

Simplified notification of concentration

by

Daytona HoldCo AS

and

St1 Nordic Oy

regarding the establishment of
a full-function joint venture

Oslo, 18 December 2023

**Confidential -
contains business secrets**

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1. CONTACT DETAILS

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1.3 Other companies involved

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2. THE NOTIFIED CONCENTRATION

2.1 Background

- (1) This notification concerns the proposed establishment of a full-function joint venture, 1Vision Biogas AB (the “JV”) by Daytona HoldCo AS (“Daytona”) and St1 Nordic Oy (“St1 Nordic”) (jointly referred to as the “parties”).
- (2) Daytona is a newly established investment vehicle owned by HitecVision New Energy Fund (via investment vehicles¹) (“HitecVision NEF”) and Aneo Renewables Holding AS (“Aneo”).

¹ HV NEF Invest Reda AS, a company 100 owned by HitecVision NEF, and HV NEF Invest Reda II AS, a company 100 owned by HV NEF Invest Reda AS.

HitecVision NEF is a private equity fund, focusing on investments in portfolio companies that drive the energy transition from fossil-based systems to renewable energy sources. Aneo and its subsidiaries constitute an independent energy transition group jointly controlled by HitecVision NEF and TrønderEnergi AS (“TrønderEnergi”).² Daytona is in competition law terms solely controlled by HitecVision NEF.

- (3) St1 Nordic is an energy company with a vision to be a reliable producer and seller of CO₂-aware energy in the Nordics.
- (4) By establishing the JV, HitecVision NEF, Aneo and St1 Nordic wish to build a Nordic end-to-end biogas market player. Biogas is promoted as one of Europe’s future energy sources and is prevailing as a critical part of the solution to reach EU decarbonization targets and achieving net-zero emissions by 2050.

2.2 Description of the concentration

- (5) The JV will be established by Daytona and St1 Nordic.
- (6) The substantive contribution to the JV will be the current biogas businesses of Aneo and St1 Nordic. The businesses comprise each of the companies’ minority shareholdings of 36.5 percent (Aneo) and 18.6 percent (St1 Nordic) in the Nordic biogas producer Biokraft International AB (“Biokraft”), as well as St1 Nordic’s remaining biogas business.
- (7) The JV will be established through a series of agreements and interrelated transactional steps. The key agreements include: a *Term Sheet* on the establishment of the JV between Daytona and St1 Nordic; a *JV Transaction Agreement* between Daytona and St1 Nordic; and a *Shareholders’ Agreement* between Daytona and St1 Nordic regarding the shares in the JV.
 - Annex 1** Term Sheet dated 27 November 2023
 - Annex 2** JV Transaction Agreement dated 7 December 2023
 - Annex 3** Shareholders’ Agreement
- (8) The Shareholders’ Agreement will be entered into following the consolidation of the shares of Biokraft into the JV, which will occur only after regulatory approvals for the establishment of the JV have been obtained, including approval from the Norwegian Competition Authority.
- (9) A simplified overview of the company structure pre- and post-accomplishment of the concentration is included below. The overview focuses on companies, control structures and business activities of relevance to the merger notification.

² The establishment of Aneo was notified to the Norwegian Competition Authority 16 May 2022.

