exemplified by the following statement:

> *"The Ministry considers that Norway Price could reduce incentives to invest in heating solutions based on alternatives to electricity, including heat pumps, wood burning, wood chips and pellets, compared with the current electricity subsidy scheme. In winter, when electricity prices are typically high, the Norway Price will make alternative heating solutions less attractive relative to electric heating. It is difficult to estimate the extent to which the introduction of the Norway Price will affect the heating market."*[22]

(39) Generally speaking, the government acknowledges the presence of some of the scheme's negative effects but claims that those are difficult to assess and/or largely immaterial.

(40) This view is in contrast with some of the most pertinent voices responding to the public consultation, including leading analysts, which have made plausible estimates of different consequences of the Norway Price.

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[19] The Norwegian government (2025) https://www.regjeringen.no/no/tema/energi/strom/sporsmal-og-svar-om-norgespris/id3089310/?expand=factbox3113092.
[20] Report dated 18 March 2025, enclosed as Attachment II, page 11.
[21] Ministry of Energy (2025), https://www.regjeringen.no/contentassets/428d4ed2a03f47de9cc333609ff18106/horingsnotat-ny-lov-om-norgespris-og-stromstonad-til-husholdninger.pdf
[22] DeepL-machine translation of section 5.5 of the consultation paper.

(41) **First,** it seems clear that the scheme will lead to increased consumption of electricity by Norwegian households. According to the THEMA report dated 18 March 2025, for example, consumption will rise by 1.2% in 2026, and by 7.4% in 2030 as compared with a scenario in which the scheme was not introduced.[23]

(42) Higher electricity consumption by household customers **secondly** has certain inevitable effects. It will necessarily increase the market price (spot price) at times where it is higher than Norway Price, because the existing incentive for consumers to not consume electricity (in such a situation) is significantly weakened. An estimate of this effect is contained in the THEMA report dated 18 March 2025,[24] suggesting that market prices in Norway will increase by up to 3.7% in 2026, and 8.8% in 2030 as a result of the scheme, leading then to an increase of electricity expenses for entities that are not covered by the scheme, such as businesses. Similarly, it will lead to a significantly higher market prices in neighboring countries (Denmark, Sweden, Finland). These potentially grave consequences appear to have motivated a number of authorities, associations and companies from neighboring countries to voice their concerns in the public consultation, testifying to the fact that the effects of Norway Price likely will extend beyond Norway..

(43) Higher electricity prices **thirdly** will entail higher income for electricity producers, in particular for hydro (reservoir) electricity producers, who can also produce when the market prices are high (or switch off production when market prices are low). Solar and wind might conversely see only marginal increases of their income, or might even see it being reduced.[25] Also district heating producers will have increased revenues, as a result of the fact that the price for district heating is linked to the market price for electricity, and the government will cover the difference between Norway Price for district heating, and the market price for electricity. Conversely, as we will elaborate on below, competing energy sources and producers, such as in particular wood, ambient heat[26] will see their revenue decrease.

(44) **Fourth**, and as indicated above, households benefitting from Norway Price will no longer have an incentive to save electricity or move consumption to periods when market prices are lower. This will in turn negatively affect a range of sectors and technologies, such as manufacturers and suppliers of wood-burning stoves, bio energy, heat pumps, solar panels and energy storage. Suppliers of smart energy technologies (control systems, electric car charging, water heaters, etc.) will also be negatively affected when the price incentives for electricity savings and consumer flexibility disappear for households and holiday homes. This effect is not contested by the government and is underlined by numerous respondents to the public, and publications[27]. A pertinent example of these effects – Norway Price's impact on wood producers and wood burning stoves – is analyzed by THEMA consulting.[28] In short, there is a clear correlation between wood used as a heating source, and electricity prices.[29]

(45) Overall, it is both unusual and noteworthy that even public authorities such as the Norwegian Competition Authority, Statistics Norway (SSB), the Norwegian Water Resources and Energy Directorate (NVE) and the Norwegian Energy Regulatory Authority (NVE-RME) were so outspokenly critical of a government proposal, emphasizing also that a strong intervention into the market seems at this juncture simply unnecessary, as NVE points out in their response to the public consultation on the Norway price scheme:

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[23] See for example page 20 of Attachment II.
[24] Attachment II, page 15.
[25] Teknisk ukeblad (2025) https://www.tu.no/artikler/norgespris-vil-gi-hoyere-spotpris-og-flere-13-kronerstimer/555459.
[26] Ambient heat refers to the thermal energy freely available from the surrounding environment, like solar radiation or geothermal sources. It's a renewable energy source, as it's constantly replenished by the sun. Ambient heat can be used for various purposes, including heating buildings, water, and even for powering heat pumps.
[27] See also Attachment V for example.
[28] Attachment IV.
[29] See also Statistics Norway (2023) https://www.ssb.no/energi-og-industri/energi/statistikk/produksjon-og-forbruk-av-energi-energibalanse-og-energiregnskap/artikler/lavere-stromforbruk-men-mer-bruk-av-ved-i-2022:
" *The increase in electricity prices has contributed to rising wood consumption in recent years. In 2022, the use of wood and pellets in households rose by 6.3 per cent from the previous year, reaching 6.7 TWh, which is the highest level since 2012. Around 20 per cent of this is used in holiday homes."*

> *"As mentioned in the consultation paper, electricity costs for Norwegian households have fallen sharply over the past couple of years, and last year they were almost back to the levels of 2018 and 2019. It is worth noting that in parallel with the fall in the price of electricity, the support schemes for households have been steadily strengthened. In other words,* ***we are seeing a trend where increasingly powerful support schemes are being introduced to mitigate a problem that has become increasingly smaller****."*[30] (emphasis added)

(46) NVE has also pointed out that Norway Price will make it harder to reach Norway's objective to reduce electricity consumption in buildings with 10 TWh by 2030[31].

