



The Office of the Auditor General's investigation of renewable energy licensing

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Summary

Background and objectives of the investigation

With the EU's renewable energy directive, Norway has committed itself to increasing its share of renewable energy, aiming to reach 67.5% by 2020. Norway's and Sweden's common market for electricity certificates is an important policy instrument in this regard, with the shared objective of increasing annual power production by 26.4 TWh from 2012 to 2020. If half of this is to be achieved in Norway, there is a need for measures to promote this goal, emphasises the Storting's Standing Committee on Scrutiny and Constitutional Affairs.

The Ministry of Petroleum and Energy is responsible that licensing is in compliance with the Storting's decisions and premises. The aim of the audit was to assess to which extent the Ministry facilitates efficient licensing and appeals processing in a manner that promotes a rise in renewable energy production.

Findings and recommendations

Licensing continues to be a time-consuming process:

Including impact assessments, licensing of small-scale power stations takes approximately 3.7 years, and 5.5 years for wind power stations. If an appeal is filed, processing of the license is prolonged by a further two years. In cases involving large hydropower stations, licensing takes 7.9 years.

The Office of the Auditor General has concluded that the processing of license applications can be made more efficient.

Clarifying requirements to impact assessment:

The lack of knowledge on the impact on - among other things - cultural artefacts, reindeer husbandry and biological diversity entails a greater need for impact assessments. Because the requirements to impact assessment lack precision as regards scope and method, licensing is not as efficient as it could be.

The Office of the Auditor General recommends that the Ministry update and improve the guidelines for wind power and small-scale power stations so as to arrive at harmonised requirements to impact assessments and a clearly set out methodology.

Delays and the accumulated licensing case load account for almost 20% of processing time for wind power licensing at the NVE

The accumulation of cases is on the rise. As per June, the Norwegian Water Resources and Energy Directorate (NVE) had a case load of 106 wind power license applications.

Improving procedures for efficient processes:

While a rise in processing capacity does something towards improving matters, there has also been a rise in the number of cases waiting to be processed.

With a view to concentrating license processing on the most realistic cases, the procedures for rejection in the early stages of the application process should be improved. In addition, there is a need for greater quality assurance.

The Office of the Auditor General recommends that the Ministry take action and enhance efficient licensing procedures.

Need for enhanced governance:

The overarching governance signals need to be clarified so they become more precise, and governance instruments must be enhanced so as to ensure more predictable and efficient licensing.

The Office of the Auditor General is of the view that the Ministry of Petroleum and Energy should consider drawing up a unified strategy that ensures a co-ordinated effort for renewable energy production and efficient use of governance instruments.

Measures to minimise conflict can be made better use of:

There is some disagreement on how to carry out consultation so as to abide by the ILO convention. There is a sense of uncertainty as regards the right to raise objections; procedures intended to provide for early dialogue and information exchanged are not utilised optimally, and there is no requirement to look into and assess alternatives.

The Office of the Auditor General recommends that the Ministry consider the need to re-enforce conflict-minimisation measures in licensing.

Inadequate grid capacity slows down licensing and development:

The lack of a development strategy for the power system complicates the co-ordination of efforts for renewable energy with plans to develop the power grid development.

The fact that NVE is now co-ordinating licensing of grid and power production, and the promotion of increased grid capacity, are both good news.

Ministry/ministries:

- Ministry of Petroleum and Energy