Figure 1: Pre-concentration

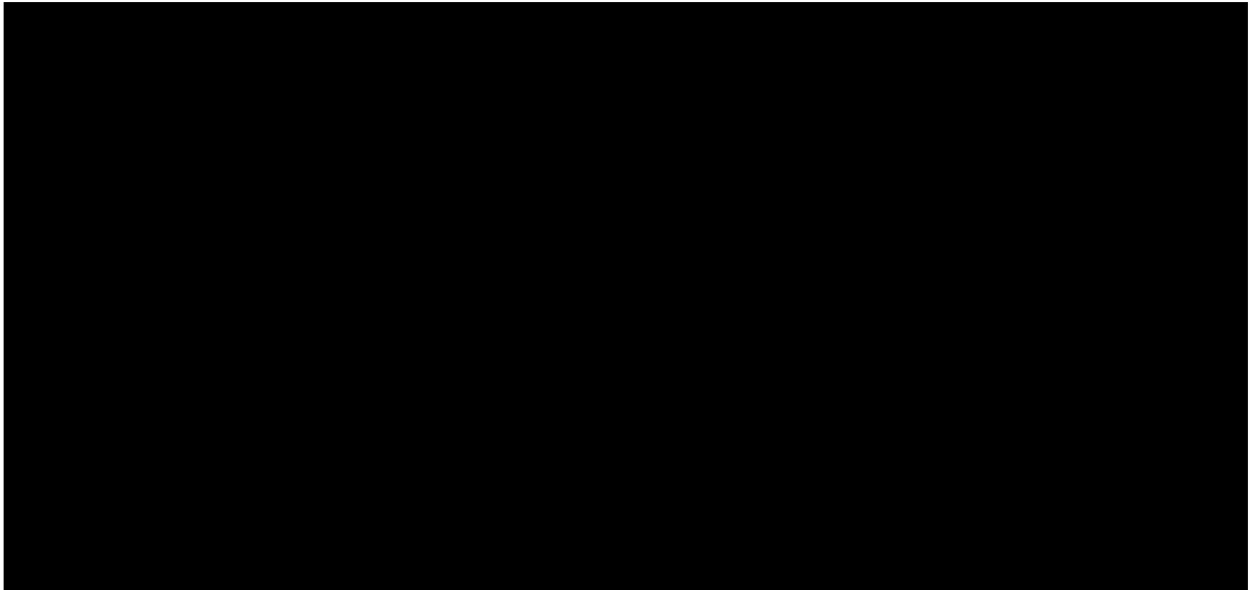
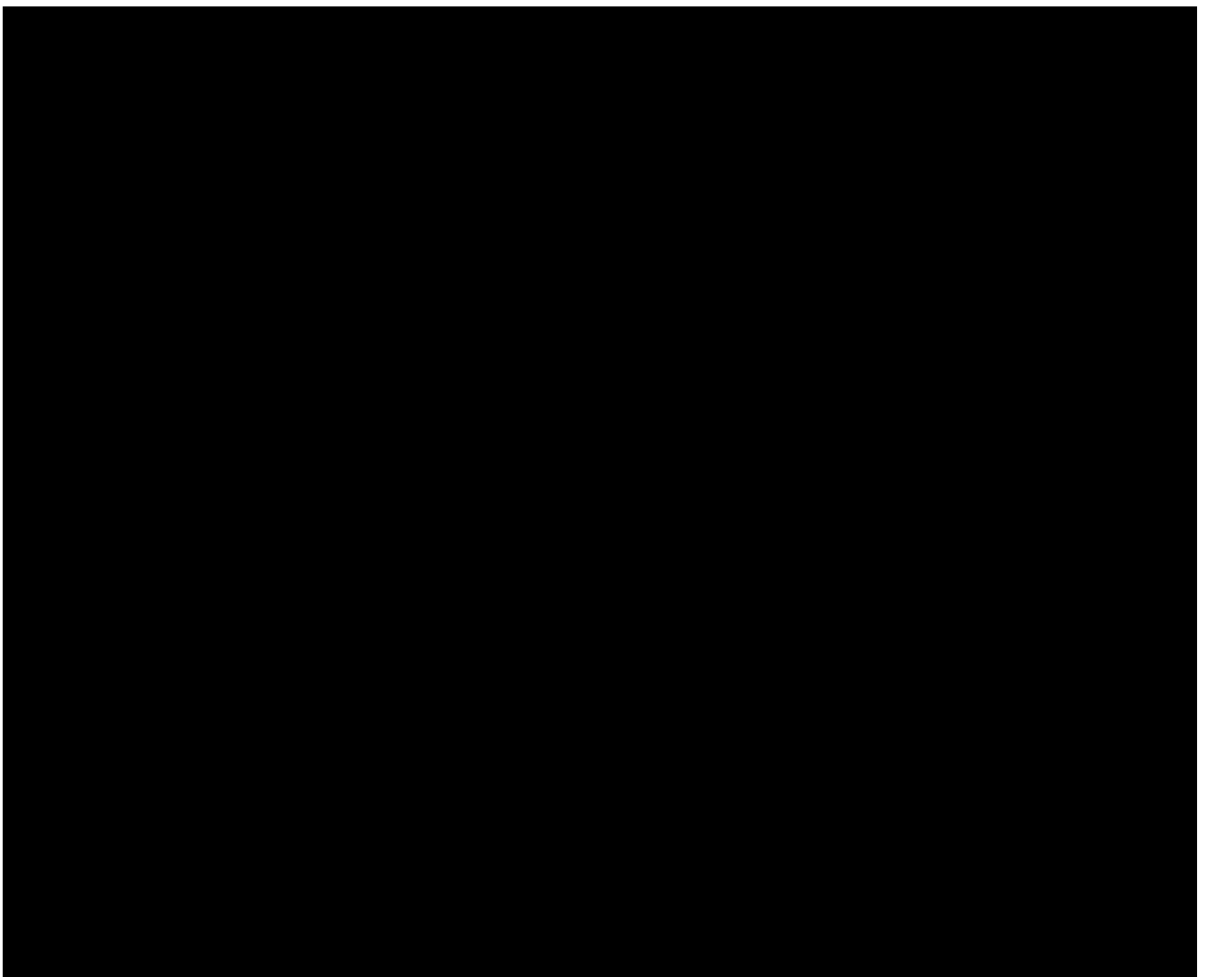