2.6 *Further on the impact of Norway Price on the heating and energy markets*

(47) In order to facilitate the ensuing legal analysis, we have decided to focus in particular on two markets where Norway Price will create clear winners and losers and hence give rise to (indirect) state aid. The heating market, on the one hand, and the energy production market, on the other hand.

(48) As to the latter, consider the following quote from Norway's SSB:

> *"Statistics Norway's monthly electricity statistics show a decline in electricity consumption for general supply of as much as 9 per cent in the first 11 months of 2022, compared with the previous year. Some of the declines can be explained by warmer weather in 2022 than the year before. However, the statistics also show that since 2010, it is only in 2011 and 2014 that consumption in the general supply in the period January-November has been lower. This indicates that people have reduced their electricity consumption due to higher prices. At the same time, there has been a large increase in demand for firewood, and many firewood producers were quickly sold out in 2021 and 2022, while firewood prices have risen sharply, indicating a transition from electricity to firewood."*[32]

(49) In short, what the SSB points out is that there is a clear correlation between electricity prices and use of wood for heating purposes, and that changes to electricity prices have an empirically detectable substitution effect. Evidently, this means that a consumption subsidy for electricity such as Norway prices increases the revenue for electricity producers, and reduces revenues for an alternative, competing heating energy source, wood.

(50) THEMA consulting has analyzed this correlation and substitution effects in more detail. Their report is enclosed as Attachment IV. In short, they estimate that Norway Price could result in MNOK 700 lower revenue for wood producers compared with a scenario without Norway Price. In any event, it can be expected that the subsidization of one source of (heating) energy will lead to more of it being used for heating, to the advantage of those producing electricity, and at the expense of those offering competing heating energy.

(51) An additional consideration to bear in mind is that wood can be easily stored and that it can therefore be used as a "hedge" against high electricity prices. In winter, when electricity is expensive, those with stored wood can to a greater extent rely on this energy source to heat their homes. As also shown in the analysis, sales of wood-burning stoves increased in the wake of the energy crisis, when electricity prices soared and there was a lot of uncertainty of their future trajectory. Buying wood and wood-burning stoves to hedge

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[30] NVE (2023) https://www.regjeringen.no/no/dokumenter/horing-av-forslag-til-ny-lov-om-norgespris-og-stromstonad-til-husholdninger/id3090841/Download/?vedleggId=e2133186-bf3a-41f9-bb7f-f5e147dfa97b, Deepl-translation.

[31] See Attachment VI, page 5 – office translation: "*If Norway Price is introduced, this may lead to higher electricity consumption in buildings, and therefore entail that we will fall even further behind our objective for 2030. Lower electricity prices reduce incentives for investments in energy efficiency, solar panels and heat pumps*".

[32] Deepl-machine translation from https://www.ssb.no/energi-og-industri/energi/artikler/varmepumper-reduserer-utgiftene-til-stromavhengige-nordmenn#:~:text=Str%C3%B8m%20til%20oppvarming%20i%20Norge%E2%80%A6%20I%202021,blitt%20sett%20p%C3%A5%20som%20en%20dyr%20luksusvare.

