The Norwegian Carbon Credit Procurement Program

LAC Regional Workshop on Carbon Finance
Santiago 8 September 2015
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 emissions
    - 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](http://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
NorCaP – Two Calls for Proposals

**Very successful**

- 402 complete proposals
- 318 million CERs offered
- 47 projects from PoAs
- 40 host countries
- Price range: 0.75-20 euro per CER (3,5 euro average)
- Second call included a separate LDC tranche
  - Price cap of 4 euro
- Total contracted volume (August 2015)
  - about 27 million CERs
- Average price: approx. € 2/CER
NorCaP – Result by host country
Contracted volume: 26.4 m CERs (to date)

- Brazil: 14,831,985
- South Africa*: 3,449,686
- Chile: 1,700,000
- Colombia: 5,391,000
- Mexico: 3,449,686

* South Africa data includes 1,090,000 CERs.
NorCaP – Result by project type
Contracted volume: 26.4 m CERs (to date)

- Industrial processes - N2O (nitric acid)
- Waste- Landfill Gas (no energy)
- Industrial processes - SF6
Contact us

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