



NORWEGIAN MINISTRY OF
CLIMATE AND ENVIRONMENT



Norwegian Carbon Credit Procurement Program

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The Norwegian Carbon Credit Procurement Program

- **Norway** has for more than two decades supported the development of carbon markets
- **2007** Launch of a significant procurement program for Kyoto 1 (2008 -2012)
 - Direct purchases
 - Through funds
 - A total of 23 million credits delivered for Kyoto 1
All credits will be cancelled, not used for compliance
- **2013** Launch of Kyoto 2 (2013-2020) program

Kyoto 2 (2013 –2020)

Background

- Norway has ratified the Kyoto 2 protocol
- Pledge: 84 per cent of 1990-level
 - Cuts in GHG - emissions at home
 - Offsets – procurement program
- Procurement program 2013 – 2020
 - Up to 80 to 100 million CERs
 - Overall requirement yet to be estimated
 - Pending issue: coordination Norway – EU on ETS

Kyoto 2 - Procurement

- **Generally** - All CDM-project types are eligible
 - **Except** HFC, N2O adipic and coal fired power plants without CCS
- **Procurement alternatives**
 - CERs from vulnerable projects
 - CERs from new projects
 - Credits from Adaptation Fund (limited volume)

Vulnerable projects

- **Vulnerable projects**
 - **Target:** Registered 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
 - **Eligible: Registered** CDM-projects with no revenue-generating Emissions Reduction Purchase Agreement (ERPA)
 - **Vintage:** CERs generated 2014 through 2020

Vulnerable projects (continued)

- **Procurement Facility:** Norwegian Carbon Procurement Facility (NorCaP)
- **NorCap** managed by the Nordic Environment Finance Corporation (**NEFCO**) on behalf on Government of Norway (Ministry of Climate and Environment)
- **Preliminary volume:** 30 million CERs
- **First Call** for Proposal (CfP) closed 15 January 2014
- **Second Call:** Closed on 5 December 2015
- **Further purchases are contemplated**

New projects

- **Eligibility:** All CDM project types
 - With the exception of HFC, N₂O adipic and coal fired plants without CCS
- **Programs:**
 - **Carbon Partnership Facility** (World Bank) – Norway a major investor
 - Innovate in scaling up carbon crediting mechanism
 - **NEFCO-fund** – Traditional CDM projects including PoAs
 - **Direct purchases by the Ministry of Climate and Environment**

NorCaP – First Call for Proposals

Very successful

- 288 complete proposals for 232 projects
- 211 million CERs offered
- 35 host countries
- 29 projects from PoAs
- Price range: € 0.75-12.00/CER
- Contracted volume: about 21 million CERs
- Average price: € 2,28/CER

Norcap–Second Call for proposal

Proposals currently being assessed

- 112 project proposals
- 18 proposals were PoAs
- 99 million CERs offered
- 27 host countries
- Separate tranche for LDCs