Shifting gear in the energy transition

Arvid Moss, EVP Energy, Norsk Hydro

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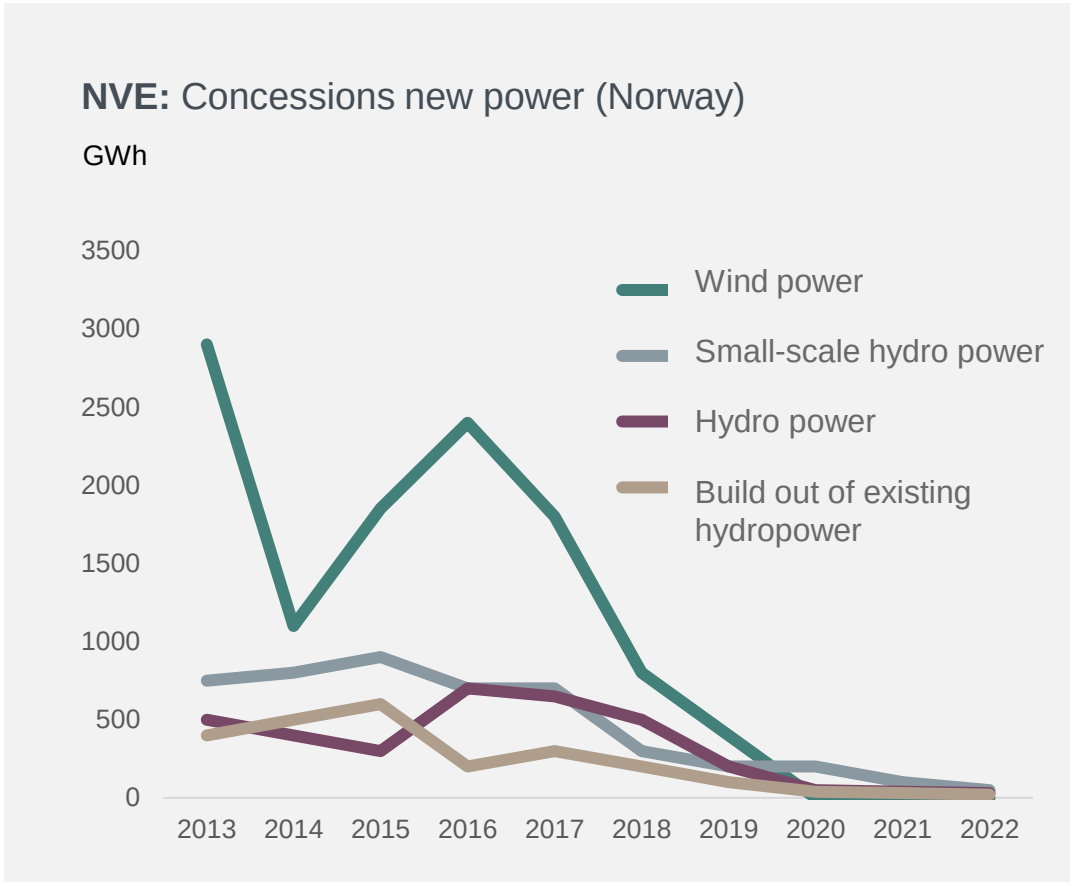
We need to shift gear in Norway – from discussing targets to planning and execution