Figure 2: Post-concentration



- (10) As illustrated in *Figure 2*, the JV will be directly owned and jointly controlled by Daytona and St1 Nordic. Daytona is controlled by HitecVision NEF, whereas Aneo will hold a non-controlling minority interest in Daytona, and no control over the JV.
- (11) The JV will be established in two main interconnected and conditional phases:
- (12) The first phase comprises the establishment of the JV and transfer of Aneo and St1 Nordic's existing minority shareholdings in Biokraft to the JV. The target date for completion of phase one is end of January 2024 following regulatory approvals.
- (13) By combining Aneo's and St1's existing shareholdings in Biokraft, the JV will achieve a controlling interest of 55.1 percent and consequently sole control in Biokraft. [REDACTED]
[REDACTED] A combination of Aneo's and St1 Nordic's existing shareholdings in Biokraft will trigger an obligation to issue a mandatory offer for all outstanding shares in Biokraft according to the Swedish takeover rules. Any further stake building in Biokraft will however not affect the control situation of the company, as the JV, following this first phase, will already exercise sole control over the company.
- (14) In the second phase, [REDACTED]
[REDACTED]
- (15) The JV will be a full-function joint venture, cf. Section 3 below, and thus, the establishment of the JV constitutes a concentration, cf. Section 17 of the Norwegian Competition Act. Due to the parties' turnover in Norway, the concentration is notifiable to the Norwegian Competition Authority, cf. Section 18 of the Norwegian Competition Act.

2.3 Merger notifications in other jurisdictions

- (16) The concentration is notifiable also to the Swedish Competition Authority. The concentration will not be completed prior to approvals from both the Norwegian and Swedish Competition Authority.

3. THE JV WILL CONSTITUTE A FULL-FUNCTION JOINT VENTURE

3.1 Daytona and St1 Nordic will exercise joint control over the JV

- (17) The JV will be established based on a principle of equal shareholdings (50/50) and thus Daytona and St1 Nordic will exercise joint control over the JV. [REDACTED]
[REDACTED]

³

3.2 The JV meets the full-function criteria

- (18) The JV will constitute a full-function joint venture performing on a lasting basis all the functions of an autonomous economic entity.

³ Cf. Section 4.2 and 10..

- (19) Firstly, the JV will be established for an indefinite period.
- (20) Secondly, the contribution of HitecVision/Aneo and St1 Nordic's existing biogas businesses and other resources will enable the JV to compete in the biogas markets in the Nordics and to perform all the normal functions of a company operating in those markets.
- (21) The formation of the JV will lead to an integration of Biokraft and St1 Nordics biogas businesses. Following the concentration, the JV will be equipped with financials, resources, and assets, such as production facilities and distribution networks in order to be able to conduct on a lasting basis the activities provided for in the JV's business plan.
- (22) In the first step of the establishment of the JV, cf. Section 2.2 above, [REDACTED]
[REDACTED]
[REDACTED]⁴
- (23) [REDACTED]
[REDACTED]⁵
- (24) [REDACTED]
[REDACTED]
- (25) Thirdly, the JV will have activities beyond one specific function of the parents. [REDACTED]
[REDACTED]
[REDACTED] The JV will carry out all the functions normally carried out by players in the biogas markets in the Nordics.
- (26) [REDACTED]
[REDACTED]
- (27) Core capabilities will be transferred to or developed by the JV, offering its services to third parties in the market. [REDACTED]
[REDACTED]
[REDACTED]
- (28) Based on the above, the JV meets all the criteria for being a full-function joint venture.

⁴ Cf. Section 5.4 of the Shareholders' Agreement.

⁵ Ibid.

4. THE CRITERIA FOR SUBMITTING A SIMPLIFIED NOTIFICATION ARE MET

- (29) It follows from the Norwegian Regulation on the Notification of Concentrations Section 3, first paragraph, item 3, letter a, that a concentration can be notified by way of a simplified notification where there are no horizontal or vertical overlaps between the business activities of the parties.
- (30) As described in further detail in Section 6.3 and 6.4, there are no horizontal or vertical overlaps between the business activities that will be contributed to the JV in Norway.
- (31) Furthermore, as described in Section 6.5, neither St1 Nordic, nor any of the portfolio companies controlled by HitecVision, are active on any of the same markets, nor do they hold any vertical relations, to the contemplated JV business following the concentration.
- (32) Consequently, the criteria for submitting a simplified notification are met.

5. THE PARTIES

5.1 Daytona - HitecVision NEF

- (33) Daytona is an investment vehicle controlled by HitecVision NEF. Aneo is a minority shareholder in Daytona, cf. Section 5.1.1 below.
- (34) HitecVision NEF is one of eight funds managed, advised, and in competition law terms controlled by HitecVision Advisory AS (“HitecVision Advisory”). The funds invest across a spectrum of companies with a focus on companies that help drive the energy transition from fossil-based systems to renewable energy sources. This includes *inter alia* energy producers, infrastructure owners and specialist services providers in the industry.
- (35) The investor base of the funds consists of institutional contributors from Europe, North America, Asia, and the Middle East, including public and private pension funds and foundations. The total committed capital base of the HitecVision funds is currently approximately EUR 8 billion.
- (36) A complete overview of the HitecVision fund structure and portfolio companies, is included as Annex 4. An overview and brief descriptions of the companies controlled by HitecVision is included as Annex 5.