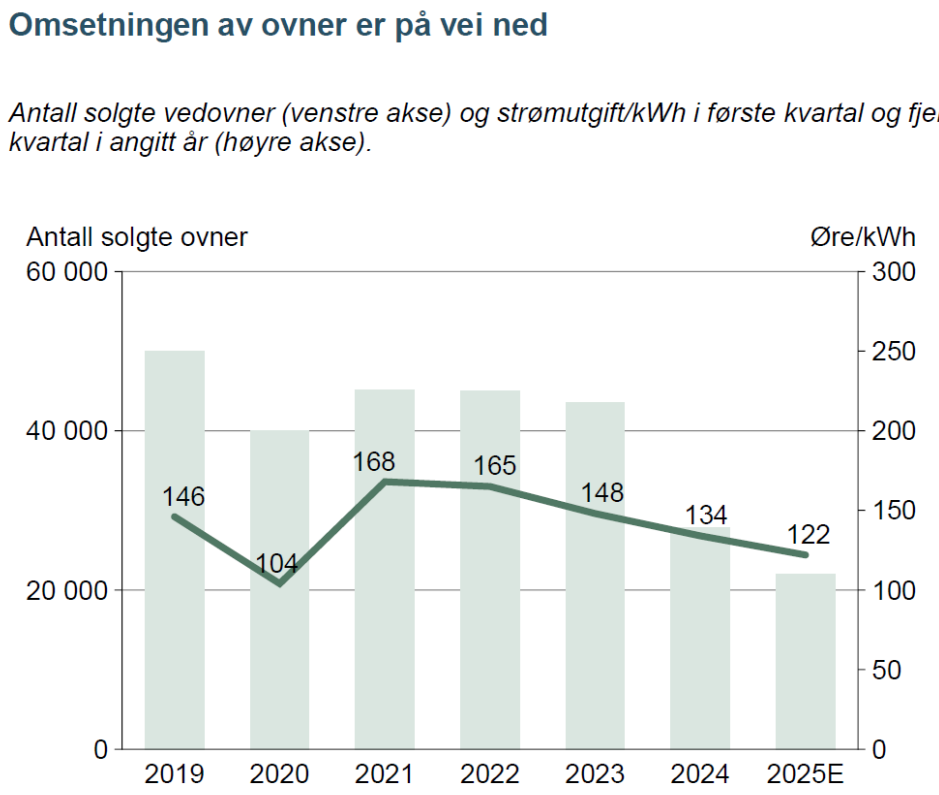
against uncertainty will not take place any longer when Norway Price is introduced. It is thus not surprising that producers of wood-burning stoves have raised concerns about their future in the wake of Norway Price's announcement[33].

(52) Similar and even more pronounced effects are to be expected for heating appliances, where traditional electric heaters will benefit, whereas (more costly) alternatives such as wood-burning stoves and heat pumps will be sold and installed less.

(53) Revering firstly to wood-burning stoves, a leading Norwegian producer, Jøtul AS, has already indicated that it may have to reduce its personnel as a result of Norway Price[34].

(54) THEMA Consulting indeed estimates that the scheme might lead to a significant reduction in the sale of wood-burning stoves.

Figure 4: Sales of wood burning stoves compared with electricity prices



(55) Less sales of wood-burning stoves will almost necessarily mean more sales of other heating devices, and in particular those that are overall, when purchasing costs and operating costs (i.e. price of energy/electricity) are taken into account, most economically attractive. This is in particular the case for traditional electrical heaters, a heating technology that can be substituted with another type of heat supply negatively affected by Norway Price: Heat pumps.

(56) Heat pumps have in recent years become increasingly widespread in Norway. In 2004, only approximately 4% of households had heat pumps, a number that has risen to ca. 41% in 2022[35].

(57) To quote the SSB article again:

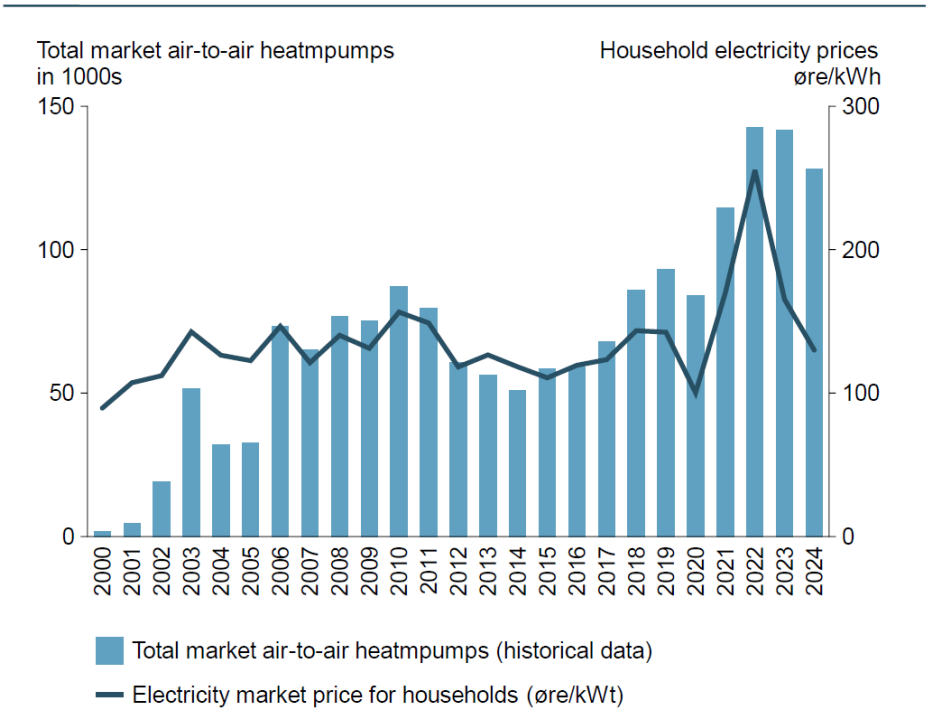
[33] https://www.nettavisen.no/okonomi/jotul-slar-alarm-om-norgespris-frykter-oppsigelser/s/5-95-2456467
[34] https://www.nettavisen.no/okonomi/jotul-slar-alarm-om-norgespris-frykter-oppsigelser/s/5-95-2456467
[35] Deepl-machine translation from https://www.ssb.no/energi-og-industri/energi/statistikk/energibruk-i-husholdningene/artikler/vi-bruker-mindre-energi

"In 2022, 41 percent of all households had a heat pump, up from 27 percent in 2012. For single-family homes, the proportion with a heat pump was as much as 65 percent in 2022, which is 21 percentage points more than in 2012." "The decrease in energy use over time is probably related to the increased use of heat pumps and other measures to save energy,"

(58) Also, the correlation between sales of heat pumps and electricity prices has been analyzed in greater detail by others.