Norwegian power market surplus in question

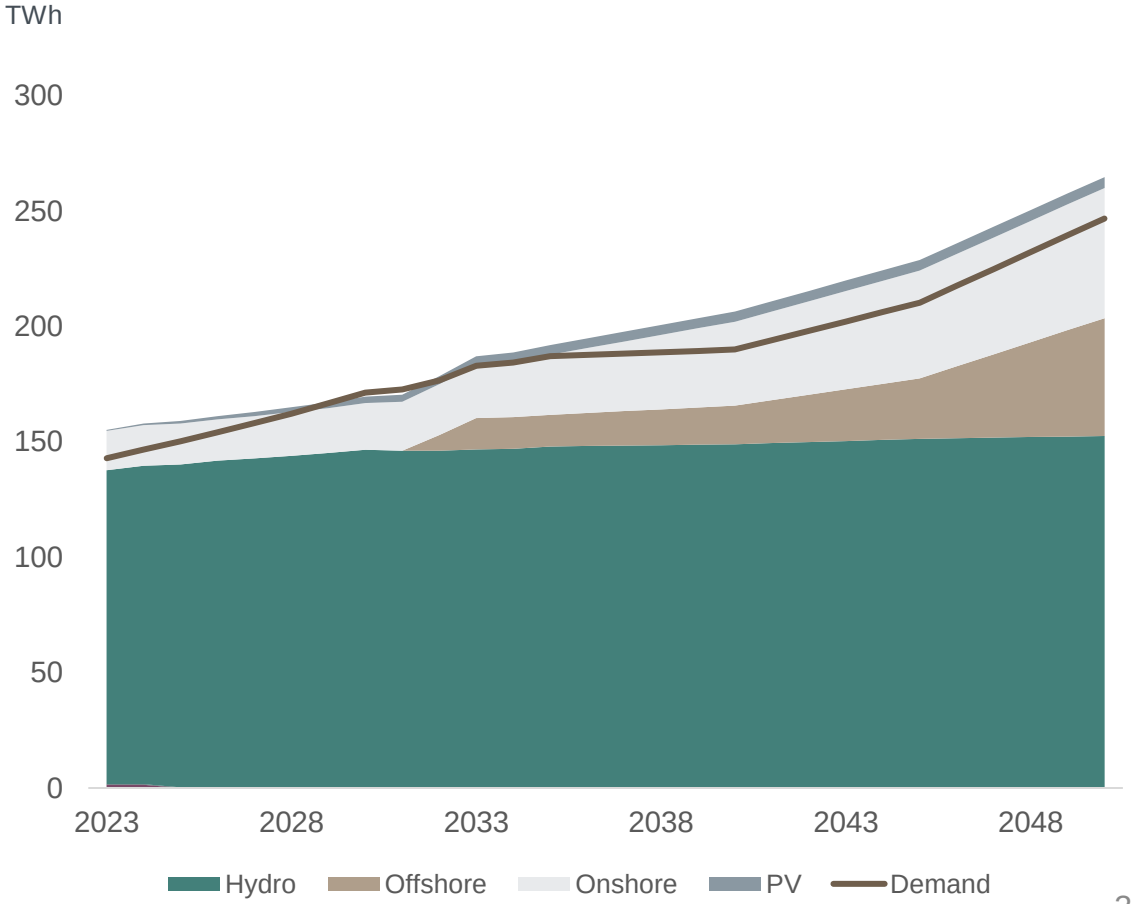
Public opposition to onshore wind parks limiting the effect of attractive renewable resources

Market uncertainty prevails

Short-medium term: Power market balance weakening
Demand from electrification and new industries outpaces supply in the short end