Annex 4 Overview HitecVision fund structure and portfolio companies

Annex 5 Overview and description of controlled portfolio companies

- (37) Only the companies of relevance to the notified concentration are described in further detail below. For more information on the remaining portfolio companies, we also refer to the overview of all portfolio investments on www.hitecvision.com.

5.1.1 Aneo

- (38) Aneo was established in 2022 by HitecVision NEF, via HV Aneo Holding AS, and the energy company TrønderEnergi.

- (39) Aneo is an independent energy transition group in Norway. The company group provides services as a Norwegian wind operator, holds a portfolio of wind power plants and hydropower plants, and has several downstream electrification activities.
- (40) Aneo is currently the owner of the 36.5 percent share in Biokraft that is to be contributed to the JV. Besides its shareholding in Biokraft, Aneo has no biogas business.
- (41) Each of HitecVision and TrønderEnergi holds 50 percent of the shares and exercise joint control over Aneo. As follows from *Figure 2* above, Aneo is non-controlling minority shareholder in Daytona, and neither TrønderEnergi nor Aneo will be a controlling (direct or indirect) shareholder to the JV.
- (42) More information about Aneo and its business activities can be found on its website www.aneo.com.

5.1.2 Biokraft

- (43) Biokraft is a Nordic biogas producer. The company group produces and sells liquid biogas (LBG) and compressed biogas (CBG) mainly used as fuel in heavy transport and shipping.
- (44) Biokraft currently has five production plants in three countries - Norway, Sweden, and Korea - with a total production capacity of approximately 500 GWh. In addition to biogas, the plant in Sweden produces bio-fertilizer that is provided to surrounding farms. Biokraft has also recently established business in Germany to evaluate and establish various projects.
- (45) In Norway, Biokraft operates a large-scale biogas plant in Skogn, outside Trondheim. The plant produces bio-LBG (liquefied biogas derived entirely from renewable resources) with an annual production capacity of approximately 120 - 150 GWh. The raw material (feedstock) for the production is primarily water from fish farming, fish manure and process water from Norske Skog's pulp and paper industry in Skogn. As per October 2023, the plant employs 18 persons.
- (46) In 2022, Biokraft generated a global turnover of SEK 366.7 million and a Norwegian turnover of SEK 111 million.
- (47) Biokraft has been listed on Nasdaq First North Premier Growth Market since December 2020.
- (48) Today, Biokraft is not controlled by any companies or persons individually or jointly.⁶ As per 30 September 2023, the largest shareholders of the company were Aneo (36.5 percent), St1 Sverige AB (18.5 percent), Bengtssons Tidnings AB (10.1 percent) and Wipunen Varainhallinta Oy (9.2 percent). The remaining shares are widely dispersed.

⁶ Aneo's acquisition of sole control over Biokraft (former Scandinavian Biogas Fuels International AB) was notified to the Norwegian Competition Authority on 2 November 2022. The notification concerned Aneo's acquisition of 36.1 percent of the shares in Biokraft that, due to the remaining shares being widely dispersed combined with low attendance figures at the general meetings, led Aneo to holding *de facto* control in Biokraft. Since the notification in 2022, several minority shareholders have increased their shares in Biokraft, including St1s ownership of 18.5%. Consequently, today, no company or person individually or jointly exercise control over Biokraft.

5.2 St1 Nordic

- (49) St1 Nordic is a part of the St1 Nordic group, a producer and seller of CO₂-aware energy in the Nordics. The parent company of the group is Keele Oy, which in turn is owned and controlled by one individual.
- (50) The St1 Nordic group focuses on fuels marketing activities, oil refining and renewable energy solutions such as biofuels and industrial wind power. The group has 1,300 St1 and Shell petrol stations, unmanned and service stations as well as heavy goods vehicle (HGV) sites together with network of gas distributions and EV charging points in Finland, Sweden, and Norway.
- (51) The St1 Nordic group also has biogas business across the Nordics. The activities span from production and wholesale of biogas to distribution and sales of biogas as transport fuel.
- (52) In Norway, the biogas business is limited to St1 Sverige's minority shareholding in Biokraft, as well as a shareholding by St1 Norge in Biogas Energi, cf. Section 5.2.2.
- (53) An overview of the St1 Nordic group's main companies is included in Annex 6. The companies of relevance to the notified concentration are described in further detail below.

Annex 6 Overview St1 Nordic group

- (54) Headquartered in Helsinki, St1 Nordic employs more than 1 000 people in the Nordics. For more information on St1 Nordic group, we refer to www.st1.com.

