



Norsk olje&gass

# Verden frykter mer oljepolitisk vingling

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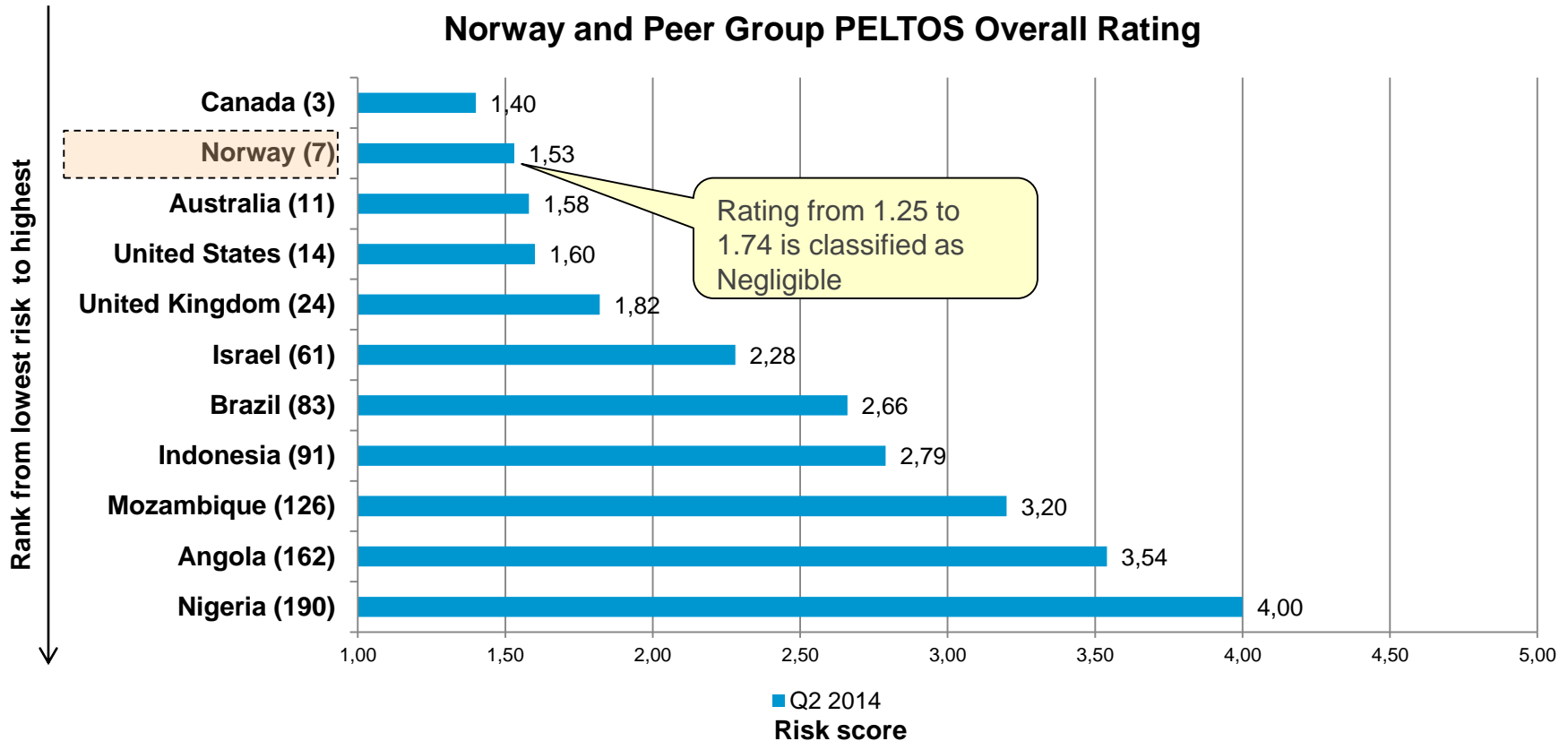
# IHS Rapport: Benchmarking Norway's Investment Attractiveness

# Hovedfunn

- Norsk sokkel er fremdeles attraktiv
- OBS-varsel på Norge
- Verdens strengeste klimapolitikk
- Den nye regjeringen må levere
- Ap følges nøye