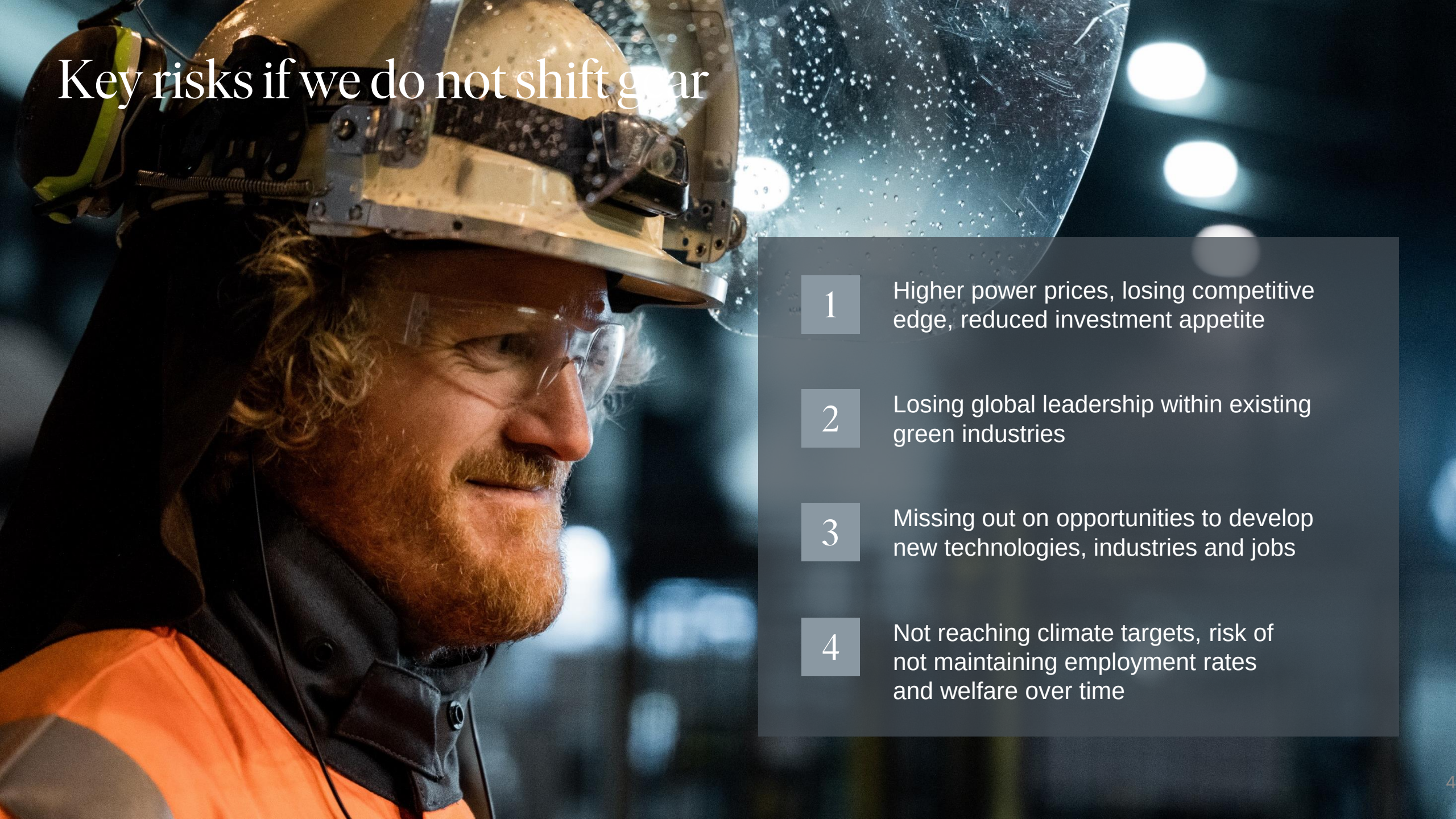
Longer term: Lack of certainty regarding offshore wind (timing and volumes)

Norwegian Power Balance



Source: Hydro

Key risks if we do not shift gear



1. Higher power prices, losing competitive edge, reduced investment appetite
2. Losing global leadership within existing green industries
3. Missing out on opportunities to develop new technologies, industries and jobs
4. Not reaching climate targets, risk of not maintaining employment rates and welfare over time

Key challenges that need to be solved

Grid capacity | Permitting processes | Impact on biodiversity | Courage to execute