5.2.1 St1 Norge

- (55) St1 Norge AS ("St1 Norge") operates the business activities of St1 Nordic in Norway.
- (56) St1 Norge is primarily active as an operator of retail fuel petrol stations across Norway under the St1 and Shell brands. St1 Norge also engages in the distribution and sale of traffic and heating fuels to companies across the industry, aviation, and agriculture sectors. Following its acquisition of Statoil Fuel & Retail Marine in 2018⁷, St1 Norge also delivers fuel to the marine sector along the Norwegian coast.
- (57) St1 Norge's biogas business comprises its shareholding in Biogas Energi. Biogas Energi is a joint venture by St1 Norge, Nor-log Gruppen AS ("Nor-log Gruppen") and Knapphus Energi AS ("Knapphus Energi"). Each parent company holds 33.3 percent of the shares in the joint venture, and a shareholder agreement provides the parents with veto rights on strategic business decisions. Consequently, the parent companies exercise joint (negative) control over the joint venture.⁸
- (58) The business activities of Biogas Energi are described in further detail in Section 5.2.2.
- (59) As follows from Section 2.2 above, the entire St1 Nordic biogas business, including its Norwegian business, is to be contributed to the JV as part of the concentration.

⁷ The acquisition of Statoil Fuel & Retail Marine was conditionally approved by the Norwegian Competition Authority on 20 June 2018.

⁸ St1 Norge's acquisition of joint control in Biogas Energi was notified to the Norwegian Competition Authority on 7 May 2021.

5.2.2 *Biogass Energi*

- (60) Biogass Energi was established for St1 Norge, Nor-log Gruppen and Knapphus Energi to enter the Norwegian biogas market.
- (61) Whereas Nor-log Gruppen is a heavy transport operator owning gas-powered trucks, both Knapphus Energi and St1 Norge have long experience with the operation of energy stations. Through Biogass Energi, the parent companies' plan to build and operate a network of filling stations for biogas fuel for heavy motor vehicles (trucks and buses) across Norway.
- (62) Biogass Energi is developing six filling stations which are estimated to be operational by year end 2024. These include stations in Aksdal, Bergen (not finally confirmed), Koppang, Rudshøgda, Seljord and Vestby. Each filling station is expected to have an annual capacity of liquid biogas (LBG) of approximately 25 GWh. The total annual capacity of all stations is estimated to be approximately 125 GWh.
- (63) Once the joint venture enters the market, it will operate as a retailer of biogas fuels for heavy motor vehicles in Norway. Until the joint venture is operational, by year end 2024, the company does not have any revenue generating business or market presence in Norway.

5.3 Turnover in Norway

- (64) The parties' turnover in Norway in 2022 is included in the table below.

Party	Turnover in Norway (2022) ⁹
HitecVision (portfolio companies)	NOK [REDACTED]
St1 Nordic ¹⁰	NOK [REDACTED] ¹¹

5.4 Annual reports

- (65) The most recent audited annual report of St1 Nordic is attached as Annex 7.

Annex 7 St1 Nordic annual report for 2022

- (66) As a private equity fund, HitecVision NEF does not have a consolidated annual report. The annual reports of the Norwegian portfolio companies of the HitecVision funds are available at the Brønnøysund Register Centre.

6. COMPETITIVE ANALYSIS: NO RESTRICTIVE EFFECTS ON COMPETITION

6.1 Introduction

- (67) The JV will, through the business activities currently held by Biokraft, operate in Norway as a producer and wholesaler of biogas to other wholesalers and distributors on retail level. The facilities in Norway (Skogn) produces liquified biogas (LBG) mainly used as transport fuel.

⁹ The contribution of Aneo and St1 Nordic's minority shares in Biokraft will result in an indirect acquisition of joint control over Biokraft. As follows from Section 5.1.2 above, Biokraft generated a turnover of SEK 111 million in Norway in 2022.

¹⁰ The turnover figures include the entire St1 Group, including the Keele group.

¹¹ EUR 2 662 929 895. Conversion EUR/NOK based on the Norwegian Central Bank's annual exchange rate for 2022 (10,104).

(68) Upon the establishment of the JV, the production and wholesale of biogas will be the only revenue generating business activity of the JV in Norway.

(69)



(70) The relevant markets on which the JV will compete upon its establishment, as well as in the future (retail sale of biogas), are further described in Section 6.2.

(71) The business activities contributed to the JV do not give rise to any horizontal overlaps, cf. Section 6.3. Furthermore, as Biogas Energi does not yet have a market presence, the concentration does not give rise to any vertical overlaps between the production and wholesale business of Biokraft and the planned retail business of Biogas Energi. For the sake of good order, the lack of any competition concerns with regards to future vertical overlaps between Biokraft and Biogas Energi are explained in Section 6.4.

(72) Following the concentration, the parties will not hold any biogas businesses independently in Norway. Furthermore, the parties have no business activities horizontally or vertically overlapping with the activities of the JV. The lack of overlaps is commented in Section 6.5.

6.2 Relevant markets

6.2.1 Market for the production and wholesale of biogas in Norway

(73) The parties have not identified any decisions from the Norwegian Competition Authority or the EU Commission relating to a market for the production and wholesale of biogas.