(59) THEMA Consulting has for example in its analysis[36] attributed 1 TWh of the household electricity consumption reduction of a total of 2.2 TWh in the period 2020 to 2023, where electricity prices peaked, to energy saving measures, such as the installation of heat pumps. There is also historical evidence that higher electricity costs drive up the sales of heat pumps, and low electricity costs have the opposite effect. The following graph illustrates the foregoing:

Figure 5: Electricity prices and heat pump sales



[37]

(60) These facts correspond to the experience of the sector, summarized as follows by the Norwegian Heat Pump Association:

"Over several years, we have observed how demand for heat pumps rises and falls as electricity prices go up and down. In years of high electricity prices, hundreds of media articles are written about how to save electricity, and heat pumps get a lot of attention."[38]

(61) Further support for the first observation comes from THEMA Consulting's estimate that Norway Price could lead to as much as **45% reduction in the sale of heat pumps** as compared to a scenario without Norway price, if one only looks at the historical correlation with the electricity price alone. [39]. Moreover, recent data collected by the Norwegian Heat Pump Associations show that heat pump sales have dropped 14.5 % in the first half of 2025, compared with the same period in 2024.[40] Low electricity prices, the existing

[36] Attachment II, page 9.
[37] Attachment II, page 9
[38] https://www.novap.no/artikler/lavere-strompriser-forte-til-nedgang-i-varmepumpesalget
[39] Attachment I, page 14.
[40] https://www.novap.no/artikler/salg-av-varmepumper-faller-videre-i-andre-kvartal-2025

electricity subsidy scheme, and in particular also the announcement of Norway Price have been identified as key reasons for this development. The heat pump market for commercial buildings paying market electricity prices has grown, on the other hand. .,

(62) The latter point in the above quote – media attention – leads us to another important point. Uncertainty and concerns about future electricity prices are yet another important factor for people to invest in electricity-saving appliances or alternative heating systems. Households are more prone to invest in types of energy supply or alternative heating sources faced with uncertainty as to development of electricity prices going forward, is also corroborated by econometric analysis[41].

(63) The proposed scheme would remove this effect, and undoubtedly slow — if not halt — the roll-out heat pumps, wood-burning stoves and even solar panels. Indeed, the mere announcement of Norway Price has led many to abort intended investments in such technologies[42].

(64) It seems appropriate to conclude this section with a few quotes[43] from the head of Nibe Industrier AB, a leading heat pump producers[44].

> *"Our subsidiaries, ABK-Qviller, Høiax and Nordpeis, have played a key role in developing and offering energy-efficient and smart solutions for Norwegian households. These companies have invested in innovation, new technology and efficient production, but if Norway Price is introduced, we now see that much of this value will be lost. […]*
>
> *ABK-Qviller, one of Norway's leading suppliers of heat pumps, is already seeing signs of a sharp decline in sales. This is a direct consequence of the proposal for a Norwegian price, which was presented at a press conference on 31 January, without any kind of impact assessment having been carried out.*
>
> *In our forecasts for sales of heat pumps in Norway, an important assumption is that Norway has adopted a target of ten terawatt hours (TWh) reduced electricity consumption in buildings by 2030. In order to achieve this goal, NVE has shown in analyses carried out on behalf of the Ministry of Energy that this requires an increase of between 40 and 75 per cent in the number of heat pumps installed by 2030.*
>
> *Nordpeis is already facing major challenges due to the organisation of the electricity subsidy scheme. The market for wood-burning stoves declined by around 40 per cent from 2023 to 2024. With the introduction of Norway Price, we fear that the bottom will fall out of the market for wood-burning stoves in Norway. When electricity consumption is high, especially on cold days, wood burning relieves the power system and helps to reduce power peaks. With Norway Price, it is impossible for wood burning to compete with electric heating. This effect is also not mentioned in the consultation proposal".*

(65) When Norway's two main alternative heating sources (wood-burning stoves and heat pumps) to traditional electric heating expect major falls in sales as a result of Norway Price, actors that produce and sell traditional electric heaters will necessarily benefit. In our view, this foreseeable effect also has the consequence of conferring unlawful state aid upon those actors, in addition to producers of electricity. We will elaborate on these considerations in the following.

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[41] https://www.samfunnsokonomen.no/aktuell-kommentar/norgespris-usikkerhet-og-ettersporsel-etter-stromsparing/

[42] See for example https://www.aftenposten.no/oslo/i/kwVqgB/borettslaget-hadde-planer-om-aa-pepre-takene-med-solceller-saa-kom-norgespris.

[43] Please note that these quotes are an AI-generated office translation of the statements in question.