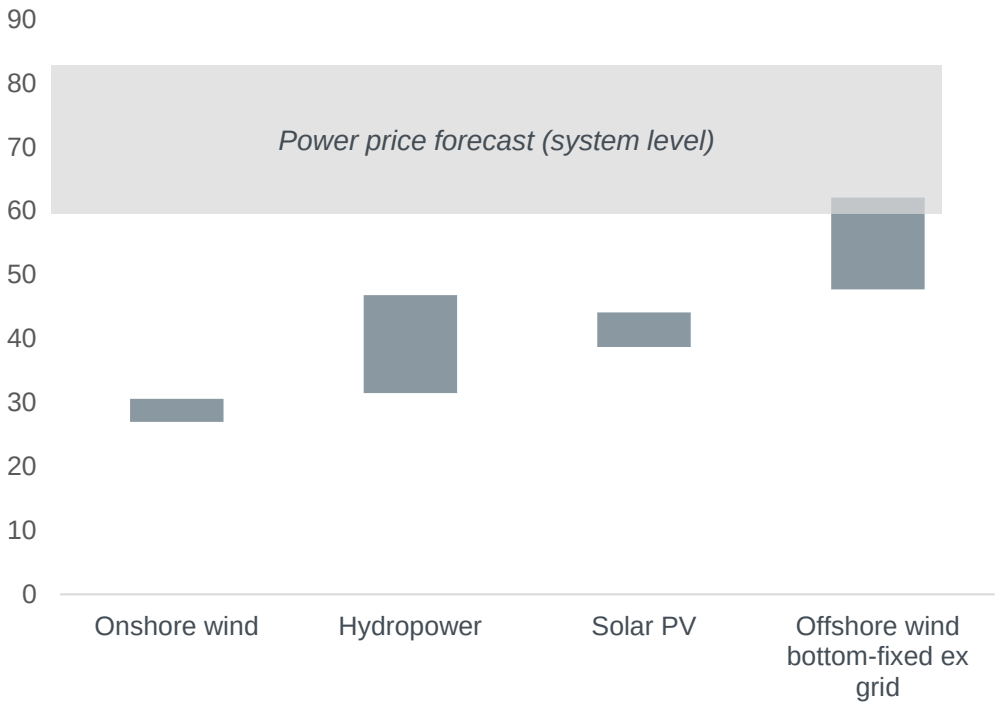
Local public acceptance

Norwegian power projects remain attractive

Attractive resource base and cost level, and onshore wind is enabler for renewables at low shaping cost

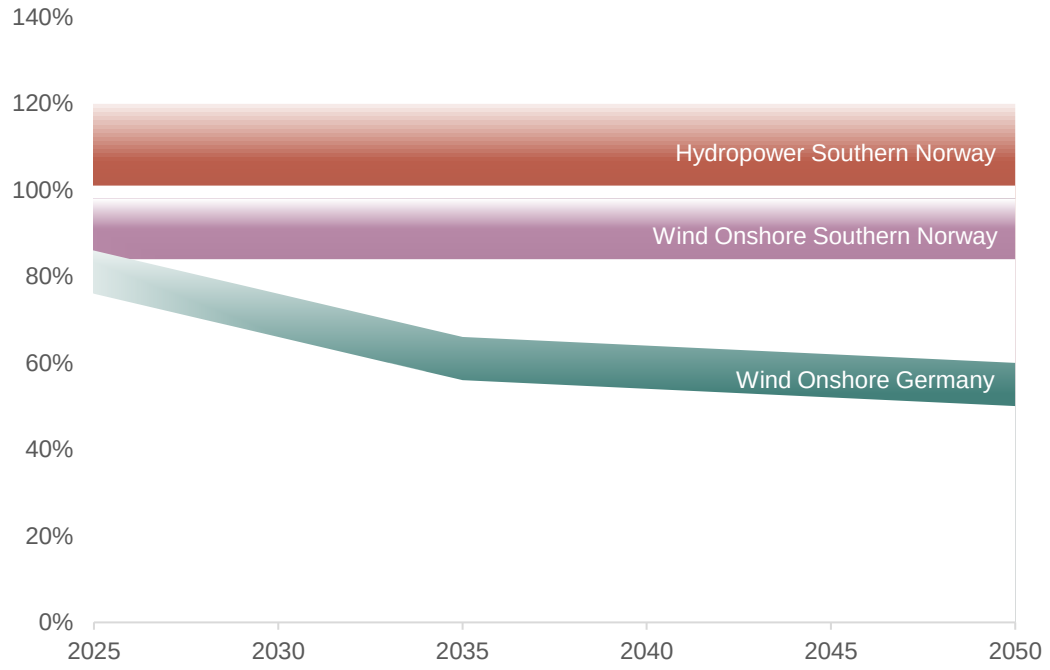
Range of LCOE and Nordic System price to 2030[1)]