(74) In the view of the parties, the JV will be active on a product market for the production and wholesale of biogas, comprising all types of biogases.

(75) Biogas is a renewable energy source produced through the processing of various types of organic waste (feedstocks). Biogas is suitable for a diversity of uses including motor vehicle fuel, heating, and industrial uses. In Norway, biogas is used primarily as fuel.

(76) The market for biogas may potentially be further segmented into separate markets for the production and wholesale of gases normally upgraded and used as transport fuel, including liquified biogas (LBG) and/or compressed biogas (CBG).

(77) LBG is the term for fuel produced from biogas that is cooled down to a liquid form, which makes it easily and safely transportable, and therefore a reliable fuel. CBG is in a gaseous state, and for CBG to be transported and used as fuel, it is compressed to reduce the volume of the gas.

(78) Although the production process for LBG and CBG biogases somewhat differ, the same facilities may be used to produce the gases, and there is a significant overlap in producers of both types of biogases. Customers on the retail level tend to purchase and distribute either both gases, or any one of LBG and CBG.

- (79) As the concentration does not restrict competition under any plausible market definition, it is not necessary to conclude on the scope of the product market.
- (80) In general, biogas is distributed in Norway through local gas networks, and CBG as well as LBG in particular, by container transport. CBG is generally transported via trucks for distances up to approximately 400 kilometers. As CBG is in a gaseous state, transportation costs per unit of energy does not always justify longer transports. Such restrictions do not apply to LBG. As LBG is cooled down to liquid form, it takes up less space, enabling producers to reach customers over much longer distances and making it less expensive to transport. LBG is transported across Norway, and to neighboring countries, such as Sweden, Denmark, and Germany.
- (81) The geographical extent of the market being national wide is supported by Biokraft's customer base. In Norway, the LBG produced by Biokraft in Trondheim is distributed *inter alia* by Gasum/Linde, having most of its filling stations in the greater Oslo area. Biokraft also serves Rolande, who exports the LBG to the Dutch and German markets. The deliveries to Gasum/Linde and Rolande total approximately 90 GWh of LBG per year (more than half of the total production capacity of Biokraft).¹² Considering that there, as per today, seemingly are only two LBG retail filling stations within a 400-kilometer radius of Biokraft's production facilities in Skogn¹³, Biokraft would have suffered from serious overcapacity if it was only to operate in a regional market.
- (82) Consequently, the parties submit that the geographic market for production of biogas is at least national and covering the whole of Norway. The narrowest plausible geographical market definitions related to the wholesale of biogas would be regional (within a range of approximately 400 kilometer) for CBG, and national (Norway-wide) for the production and wholesale of LBG. This concentration concerns only the production and sale of LBG.
- (83) Given that the concentration will not give rise to substantive issues on the basis of any plausible market definition, the precise geographic scope of the markets in question can be left open, it is not necessary to finally conclude on the market definition.

6.2.2 Market for retail sale of gas as fuel for motor vehicles

- (84) The parties have not identified any decisions from the Norwegian Competition Authority or the EU Commission relating to a market for the distribution and retail sale of (bio)gas as fuel for motor vehicles.
- (85) In the view of the parties, a market for the retail sale of gas as fuel for motor vehicles can be defined as a separate market from the wider market for all fuels for motor vehicles. In Norway, biogas is not offered at petrol stations, but at dedicated filling stations.
- (86) Biogas could be substitutable with other forms of natural gas, and in practice, biogas can be combined with other forms of natural gas for refueling at gas stations. The market for retail sale of gas could therefore include all forms of gas offered as fuel. Alternatively, the market could be further segmented according to the types of gas, including LBG and CBG. The various

¹² Cf. the annual report of Biokraft for 2022, page 28.

¹³ The parties have identified one LBG/CBG station in Trondheim, and one LBG/CBG station in Ålesund.


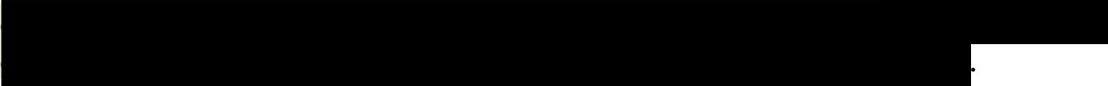
gases, including LBG and CBG, are not substitutable for the end-user as motor vehicles are designed for the purpose of one of the two. However, from the supply perspective, gas station network operators can offer gas for both types of motor vehicles and in Norway there are stations offering both gases, as well as stations only offering LBG or CBG. Some station network operators can also transform the gas from compressed to liquid form and thereby adjust its serving to both type of gas motor vehicle customers.

- (87) The Norwegian Competition Authority has in previous cases regarding conventional fuel for motor vehicles defined a geographical market with national, as well as local, dimensions.¹⁴
- (88) St1 Nordic is not active within the retail sale of gas as fuel for motor vehicles in Norway. Once Biogas Energi enters the market by year end 2024, it will offer LBG from dedicated filling stations across Norway.
- (89) As the concentration does not restrict competition under any plausible market definition, it is not necessary to finally conclude on the scope of the product market.