[44] https://www.dn.no/innlegg/norgespris/strompris/teknologi/norgespris-kan-koste-norge-dyrt/2-1-1802044

3. LEGAL ANALYSIS

3.1 *Introduction and structure of this chapter*

(66) Article 61(1) of the EEA Agreement prohibits (in principle) the granting of state aid to undertakings or the production of certain goods. A measure that fulfils the following conditions is regarded as state aid within the meaning of Article 61(1): i) it must entail an advantage for the recipient, ii) it must be provided by the state or by state resources, iii) the recipient must be an undertaking, iv) it must favour certain undertakings or the production of certain goods or services (selectivity criterion), v) it must be likely to distort competition, and vi) it must affect trade within the EEA.

(67) In this chapter, we will provide a legal analysis of the facts that are presented in Section 2 above, under the lens of state aid rules. In doing this we will demonstrate that Norway Price entails that electricity producers and producers and sellers of electric heaters benefits from (indirect) state aid.

(68) Although all of the above conditions must be met for the prohibition to apply, we will focus on the two decisive elements of the constitutive criteria in Article 61(1) for the matter at hand, namely advantage and selectivity, which tend to be conceptually tightly interlinked in indirect aid cases, and which we will therefore assess jointly.

(69) With regards to the other criteria, it is clear that Norway Price entails the transfer of State resources, favor undertakings (provided that it entails, as we will demonstrate, an indirect, select advantage to certain sectors), and affects competition and trade. Aid inherent in the publicly financed scheme will accrue to a number of large undertakings that are active internationally and will in particular distort competition in the heating energy and heating appliances markets.

3.2 *Norway Price confers a selective advantage on identifiable groups of undertakings/sectors*

3.2.1 Introduction

(70) Norway Price provides a direct advantage to households, which are not undertakings in the meaning of Article 61(1) EEA. However, the fact that a subsidy is granted to individuals does necessarily exclude the existence of aid, as an advantage can also be conferred to undertakings indirectly, and thus to others than to those to whom state resources are directly transferred. [45] Indeed, the reference to "*aid granted (….) in any form whatsoever*" covers both direct and indirect grants of aid.[46]

(71) In the following we will set out the legal test for assessing indirect (selective) advantages. Thereafter, we will demonstrate that Norway Price entails the granting of indirect state aid to electricity producers and producers of traditional electric heating appliances.

3.2.2 The legal test

(72) Article 61(2) of the EEA Agreement reads:

> *"The following shall be compatible with the functioning of this Agreement:*
>
> *(a) aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination related to the origin of the products concerned."*

[45] See Notion of Aid, paragraph 115.
[46] See ESA's Decision 329/09/COL, Section 1.2.1.

(73) As individual consumers are not undertakings, this provision makes clear that **state aid rules are and were always meant to capture consumer subsidies that have the same or similar effects as direct state aid to undertakings**.

(74) Case law and practice concerning indirect aid encompasses a whole range of different subsidy mechanisms, sectors, and scopes, and it is a complex exercise to condense this rich body of jurisprudence and practice into a uniform, concise test.

(75) This is even more so as indirect aid must be distinguished from mere secondary economic effects – which are inherent in almost all state aid, in particular in the form of increased output for a (non-selective) group.

(76) It is against the background of the above that the Authority's and Commission's guidance in the guidelines on the notion of state aid ("**NoA**") have to be understood, which state that aid is present "*if the measure is designed in such a way as to channel its* ***secondary effects towards identifiable undertakings*** *or groups of undertakings. This is the case****, for example****, if the direct aid is, de facto or de jure,* ***made conditional on the purchase of goods*** *or services produced by certain undertakings only (for example only undertakings established in certain areas).*[47] (emphasis added). Whether or not the aid has these effects, needs to be assessed ex-ante.

(77) It is important here not to confuse "design" with the cause or aim of the aid granted. What matters are the effects of a measure. The Authority has previously and rightly stated that:

> *"The Authority does not share the view of the Norwegian authorities according to which the existence of indirect aid depends on whether the ultimate and predominant aim is to provide aid to undertakings, so that only schemes that are constructed to circumvent the prohibition on state aid can constitute indirect aid" (emphasis added).*[48]

(78) It can also be remarked that the term "designed" used in NoA is but the Commission's attempt to provide concise guidance on a complex issue[49]. In fact, the formulation in the relevant paragraph originally stems from a publication by Commission officials, "*EU Competition Law – Volume IV – State aid*", which was published by Claeys & Casteels in 2016, but written prior to the adoption of NoA. Chapter 11 on the notion of "advantage" contains to date perhaps the most comprehensive analysis of indirect state aid cases. The conclusions from this publication have been transferred to NoA.

(79) In fact, in point 2.496 the authors, Flynn and Kerle, use exactly the wording that the NoA contains but explain also that it is indeed the foreseeable effect of a measure that is decisive, not the intention. The design of the measure is thus relevant only in as far as it has the *effect* of conferring an indirect, selective advantage.

(80) In any event, as the NoA also reminds us, "*the primary reference for interpreting the Treaty is always the case–law of the Union Courts"*[50]. That case-law makes clear that foreseeable effects are decisive for the identification of indirect aid, and that aid is present when the measure leads to a difference in treatment of competing services or products.