# Macro Benchmarking – Overall Political, Economical, Legal, Tax, Operation, Security Risk (PELTOS)

1-5 scale, 1.0 indicates minimum risk and 5.0 maximum

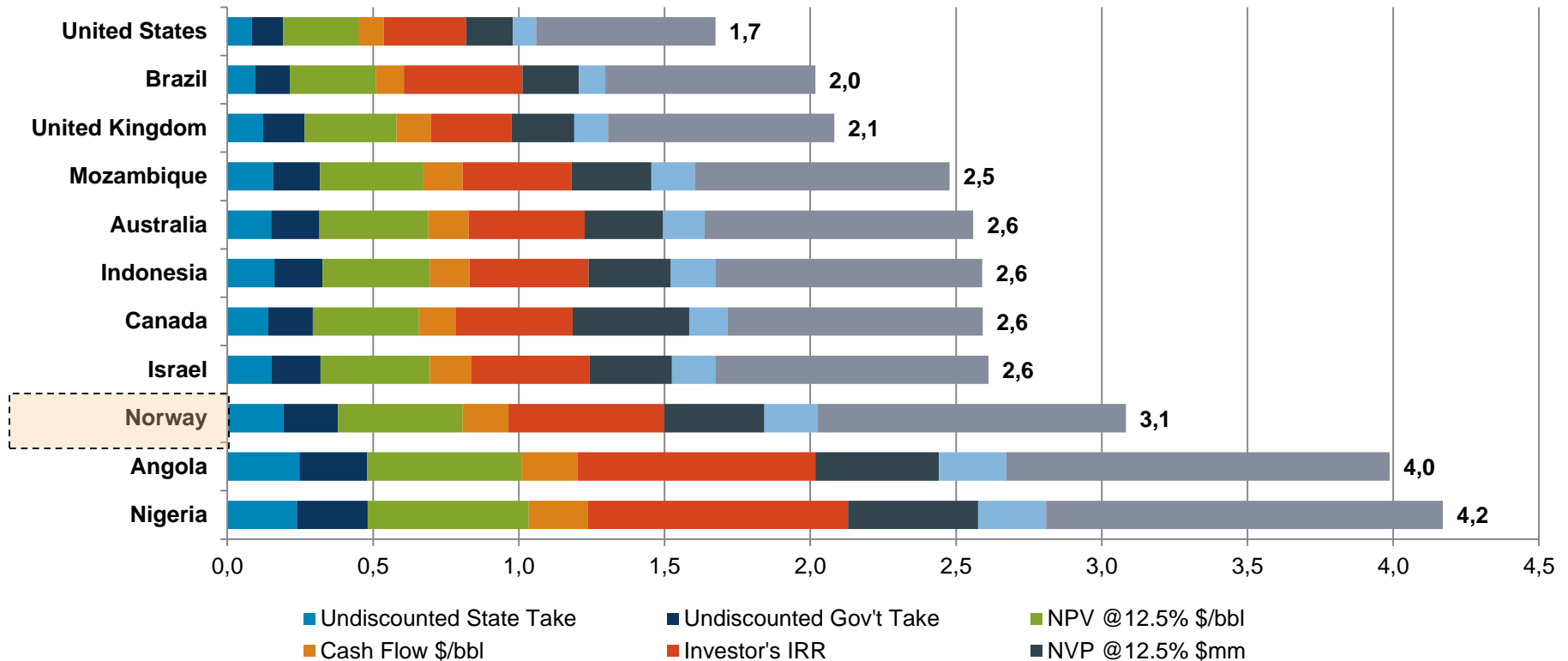


- Norway ranks second best in the Peer Group countries and seventh in the overall PELTOS rating of 207 countries

Source: IHS Country Risk Rating

# Fiscal Rating of Peer Group Countries (Q2 2014)

0-5 scale, lower score represents higher investor attractiveness



- Norway ranks third to last in the Peer Group countries and one hundred and second in the IHS PEPS Fiscal Rating of 129 countries.
- *Note: For this chart Undiscounted State Take was calculated taking into account the Peer Group countries' fiscal terms selected specifically for the fiscal benchmarking. However the overall Norway's fiscal rating is the IHS PEPS Fiscal rating which is calculated for the regime that represents most E&P activity in the country.*

Source: IHS PEPS

## Oil & Gas Sector Risk Expert View

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### ***There are few watch points for possible changes in OGRS risk rating***

- Despite that Norway has a fairly demanding fiscal and regulatory framework it has shown a high degree of policy and regulatory stability over the years – therefore it has a consistently low risk score in terms of the hydrocarbon sector.
- The increased CO2 tax, reduction of uplift in allowances are a concern but haven't materially changed IHS scores under the specific categories of hydrocarbon sector entry, hydrocarbon sector shocks and hydrocarbon sector operations. They however provide a watch-point for future score changes if such interventions are repeated and applied retroactively – the specific scores of concern are contract sanctity and ministerial/policy continuity.