6.3 No horizontal overlap

- (90) In Norway, the parties' non-controlling shareholdings in Biokraft relate to the same company and does not give rise to any horizontally overlapping business activities within the JV.
- (91) Only a future vertical link exists between Biokraft's production and wholesale business, and the planned retail business of Biogas Energi in Norway, cf. below.
- (92) For the sake of completeness, it is noted that St1 Nordic has production facilities for biogas *inter alia* in Sweden that will be contributed to the JV. However, St1 Nordic uses the biogas produced (CBG) captively, by selling it to its own vertically integrated biogas fuel distribution network in Sweden. The Swedish production business does not in any way compete with the production and wholesales of Biokraft in Norway.

6.4 No vertical overlap - future vertical link does not give rise to competition concerns

- (93) As Biogas Energi has not yet entered the market, the concentration does not give rise to vertical overlaps between the business activities contributed to the JV. 

- (94) The future entrance of Biogas Energi on the retail market does however not give rise to any foreclosure or other potentially restrictive effects.
- (95) Firstly, *for producers competing with Biokraft*, the concentration does not affect their access to a sufficient customer base. Biogas Energi is not a customer in the market today and therefore not a factor affecting the ability for existing producers to compete effectively.
- (96) There is nothing indicating that Biogas Energi will represent a significant or particularly important customer once it enters the market. On the contrary, Biogas Energi is only one of several market players that are expected to enter or expand on the retail market in the next

¹⁴ Cf. V2025-19 St1 Nordic/SmartFuel section 5.3.

couple of years¹⁵. The JV through Biogas Energi, as only one of several market players, would therefore not have the ability to foreclose any competing producers of biogas.

- (97) Secondly, *from the perspective of retailers of biogas*, the concentration is unlikely to lead to anticompetitive input foreclosure. Biogas is homogeneous, and retailers would have access to biogas from other biogas producers in Norway.
- (98) According to statistics from Biogass Norge (special interest group), there are 56 biogas production facilities in Norway with an actual production of 726 GWh in 2022.¹⁶ In 2022, Biokraft produced and sold 107 GWh in Norway, corresponding to 14.7 percent of the total production that year. Biogass Norge expects 26 new production facilities to be established in the coming years, and that the total annual production capacity of biogas will increase to 958 GWh.¹⁷ Against this background, the biogas of Biokraft would not represent a sufficiently important volume to foreclose any future competitors of Biogas Energi.
- (99) According to the statistics from Biogass Norge, approximately 61 percent of the biogas produced in 2022 was upgraded to be used as transport fuel (CBG and LBG). Biokraft's share of the total production of biogas to be used as transport fuel was approximately 23.5 percent.¹⁸ Furthermore, according to the statistics, the actual production of LBG was 178 GWh in 2022.¹⁹ As Biokraft's total production/sales of LBG amounted to 107 GWh, Biokraft's share of the production for LBG was 60 percent.
- (100) The parties note that biogas is a relatively small market that is now taking significant growth. With all the initiatives that are now being developed on the wholesale and retail level, cf. further descriptions below, the market will be significantly larger in few years.
- (101) For the sake of clarity, the parties also note that the retailers of biogas as fuel compete in a market that comprises more than the mere sale of LBG (likely also includes the sale of CBG from the same types filling points and/or other biogas fuels). Future vertical effects of the concentration should therefore not be based merely on a narrow segment for LBG. Regardless of the above, the market shares of Biokraft does not give rise to any competition concerns, as further described below.
- (102) To this comes that the biogas markets are undergoing rapid development, and there is a political commitment in the EU and Norway to incentivize the growth of these markets in particular with regards to the use of biogas as fuel for motor vehicles. Although not all production facilities in Norway currently engage in upgrading its biogas so that it can be used as fuel (LBG/CBG), such facilities already have the technology to produce raw biogas and could relatively easy upgrade and adjust its production to include the offering of LBG/CBG as a response to an increasing demand for biogas as fuel. Such producers would have to invest in equipment for the upgrade if the biogas, and the cooling down of the biogas should the

¹⁵ Today, there are approximately 37-38 filling stations for biogas (LBG and/or CBG) across Norway. In addition to the stations of Biogas Energi, Enova has provided support to the establishment of 9 stations that have publicly announced openings in 2023 - 2025. Of the 9 stations, 7 stations will offer LBG.

¹⁶ Cf. Biogass Norge statistics for 2022, available at www.biogassnorge.no

¹⁷ Cf. footnote 14.

¹⁸ Please see the statistics for 2022, page 4, available at www.biogassnorge.no

¹⁹ Ibid.

facilities engage in the production of LGB. St1 Nordic estimates that the costs of upgrading a production facility would range from EUR 8 - 15 million depending on the size. St1 Nordic is currently making such a transition for a production facility in Borås in Sweden, that has so far only produced CBG. In the view of St1 Nordic, there are no other barriers preventing a producer of raw biogas, to start upgrading its biogas to CBG and/or LGB.