(81) In that regard reference needs in particular to be made to the leading case in this area, *Mediaset*.[51] Italy had introduced consumer subsidies for the purchase of digital terrestrial decoders. The European Commission considered this to be state aid to terrestrial broadcasters and digital cable operators, notably because it would strengthen the market position of these operators vis-à-vis for example satellite television providers.

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[47] See NoA, paragraph 116.
[48] ESA's Decision 329/09/COL, Section 1.2.1.
[49] Compare NoA, paragraph 3.
[50] NoA, paragraph 3.
[51] C-403/10 P, *Mediaset.*

(82) The EU Court of Justice stated that a necessary – and sufficient – condition for a measure to be regarded as indirect state aid is that "it *is liable to place some (of them) at an advantage compared with others"*.[52] Furthermore, a "*national measure which discriminates between undertakings, in the sense that it is liable to place some of them at an advantage compared with others, is to be regarded as […] State aid […] That is the case, for instance, where a measure subsidises the purchase by consumers of a product which is used by an undertaking for the provision of a service while the purchase of the product used by another undertaking for the provision of a similar service is not subsidised*".[53]

(83) Thus, when **identifiable undertakings or sectors (indirectly) benefit from a consumer subsidy, at the expense of other undertakings or sectors that could have provided the same or a similar service to the consumer, the consumer subsidy becomes state aid**.

(84) This again is consistent with the findings of Flynn and Kerle in the publication mentioned above. Referring to a set of cases where an indirect advantage accrued to undertakings as a result of an increase of sale/turnover/demand, they opine that "*the difference between such cases and simple State aid cases is that in the latter cases the measure does not select which undertakings shall indirectly benefit from aid*"[54] – and submit that "*selectivity at the level of the potential beneficiaries is a distinctive feature of indirect aid.*"[55]

(85) Indeed, only such measures, and hence indirect aid, are capable of distorting competition between actors offering competing services or products.

(86) As regards selectivity, then, the clear starting point is that subsidies granted to a defined or identifiable group of undertakings or sectors, instead of all undertakings, are selective[56]. Traditionally, a more detailed analysis has been performed only for fiscal measures, though recent case law suggests that it may be necessary also for other measures to assess whether a measure has, within the context of a particular legal regime, the effect of conferring an advantage on certain undertakings over others, in a different sector or the same sector, which are, in the light of the objectives pursued by that regime, in a comparable factual and legal situation.

(87) As for example the Commission decision in the long-standing saga on aid for the deployment of digital terrestrial television in Spain illustrates, the analysis in cases involving subsidies to a certain sector or sub-sector remains in the essence the same nonetheless – singling out a group of beneficiaries amongst all undertakings, in particular if they are in a competitive relationship and offer by and large substitutable products or services, entails the selectivity of a measure[57].

(88) ESA's decision-making practice illustrates further how selective advantages in indirect aid cases are identified.

(89) In the so-called "Pellets-case"[58] ESA found that an Enova-scheme, which provided support to consumers who replaced polluting heating devices with more environmentally friendly alternatives, involved indirect aid to manufacturers of heat pumps and pellet stoves because they would increase sales of their products as a consequence, at the expense of those not encompassed by the scheme.[59] ESA stated that:

> *"In the case under assessment, the subsidy to private households for investments in specific alternative renewable heating technologies provides them with an economic incentive to purchase*

[52] *Mediaset*, para 74.
[53] *Mediaset*, para 54.
[54] Point 2.500
[55] Point 2.501
[56] NoA, paragraph 117-119.
[57] See the Commission's decision in case SA.28599, from paragraph 169.
[58] ESA's case 329/09/COL. Subsidies paid to consumers under the support scheme were not considered to be state aid, because consumers cannot be regarded as undertakings within the meaning of state aid law.
[59] For a similar line of reasoning, see Commission decision of 24 January 2007 C (2006) 6630, in case N 270/2006, paragraph 40.

these products. The measure creates an incentive for consumers to switch from traditional electric heating to alternative heating systems. A higher demand from consumers can result in higher profits for these kinds of technologies which provides an advantage to the undertakings active in the sector of the technologies covered by the scheme in comparison with other undertakings".

(90) The support for heat pumps was however approved by the ESA on the same fundamental grounds as the support for pellet stoves: it promotes environmentally friendly technology and is considered a legitimate tool for reducing emissions and achieving Norway's climate goals.

(91) Another well-known example, ESA's practice concerning the VAT-exemption for electric vehicles in Norway, ought also to be mentioned. ESA considered that this measure would "*also stimulate the demand for electric vehicles and batteries for electric vehicles compared to a reference situation in which no such aid would be granted. It follows that the measures may also indirectly favour manufacturers and dealers of electric cars or batteries for electric vehicles."*[60] Further, the advantage to these indirect beneficiaries would be selective as *"the VAT measures for electric cars are clearly more favourable than the rules applicable for conventional fuel car."*[61]

(92) ESA determined that the VAT exemption was an effective tool for reducing harmful emissions from the transport sector, and approved the aid. By making EVs significantly cheaper, the measure encourages consumers to switch from fossil-fuel cars, which directly contributes to Norway's and the EEA's climate goals.