## Oil & Gas Sector Risk Expert View (cont.)

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### *There are few watch points for possible changes in OGRS risk rating*

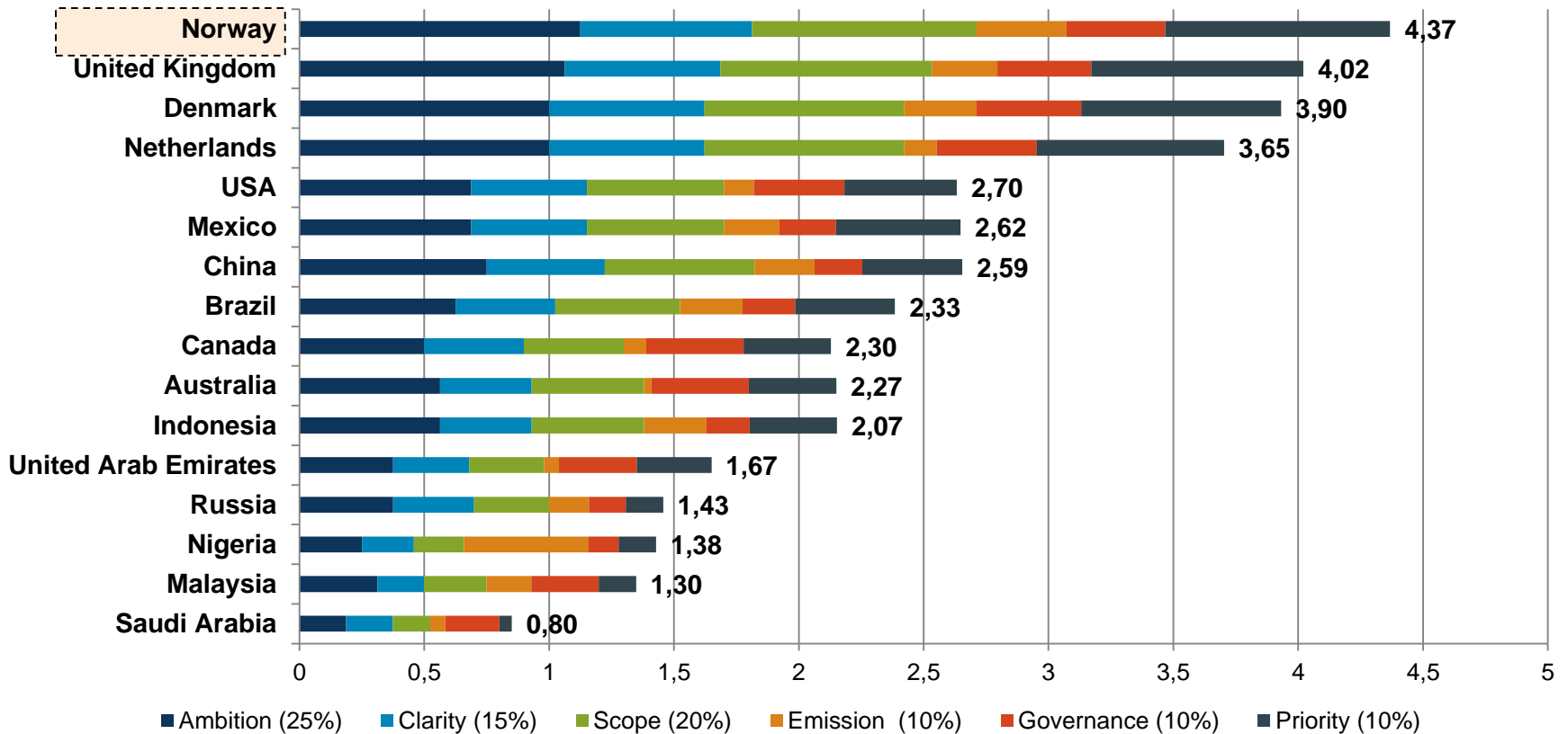
- One particular watch-point which could result in a downgrade in Norway's score for the monetization of resources (reflected in export risk) – is if parliament repeats it's attempt to intervene on field development plans in a way which extends the timeline for development (and with it, the costs). The compromise on Johan Sverdrup has been noted in this regard, but the precedent provides a watch-point for future action in this regard.



