Briefing Note

Oslo has decided: Energy policy in an artificial Arctic town

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Longyearbyen exists because Norway has decided that it should, and its energy policy regime follows the same logic. Based on fourteen interviews, official documents and fieldwork in May 2026, this briefing note reads the post-coal energy system of the world's northernmost town as a policy regime and asks how it balances the energy trilemma. Security of supply comes first, affordability is guaranteed by the state, and the green ambition has been adjusted downward. The regime is stable without a coalition behind it, yet it adapts when Oslo decides how much green and how much diesel is acceptable. Underneath lies a duality. The town is a home for those who live in it and an instrument of Norwegian foreign policy, and when money becomes scarce, it is the size of the settlement that is likely to adjust. The Storting's 2027 decision will test this.

Introduction

When I started researching Longyearbyen in 2025, my primary interest was to understand how Norway aimed to decarbonize an Arctic outpost, heavily influenced by climate change and geopolitics. Specifically, I wanted to find out how the energy trilemma was balanced and how robust this balancing was under pressure. Coming from South America, I knew the Arctic only from a distance, so I needed a framework wide enough to make sense of an unfamiliar context. I chose a policy regime framework, which looks at how institutions, interests and ideas align to govern a problem over time. In May 2026 I traveled there for six days and conducted fourteen interviews, which eventually allowed me to test my analytical expectations. However, being there and experiencing Longyearbyen's uniqueness prompted more questions than the ones I arrived with.

The longer I stayed, the stronger my impression became that the town was artificial, a community placed on purpose in the middle of the Arctic wilderness. By artificial, I do not mean fake. Longyearbyen is a real town, and people live real lives in it. I mean that it is made, and kept, by decision. This town is two things at the same time. It is a home for those who live in it, and an instrument of Norwegian foreign policy. This duality is the glue that holds together the institutions,

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interests and ideas that make up its energy policy regime, and the balancing between security of supply, decarbonization and affordability is where that regime becomes visible.

This briefing note argues that Longyearbyen's energy system and its green transition are artificial in the same sense. Most of the pieces that energy transitions usually have are missing, and the state has filled each gap with a decision of its own. Few people contest the arrangement, because almost everyone, in Oslo and in Longyearbyen, accepts that the town is exceptional. Earlier work has read the coal phase-out as a contest between visions of what a post-coal Longyearbyen should be (Nygaard, 2024) and as a struggle over symbolic capital (Vold Hansen, 2024). Drawing on my master's thesis, this note looks at the system that replaced coal, read as a policy regime (Kuzemko et al., 2016).

A town kept by decision

The artificiality is older than the energy transition. Longyearbyen has no Indigenous population, and Svalbard was originally no man's land. The Svalbard Treaty that gave Norway full sovereignty in 1920 also gave nationals of all signatory states equal economic rights. It is under this treaty that a Russian mining settlement, Barentsburg, still operates on the archipelago. Norway saw in coal a way to give the town a reason to exist. For most of the twentieth century Longyearbyen was a company town, where Store Norske, the coal company that later became wholly state-owned, provided the jobs, the housing, the services and the energy. Mining was rarely profitable, on either side; it survived because settlement itself, not coal, was the point (Grydehøj et al., 2012).

From the late 1980s Norway set out to "normalize" the town. An elected local council, the Longyearbyen lokalstyre, took over municipal functions in 2002, and the economy began moving toward research, higher education and tourism long before the last mine closed. When the coal power plant shut down in 2023 and the town switched to its diesel backup plant, phasing out coal implied thinking about a new energy system, but also a new identity. Research, higher education and wilderness conservation now attempt to fill that void. These sectors recruit internationally, so the Norwegian share of the population has fallen, a tension known as the Longyearbyen dilemma (Pedersen, 2017). The logic underneath did not change. Norwegian sovereignty is legally settled, but Norway has chosen to exercise it through presence, that is, through a functioning Norwegian community (Pedersen, 2017). Informants were candid about this. "Norway doesn't have to be there to have sovereignty. That is a choice that Norway has made," a senior researcher told me. The municipal administrator was blunter, calling the town "a tool for the geopolitics."

An unusual policy regime

Security of supply came across as the top priority, as keeping the lights on in Longyearbyen is a matter of survival. My expectation was to find decarbonization as a second priority and affordability in the third place, as I thought decarbonization had both practical and symbolic value for Norway, which had enough fiscal capacity to support such an effort. However, I soon realized that the green ambition was adjusted downward after repeated outages and engine problems in the first year of full diesel operation, and after the recentralization of energy provision toward Oslo with the transfer of Svalbard Energi, the local utility owned by the council, to Store Norske. Oslo's fiscal backing was seen as unconditional, since Norway "needs" Longyearbyen, but money still mattered. Once the switch to diesel made energy visibly more expensive, Oslo chose to protect prices before the green target. Therefore, affordability is the second priority.