(93) The cases mentioned above illustrate that a subsidy that is not considered as state aid for direct recipients becomes indirect state aid when it stimulates demand for one type of product or service, *at the expense* of a competing or substitutable service or product. This is where the line ought to be drawn between mere secondary effects and indirect aid: A measure that does not entail such difference in treatment for competing offers but leads to an increase of output for all of them, is not state aid.

(94) Recall further that ESA considered for instance that a support measure for the Norwegian wood industry "*provides an incentive for farmers to build their production facilities in wood. This incentive appears to be liable to stimulate the demand for wood building materials compared to a counterfactual scenario where such additional aid is not provided*".[62]

(95) Likewise, it was considered that a measure supporting alternative fuel infrastructure "*can stimulate the demand for zero/low emission vehicles, vessels and other machinery, eventually benefitting their respective manufacturers, as well as undertakings operating in the sectors related to the supply chain of alternative fuels infrastructure, compared to a reference situation in which no such aid would be granted*."

(96) The Authority has not definitely concluded on the presence of indirect aid in the two cases quoted above. However, these cases illustrate that consumer subsidies granted for a specific technology or sector can constitute indirect aid, even when the indirect beneficiaries are not easily identifiable. As we will see in the following however, Norway Price creates a clearer case for the presence of indirect aid as in particular the alternative fuel infrastructure case, because the winners and losers amongst substitutable products are clearly identifiable ex-ante. It is, in our view, sufficient to point out such stimulation and/or substitution effects caused by the subsidy in order to establish indirect aid.

(97) Further, the above cases also show that the economic ripple effects of consumer subsidies tend to affect competition, even if those subsidy schemes are relatively minor.

[60] Decision 150/15/COL, paragraph 83.
[61] Paragraph 95.
[62] Decision No 037/24/COL, para 83.

(98) The sheer economic significance of Norway Price, and its negative effects for a range of energy and energy saving sectors and technologies, make for a comparatively straightforward assessment, and entail that this scheme entails the granting of state aid pursuant to Article 61(1) of the EEA Agreement.

(99) Such a finding would also be consistent, in our view, with pertinent Commission guidance and case practice.

(100) Consider in particular the Commission's communication "*Tackling rising energy prices: a toolbox for action and* support"[63] , which was part of the Commission's response to the energy crisis. The communication outlines various measures that Member States can implement to reduce end-users' energy costs. It is striking that all measures are aimed at *energy* costs, and not just electricity costs,[64] presumably also to avoid such measures coming into conflict with state aid rules. For example, under point 3.1.3, which concerns state aid, the Commission clarifies that "*[m]easures of a general nature, equally helping all* ***energy*** *consumers, do not constitute State aid*" (emphasis added).

(101) Further, in two state aid cases concerning energy rebates and grants for undertakings, which were made possible under the Temporary Crisis and Transition Framework, schemes the Netherlands and Germany put in place covered heat, gas and electricity alike, and thus in principle indeed all energy consumers, such that the issue of indirect aid, which in any event to our knowledge rarely, if ever, is considered when aid is approved for the direct recipients, did not arise[65].

3.2.3 Norway Price confers state aid to electricity producers and producers of electric heating appliances

(102) In our view, Norway Price discriminates between undertakings and sectors most clearly at two levels, at both of which it entails the granting of state aid.

(103) As we will show in the following, first of all **Norway Price favours electricity production over other energy sources, in particular wood**.

(104) Second, **Norway Price favours producers and suppliers of (traditional) electric heating appliances over competing heating technologies, such as in particular wood-burning stoves and heat pumps**. Since furthermore district heating customers also receive the Norway Price for district heating, this will weaken the demand and use of heat pumps in apartment buildings where these two solutions compete.

(105) Note that these are not necessarily the scheme's only effects that can give rise to indirect aid, but it is in our view those that the Authority ought to focus on, at least in the context of the preliminary investigation.

(106) **First,** as indicated above in section 2, Norway Price will increase electricity consumption and prices, and thereby entail an economic advantage for electricity producers. It would be deserving of additional analysis if the effect will be so different for certain types of electricity production, that this in itself can give rise to additional state aid concerns. We could provide this analysis if necessary.

(107) At this point, however, it does not seem necessary. As we have shown in section 2, Norway's energy mix, in particular as regards the heating of homes, is peculiar, in that electricity and wood are the two main energy sources used in households.

[63] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2021%3A660%3AFIN&qid=1634215984101

[64] See for example section 3.1.1: "*Member States could: -Provide time limited compensation measures and direct support to energy-poor end-users including groups at risk, e.g. through vouchers or by covering parts of the energy bill, financed inter alia from the ETS revenue*

[65] See SA. 104606 and SA.104994.

(108) As indicated above, indirect aid is inter alia present *"if the direct aid is **made conditional on the purchase of goods** or services produced by certain undertakings only"*. The consumer subsidy inherent in Norway Price is not just conditional upon the purchase of electricity for heating, it is automatic.

(109) Electric heating by households having opted for Norway Price will foreseeably drive up the market price for electricity, which foreseeably leads to increased revenues for electricity producers, and hence an identifiable sector.