# IHS Carbon Policy Index (CPI)

0-5 scale, Maximum CPI score is 5.00

Carbon Policy Index ratings for country peer group by component and total scores



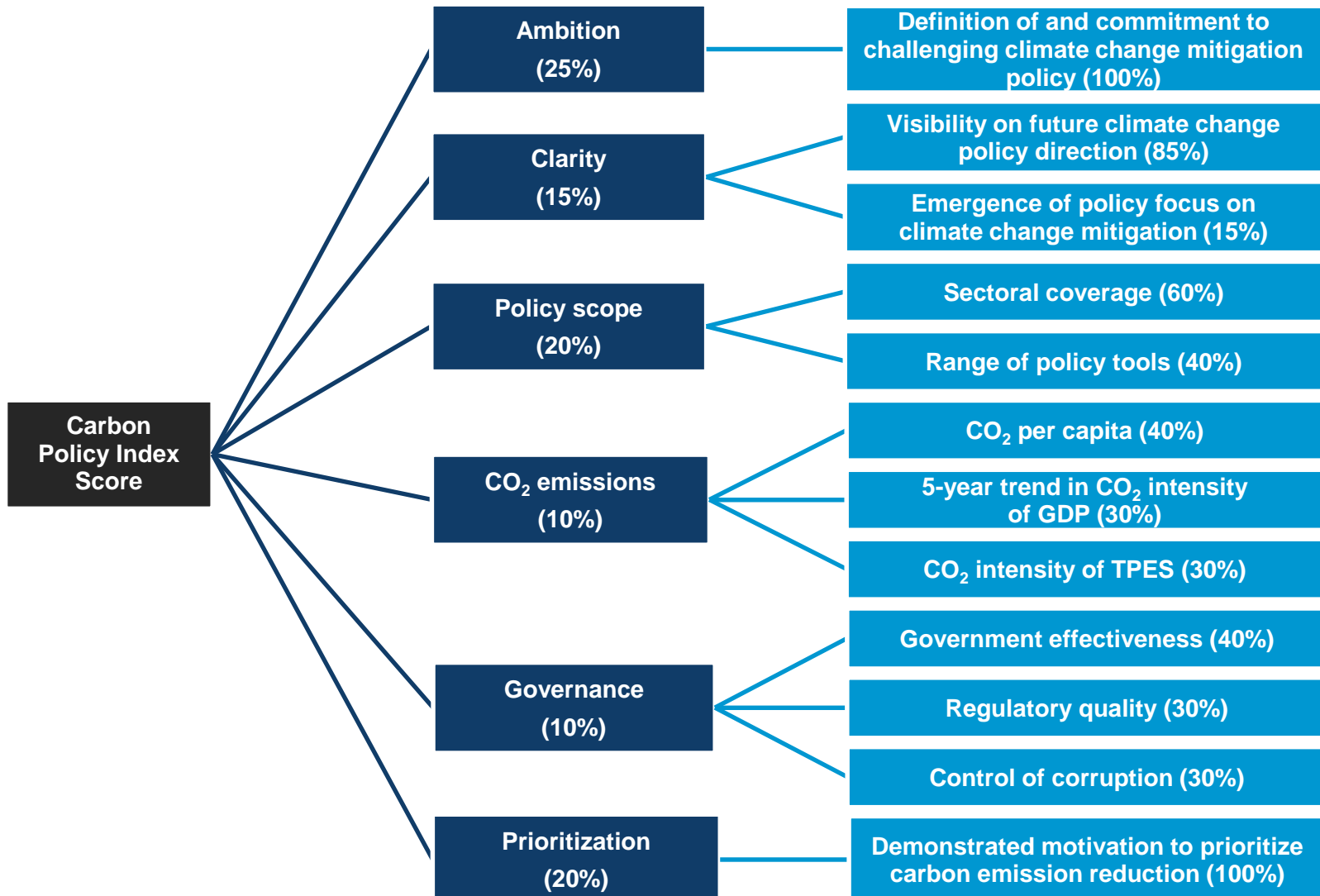
- Norway stands out and ranks first when IHS benchmarks the relative stringency of national climate policy environments