In short, the early enthusiasm for decarbonization cooled. The 2026 budget shows it plainly, with a 374 million NOK loan toward a new diesel plant and a 5 million NOK grant to follow up on renewable options (Prop. 1 S 2025–2026, NFD). Oslo concluded that a more stable system was needed before transitioning, so diesel would not be a temporary solution but the backbone of the new system. Besides the outages and money, informants pointed to the securitization of the energy transition. Before Russia's full-scale invasion of Ukraine, optimism was higher. Since then, showcasing renewables as a climate solution in international forums is no longer enough; to convince stakeholders, they have to be shown as a security of supply solution.

What surprised me more was that Longyearbyen has a strong energy policy regime, but not because a coalition of actors holds it together. In the literature, regimes are sustained by power arrangements among interest groups and coalitions, and they change when those coalitions weaken or a challenger displaces their dominant idea (Wilson, 2000). In Longyearbyen the regime changed without anyone challenging it; the green ambition went down, yet nobody defeated it. Oslo simply decided, almost without opposition, how much green and how much diesel was acceptable. In fact, most of the elements that the literature expects in an energy transition are missing, as Table 1 shows.

Table 1. What a conventional energy transition usually has, and what Longyearbyen has

A conventional transition usually has	**Longyearbyen has**
A liberalized energy market	Prices set at cost, and no competing supplier
Incumbent companies resisting change	No private incumbent, since the state owns, operates and finances the system
Opposition from those who bear the costs	Rising costs absorbed by the state budget
Coalitions for change with broad societal buy-in	No energy constituency, with a median stay of about 3.5 years by one estimate
New entrants pushing into the market	Interest without an entry path and, under a draft regulation, no exit for large self-generators
A dense body of energy regulation and market rules	No licensing regime since the old concessions lapsed in 2015

Source: left column based on Kuzemko et al. (2016); right column from interviews and Norwegian official documents.

Start with the market, because there is none. The state owns 98.75 percent of the land in Svalbard, all of the land in Longyearbyen and the entire energy system, and prices follow the self-cost principle of the Svalbard Act, so the utility charges what energy costs to produce. Nor is there a contest between incumbents and challengers, because the Norwegian state plays both roles. Store Norske, the former coal company, ran renewable pilots, and with the transfer of Svalbard Energi, which the local council handed over for the symbolic price of one krone, it now also owns the utility that runs the diesel system.

Although several informants explained that doing business with energy in Longyearbyen was virtually impossible, there was a documented private joint initiative, the Svalbard Declaration of the business climate network Skift, whose members declared that they wanted to be "a partner and driving force" in the transition (Skift, 2023, my translation). I also spoke with a representative of Norsk Kjernekraft, the company that in 2025 proposed a small modular reactor for the town but

found no entry pathway. The rules point the same way. The old energy concessions expired in 2015 and were never replaced, and the regulation now being drafted would oblige installations above 25 kW to stay connected to the central system. That would close the exit for large users such as the airport or the university center, which had considered producing their own energy (Energidepartementet, 2026). Taken together, this shows that keeping private actors away could also be a decision. Either way, there is no private participation.

The council had been the nearest thing to a challenger, with local politics speaking of a fully renewable town, yet it did not resist the transfer. Store Norske's revised pathway now settles for roughly 50 percent renewable energy by 2030 (Store Norske, 2025). "It's the politicians that kind of removed the 100%," the operator's renewables manager told me, "but they did it because they don't own the power plant anymore."

After the switch to diesel, the cost of supplying energy more than doubled (Energidepartementet, 2026), and affordability became the main concern of the local council. Oslo absorbed the cost, covering the gap with about 400 million NOK between 2023 and 2026 and capping household prices through the Svalbardpris (Prop. 96 S 2025–2026). Oslo paid, again, because they "need people there," as one informant put it.

This is one of the reasons why there is no energy constituency in Longyearbyen. However, residents do mobilize when a problem is immediate. In 2021, more than 450 people joined a torch procession against new environmental rules that would restrict tourism, one of the pillars of the post-coal economy (NRK, 2021). Energy, instead, has long-term effects, and with a median stay of about 3.5 years by one informant's estimate, and many residents unable to vote in local elections (Jonassen, 2022), most people do not expect to be there to live with the system being built.

