Norwegian procurement

• **Norway** has for more than two decades supported the development of carbon markets

• **Kyoto 1** (2008-2012)
  – Credits purchased for over-fulfilment of pledge
    • 23 million credits purchased

• **Kyoto 2** (2013-2020)
  – Ambitious pledge – 2020 30 per cent lower than 1990 emissions
  – Measures at home and procurement of offsets (CER)

• **New Agreement, post 2020 – Norway's INDC**
  – Pledged "at least" 40 per cent reduction compared to 1990
  Use of flexible mechanisms and/or joint implementation with EU is assumed

• **Carbon Neutral by 2050**
Kyoto 2 Procurement program

"Make a difference"
- Identify projects in need of carbon revenues to keep going or to start/restart ("vulnerable projects")
- No purchases of already generated CERs

Procurement alternatives
- CERs from vulnerable projects
- CERs from new projects (not commissioned)

Eligibility
- All CDM project types are eligible, except HFC 23, N₂O adipic acid and coal fired power plants without CCS
- All regions eligible. Special focus on regions underrepresented in our portfolio

Norway – currently the largest active buyer of CDM credits
Vulnerable projects

- **Target**: Registered and commissioned CDM projects
- **Objective**: Prevent reversal of emission reduction activities
  - Procure credits from existing projects whose survival or continued emissions reduction activity depend on a higher carbon price than achievable under current market conditions
  - Projects must present proof that they face an imminent threat of closure in absence of carbon finance – or that they may already have shut down for same reason
- **Eligible**: Registered CDM-projects with no revenue-generating Emissions Reduction Purchase Agreement (ERPA)
- **Vintage**: CERs from emissions reductions through 2020
Vulnerable projects (continued)

Programs:

− Direct procurement by the Norwegian Ministry of Climate and Environment
  − 20+ million CERs to be procured
  Invitation at

  www.carbonneutralnorway.no

− Completed program
  − Norwegian Carbon Procurement Facility (NorCap)
    • Managed by the Nordic Environment Finance Corporation (NEFCO) on behalf of the Norwegian Ministry of Climate and Environment
    • Preliminary volume: 30 million CERs
New projects

• **Target:** New, and not yet commissioned CDM projects
• **Vintage:** CERs from emissions reductions generated through 2020
• **Programs:**
  – *Direct purchases by the Ministry of Climate and Environment*
  – *Purchases through funds Carbon Partnership Facility* (World Bank)
    – Norway a major investor
  – *Piloting* scaled up crediting mechanisms
  – *NEFCO* – traditional CDM projects including PoAs
Contact us

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