- (103) Moreover, the parties consider that there are limited or no capacity constraints in the Norwegian market. Existing producers of biogas, as well as new entrants, can therefore respond to the expected market growth and increased demand from retailers and end-customers.
- (104) In fact, St1 Nordic is familiar with several market players that are in the process of entering the market or have recently invested in increased capacity in Norway. This includes, *inter alia*, Hardanger Biogass, Lista Biogass, RENEVO and Sømna Biogass who in 2023 received support for their building of production facilities with a total annual production capacity of 320 GWh.²⁰ In 2022 RENOVO also opened their first biogas facility on Stord which has a production capacity of 50 GWh annually.^{21,22} In addition, St1 also knows that other players, such as Biovind, Norske Skog, Ductor and local waste management companies (e.g., Rå Biogaspark in Tromsø) are establishing and/or upgrading their facilities.²³ St1 estimates that these all have a production capacity of LBG of approximately 80-130 GWh that will come on top of existing production in the market.
- (105) Biokraft also has ambitions expanding its production facilities to meet the expected increasing demand for LGB and other types of biogas. Biogas Energi, as well as other retailers, would be able to purchase their need for LGB from Biokraft or other producers of such gas. Although no agreements have been entered into between Biokraft and Biogas Energi on the supply of LGB once Biogas Energi enters the market in 2024, Biogas Energi will likely purchase biogas from Biokraft, as well as other suppliers in Norway and potentially also in Sweden.
- (106) In the view of St1 Nordic, Biokraft will likely take on Biogas Energi as a customer, as it does other customers, and would have no incentives to reduce its production capacity to limit its sales only to Biogas Energi. On the contrary, Biokraft, as any other producer of LGB, would have incentives to take part of the rapidly expanding market and benefit from the growing demand. In addition to this, biogas consumed in Norway is also being imported from other countries. The parties in relation to this note that retailers would be able to increase volume of imported biogas to Norway, either directly or indirectly through traders, should there be an increase in prices in Norway. Retailers would there be able to switch to other producers than Biokraft or increase import with no significant inconvenience.

²⁰ See for example Fire biogassanlegg får 162 millioner kroner i Enovastøtte | Enova (ntb.no)

²¹ Statsminister Jonas Gahr Støre åpnet Renevos nye biogassanlegg på Stord - regjeringen.no

²² Note that the facility closed in October 2023, awaiting new modification before reopening.

²³ See for example that in 2023 Biovind received MNOK 44,8 in support for their planned LGB biogas facility in Rogaland with a production capacity of 85,6 GWh annually, see Nye grep ga millionstøtte fra Enova | Enova (ntb.no). See also AFRY og Advansia skal bistå Rå Biopark med å utvikle biogassanlegg i Nord-Norge | AFRY

(107) Against this background, the future vertical overlap between the business activities of Biokraft and Biogas Energi does not entail risk of foreclosure or other restrictive effects on competition.

6.5 No overlap between the business activities of the JV and its parents

(108) Following the concentration, neither the portfolio companies advised by HitecVision Advisory, nor St1 Nordic, hold business activities horizontally or vertically overlapping with the business activities of the JV in Norway.

(109) St1 Nordic will continue to operate a network of retail fuel stations across Norway. However, these stations do not distribute or sell any form of gas as fuel for motor vehicles.

(110) Note also that two of the portfolio companies controlled by HitecVision Advisory, NEO Energy and Sval Energi, are exploration and production (E&P) companies active on the Norwegian Continental Shelf with the production of natural gas. As natural gas can be used for the same purposes as biogas, e.g., by the end-customer as fuel for motor vehicles, the activities of NEO Energy and Sval Energi and Biokraft would overlap in a hypothetical overall market comprising the production and wholesale of both natural gas and biogas.

(111) In the view of the parties, no such overall market exists, in particular due to no supply-side substitutability (fundamentally different production methods and facilities), different regulatory regimes for the production and sale of the gases as well as significant differences in the environmental benefits from gases. The positive environmental effects following from biogas is the main reason for the expected growth in the biogas market going forward.

(112) Regardless of whether a production market would include both natural gas and biogas, the wholesale of NEO Energy and Sval Energi on the one side, and the wholesale of Biokraft, would nevertheless not compete. Whereas Biokraft sells its biogas mainly to retailers of fuel on the downstream market, the customers of NEO Energy and Sval Energi are other E&P companies as well as independent industry traders. Any link between the business activities of the companies would therefore not give rise to competition concerns.

7. CONFIDENTIALITY

(113) The notification contains business secrets marked with yellow background. Reasons for exemptions from public disclosure are set out in Annex 8.

Annex 8 Reasons for exemptions from public disclosure

* * *

Yours sincerely,
for Advokatfirmaet BAHR AS

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