Stable but adaptable

How can a regime be this stable and still change its course? Part of the answer is institutional, since Oslo holds the decisive positions and the money and can adjust the pathway without negotiating it with a coalition. The other part is ideational. In the literature, a dominant policy paradigm fixes what the problem is and which solutions are thinkable, and it leaves some options out before anyone formulates them (Hall, 1993; Wilson, 2000).

I expected sovereignty exercised through presence to be the idea that held the regime together, and it was. What I did not expect was to find it in two registers. Oslo reads presence as foreign policy strategy, a Norwegian settlement that performs a territorial function; the local council reads it as a vibrant community. "It is the family society that is the policy," its council leader told me, and energy matters because it builds security and safety under that society. There is a tension between the two.

Yet almost everyone, in Oslo and in Longyearbyen, accepts that the town is exceptional, and that acceptance gives Oslo the right to decide. Local politicians even use this exceptionality strategically, stressing the settlement's national importance to obtain state support (Nygaard et al., 2026). Security of supply cannot be gambled with, since the town has no grid connection to the mainland and "we are, in fact, two days away from evacuating the archipelago depending on the situation," as the municipal administrator explained.

These ideas explain both sides of the regime. They keep it stable, because they contain disagreement before it becomes an organized alternative. They also let it adapt, because change does not need a

rival idea to displace presence; it happens through presence, as its meaning is reinterpreted. When money gets tighter, presence can be read down toward its strategic minimum.

Stability through contraction

The clearest sign of how unusual this regime is came from a simple question. When energy gets more expensive, governments usually reach for subsidies, taxes or efficiency programs. I asked informants what would happen to energy policy if support from Oslo became tighter. Some expected renewable projects to be cut first, but the unexpected answer was to reduce the size of the town. That is not part of the traditional policy toolkit. Sovereignty does not require any particular number of residents (Pedersen, 2017), and informants described a minimum version of presence, a smaller and more specialized settlement that would still perform the strategic function. One informant even suggested that Longyearbyen could be just a research station.

The 2026 Svalbard budget states that it is "not desirable that Longyearbyen should grow beyond its current level" (Prop. 1 S 2025–2026, Svalbard budget), and Oslo has recently tightened tourism rules, research governance and local voting rights (Meld. St. 26, 2023–2024; Jonassen, 2022). Two informants went further and noted that if high energy prices pushed foreign residents to leave, Oslo would probably welcome it, since it would make the community more Norwegian. Here the two registers part ways. For the strategic reading of presence, a smaller town might be enough. In an ordinary place, population is what energy policy serves; in Longyearbyen it can become what energy policy adjusts. I call it stability through contraction, since the regime keeps its priorities by changing the settlement.

A home and an instrument

In 2027 the Storting will decide on the full investment frame for Longyearbyen's energy system, including whether the renewable follow-up program continues (Prop. 1 S 2025–2026, NFD). If renewables receive binding commitments and real money, the same state capacity that now secures diesel could accelerate the transition just as decisively. If diesel remains the backbone, the case will confirm what the town already suggests. Security may have to come first in Svalbard, but if Norway wants to avoid turning emergency robustness into long-term fossil dependence, decarbonization cannot remain an ambition waiting for easier conditions.

There is also an opportunity that should not be lost. Before the first year of diesel operation, Store Norske saw Longyearbyen as a place to test renewable technology under harsh Arctic conditions and sell the solutions to other Arctic territories (Vold Hansen, 2024), and several informants described the end of that idea as a turning point. I hope it comes back, and the argument of this note is the reason to think it can. In a town where everything exists by decision, becoming a pioneer is a decision too. Energy produced locally is also diesel that does not have to arrive by ship, so renewables can be defended in the same security terms that now defend diesel. A state that can keep a town running at 78 degrees north can also make it a pioneer for the many remote Arctic communities that still depend on diesel.

Either way, the tension I take from Longyearbyen remains. The town is a home and an instrument, and as long as the money flows, its energy system serves both. When resources get tighter, the instrument is likely to prevail, because an instrument can be smaller as long as it works. The municipal administrator captured both in one sentence while pointing at a map, saying that "on 78 degrees, Norway has decided that we want a normal family society here." The community is real,

but it exists because it was decided, and what was decided can also be resized. That leaves me with the questions I did not arrive with. Is it fair to use a town as an instrument, and does it matter that its people know it and accept it? Those questions belong to another kind of conversation, but Longyearbyen makes them hard to avoid.

Note

1. This note draws on the author's master's thesis at the Willy Brandt School of Public Policy (2026), supervised by Prof. Dr. Andreas Goldthau. Interviewees are cited by role, in line with their consent.

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