# Norway's overall climate policy index score tops this peer group, with policy clarity, ambition and scope key drivers

Carbon Policy Index ratings for country peer group by component and total scores								
Peer Rating	Country Name	Clarity	Ambition	Carbon Emissions	Governance	Policy Scope	Prioritization	Total
1.	Norway	4.58	4.50	3.60	3.96	4.50	4.50	4.37
2.	United Kingdom	4.15	4.25	2.60	3.76	4.25	4.25	4.02
3.	Denmark	4.15	4.00	2.90	4.19	3.85	4.00	3.90
4.	Netherlands	4.15	4.00	1.30	4.01	3.75	3.75	3.65
5.	USA	3.09	2.75	1.20	3.62	3.10	2.25	2.70
6.	Mexico	3.09	2.75	2.20	2.27	2.60	2.50	2.62
7.	China	3.15	3.00	2.40	1.92	2.70	2.00	2.59
8.	Brazil	2.66	2.50	2.50	2.11	2.20	2.00	2.33
9.	Canada	2.66	2.00	0.90	3.90	2.85	1.75	2.30
10.	Australia	2.45	2.25	0.30	3.90	2.85	1.75	2.27
11.	Indonesia	2.45	2.25	2.50	1.73	1.85	1.75	2.07
12.	United Arab Emirates	2.03	1.50	0.60	3.11	1.60	1.50	1.67
13.	Russia	2.16	1.50	1.60	1.48	1.35	0.75	1.43
14.	Nigeria	1.39	1.00	5.00	1.20	0.75	0.75	1.38
15.	Malaysia	1.24	1.25	1.80	2.70	1.00	0.75	1.30
16.	Saudi Arabia	1.24	0.75	0.60	2.17	0.50	0.25	0.80

Source: IHS Energy

# CPI — Component weightings



## CO2 Tax and Policy Expert View

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### ***Norway has the world's most stringent climate policy framework in place today***

- Of the 80 countries regularly assessed by IHS for their climate policy stringency, and of the 16 peer countries benchmarked for this study, Norway ranks number one.
- The key factors accounting for this rank are Norway's long-term climate policy ambition and the scope of carbon regulations the government has adopted across the economy to date.
- Norway's CO2 tax is the highest carbon tax levied on the upstream oil and gas industry within the group of countries covered by this study.
- The impact of the CO2 policy, as well as the features of the broader climate policy environment, create higher operational costs and regulatory constraints that may temper the appeal of new upstream investments.

## Macro Political Risk Expert view (cont.)

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### *The government is positive towards new oil and gas development*

- The centre-right coalition government that came to power in October 2013 is generally favourable towards increased oil and gas development and reductions in taxes and regulations. Its platform commits it to review the tax regime for the sector with a view to encourage increased exploitation, but not to revise its predecessor's tax increases.
- The government has so far been constrained by working within the budgetary framework set by its predecessor, prioritising election promises, and its lack of a parliamentary majority.
- The government's intentions for the sector and ability to implement its own policies will become clearer with the presentation of the 2015 budget.

## Macro Political Risk Expert view (cont.)

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### *The Labour Party is likely to become gradually more “green”*

- The Labour Party's support for the Utsira High electrification request and for pulling the sovereign wealth fund out of carbon investment indicate a move towards a “greener” profile.
- This is driven partly by the personal conviction of its new leader, Jonas Gahr Støre, partly by the gradual rise of a more environmentally-minded generation of party politicians, and partly by strategy – the Green Party's rise has demonstrated the voter appeal of green policies.
- In the current parliamentary period, an additional driver of Labour policy will be the desire to inflict defeats on the government.
- However, the party is still heavily influenced by labour unions and a concern for what it deems “responsible” economic policies, and is likely to temper any “green” policies where these come into direct conflict with job creation or industry concerns.

## Hva må skje framover

- Hold langsiktige planer – oljemeldingen ble enstemmig vedtatt
- Avvis forslag som endrer spillereglene
- Gjennomfør politiske vedtak om økt utvinning