2023 EUR per MWh



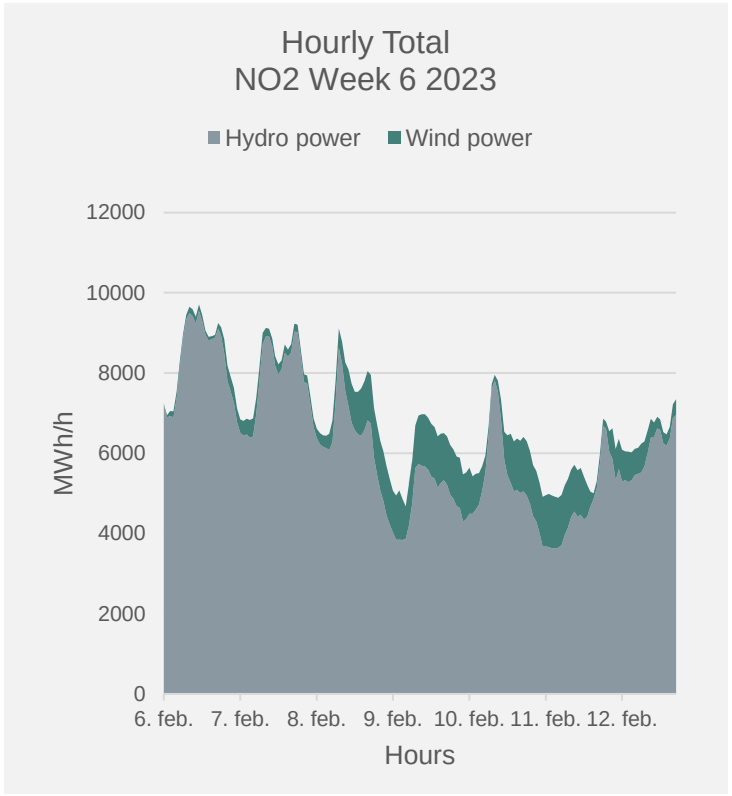
Illustrative Capture rates Southern Norway and Germany