(110) Having opted for Norway Price, these households will foreseeably buy less wood, and burn less wood in their homes, foreseeably driving down the price for wood, all things being equal.

(111) Norway Price will thus, from an ex-ante perspective, entail an advantage for electricity production at the expense of wood production.

(112) It is in our view illustrative of the foregoing that the government emphasizes in its legal analysis of Norway Price in the legislative proposal[66] the fact that district heating consumers will be granted the same benefits as the electricity customers, seemingly implying that the equal treatment of these two energy types or heating sources is necessitated by state aid rules. However, there are, as demonstrated, other competing energy technologies that do not benefit from a Norway Price, such as heat pumps for apartment buildings, as we have shown above.

(113) Therefore, and applying directly the words of the CFEU, a "*measure [that] subsidises the purchase by consumers of a product [here: electricity] which is used by an undertaking for the provision of a service [here: electric heating] while the purchase of the product used by another undertaking [here: wood] for the provision of a similar service [here: wood-fired heating] is not subsidised*", confers an advantage.

(114) This advantage is also selective. Norway Price singles out a sector, and an energy source, and leaves out the remainder. There is furthermore no reason, in our view, to consider these types of energy, that are substitutes for heating private homes, as not being in a comparable situation, in the same way as fossil fuel and electric cars are.

(115) In addition, Norway Price has a **second**, related, and also discriminatory effect that relates to **heating appliances** and the heating market, and which also seems to be recognized, implicitly, by the government.[67]

(116) In essence, a heat household consumer in Norway (that is not connected to district heating), can choose between electricity as heating energy, and other energy forms, such as wood, which often also supplements electric heating.

(117) High electricity costs induce consumers to invest in heating appliances that do not consume electricity or consume little electricity. As indicated in section 2, wood-burning stoves and heat pumps fall into this category.

(118) Low electricity prices, and in particular also *foreseeably* low electricity prices, disincentives consumers from investing in such appliances.

(119) Conversely, consumers will in this scenario, which is created by Norway Price, keep or purchase appliances with low up-front costs, such as traditional electric heaters.

(120) **These effects, and their magnitude, ought perhaps to be supported by econometric analysis, which could be supplemented at a later stage**.

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[66] See Section 3.3.15.

[67] Compare the answer of Energy Minister Aasland to a parliamentary question from Member of Parliament Rasmus Hanson. https://stortinget.no/no/Saker-og-publikasjoner/Sporsmal/Skriftlige-sporsmal-og-svar/Skriftlig-sporsmal/?qnid=105029

(121) This would seem unnecessary, at least for the purposes of the preliminary investigation, given that these substitution effects seem so obvious, and are supported by existing economic analysis and historical data, as set out in section 2 above.

(122) From a legal point of view, Norway Price's impact on the heating appliances market can be considered as the flip side of the Norwegian scheme on support for alternative, renewable heating and electricity savings in private households, which, as indicated above, the Authority considered as entailing indirect aid in decision 329/09/COL, and where it considered that:

> "*In the case under assessment, the subsidy to private households for investments in specific alternative renewable heating technologies provides them with an economic incentive to purchase these products. The* ***measure creates an incentive for consumers to switch from traditional electric heating to alternative heating systems****. A higher demand from consumers can result in higher profits for these kinds of technologies which provides an advantage to the undertakings active in the sector of the technologies covered by the scheme in comparison with other undertakings.* "[68] (emphasis added)

(123) Norway Price conversely creates an incentive to retain or buy new electric heating devices at the expense of alternative heating systems, in particular wood-burning stoves and heat pumps. The latter are expected to see a reduction of sales in the coming years, as compared to a scenario without Norway Price. The scheme therefore arguably constitutes just as much indirect aid as the scheme for alternative heating and electricity saving did.

(124) However, and importantly, the effects of Norway Price will be much more pronounced. Recall that ESA's decision 329/09/COL related to a scheme which had a budget of ca. NOK 150 million, and ca. NOK 30-40 million annually, whereas Norway Price is estimated by the government to cost ca. NOK 7 billion in 2026 alone, a number many consider as an implausibly low estimate.

(125) It seems economically impossible for a consumer subsidy scheme of that scale to evaporate without significant economic effects beyond the direct recipients. Indeed, as highlighted in section 2, Norway Price will entail economic effects that foreseeably benefit electricity production, and electric heating, at the expense of alternative technologies and energy sources.

3.3 The aid is not compatible with the EEA Agreement

(126) It is for the Member State to demonstrate that the aid it grants is compatible with the EEA Agreement.

(127) Any aid inherent in Norway Price would in our view in any event not be compatible.

(128) First, the exemption in Article 61(2)(a) of the EEA Agreement is not applicable, as Norway Price is available for all households, and the aid therefore does not have a social character.[69]

(129) Further, given the availability of more appropriate means to reduce energy bills of vulnerable customers, any aid would in our view inter alia be neither appropriate nor proportionate if assessed directly under Article 61(3)(c).

(130) We could expand on the lack of possible compatibility grounds if necessary.

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[68] See section 1.2.1.
[69] See case T-445/05, paragraph 81.