Percentage

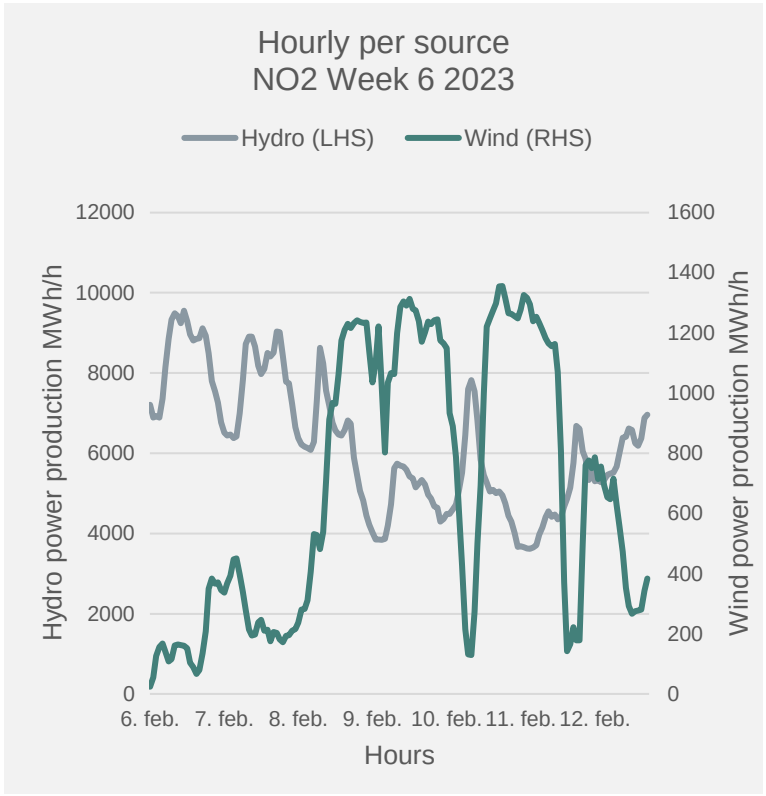


1) LCOE = Income necessary from power as produced to reach profitability for the technology. Estimates from four different consulting companies. Offshore wind not relevant in Norway until post 2030.

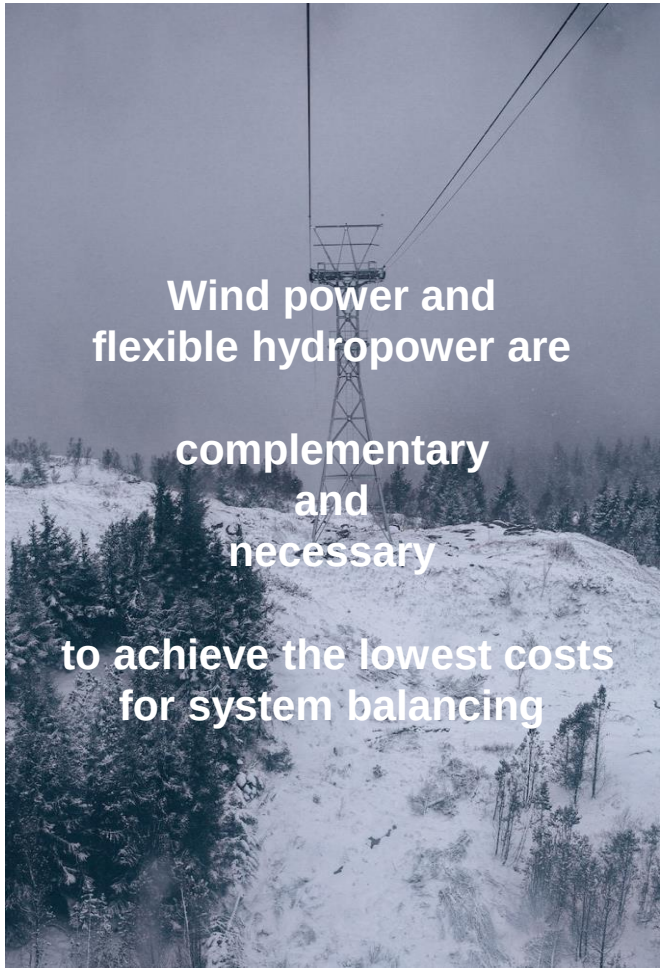
Wind and hydropower interplay is key for future system



Share of wind production in NO2 is currently 10-12 %*



Flexible hydropower production adjusts according to intermittent wind production

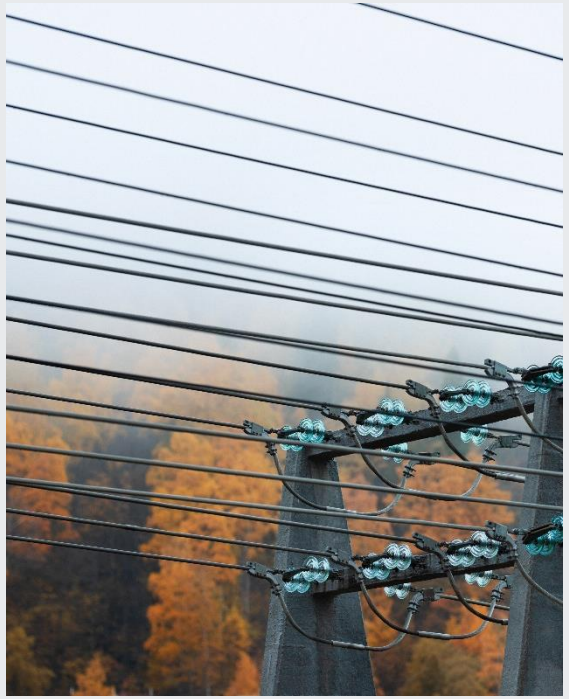


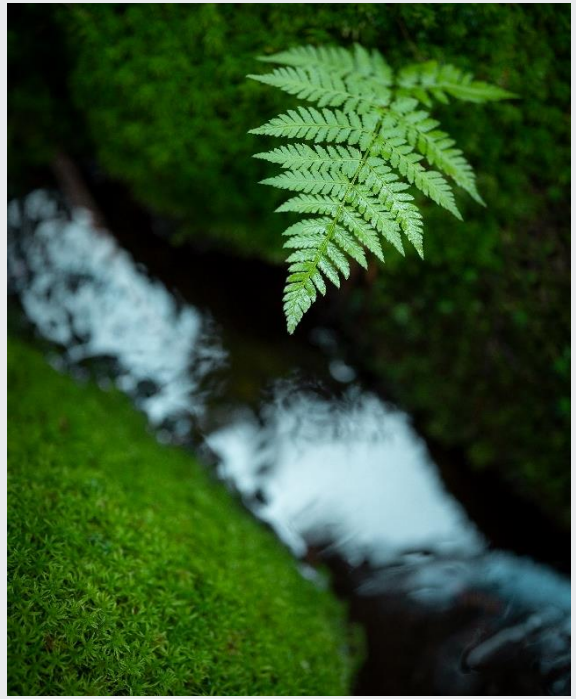
*For year 2022 and 2023

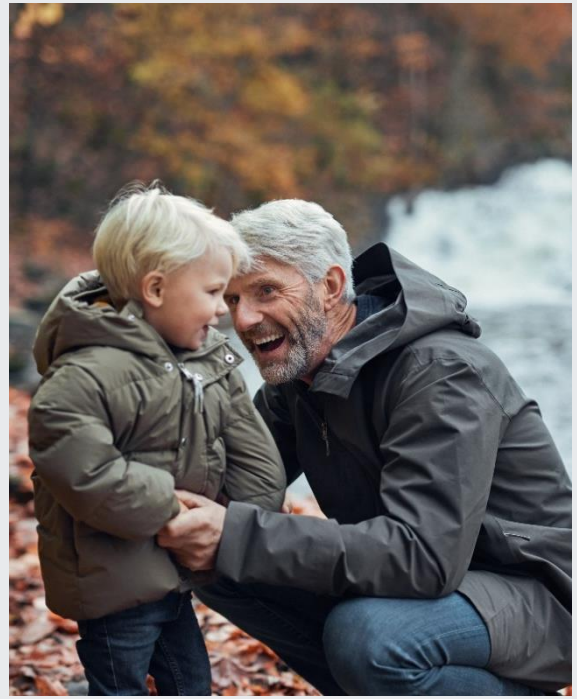
2024: Turning point? Business is ready to act

2030 is right around the corner, to succeed we need more faster

Key framework conditions for renewables agreed	Signals wrt faster permitting, more grid capacity	Sense of urgency, reflecting European and Nordic neigbors	Doing things right together with our local communities







Power development for industrial purposes create jobs and vibrant local communities

1. Opportunity for industrial companies to continue investing in and develop world-leading greener industries

2. Greener industries contribute with more jobs, export revenues, tax revenues and positive local ripple effects

3. Power and low-carbon materials are crucial for decarbonizing society and mitigating climate change

Hydro

Industries that matter