



NORWEGIAN MINISTRY OF  
CLIMATE AND ENVIRONMENT



# The Norwegian Carbon Credit Procurement Program

Asia Pacific Regional Workshop 2015  
Manila 30 September 2015

# Norway – Pledge and Market Mechanisms

- **Norway** has for more than two decades supported the development of carbon markets
- **Kyoto 1** (2008-2012)
  - Credits procured for over-achievement of pledge
    - 23 million credits procured
- **Kyoto 2** (2013-2020)
  - Ambitious 2020-pledge: 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 continue operations or to start/restart operations
- Already generated CERs are not eligible

## **Procurement alternatives**

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

## **Eligibility**

- All CDM project types are eligible, except HFC 23, N<sub>2</sub>O adipic acid and coal fired power plants without CCS
- All regions are eligible. Special focus on regions underrepresented in our portfolio

# Kyoto 2 Procurement Program (cont.)

## **Pricing**

- No firm price cap
- But will use results from three tenders as benchmarks;
  - vulnerable projects from non-LDC at around €2
  - new and vulnerable projects from LDC at less than €4
- Pricing will vary according to project type, project size and project location

**Norway – currently the largest active buyer of CDM credits**

**Invitation at**

**[www.carbonneutralnorway.no](http://www.carbonneutralnorway.no)**

# 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
  
- **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
    - Target volume: 30 million CERs

# New projects

- **Target:** New, and not yet commissioned CDM projects
- **Vintage:** CERs from emissions reductions generated through 2020
- **Programs:**
  - **Direct procurement by the Ministry of Climate and Environment**
  - **Procurement 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

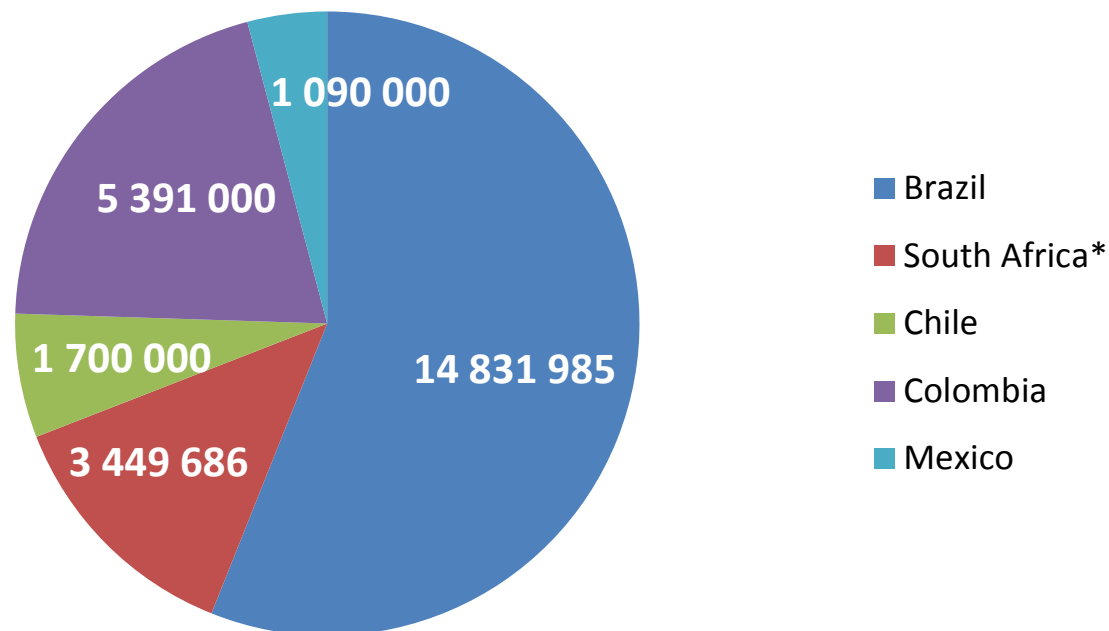
## **Very successful**

- 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 26 million CERs
- Average price: approx. € 2/CER



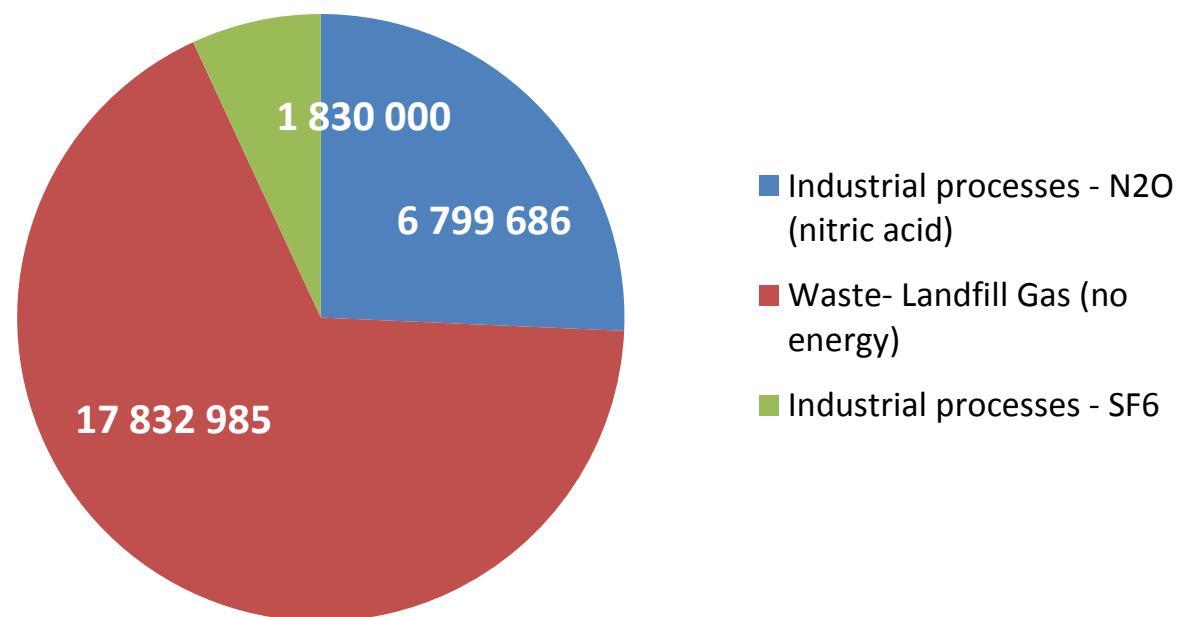
# NorCaP – Result by host country

Contracted volume: 26 m CERs (to date)



# NorCaP – Result by project type

Contracted volume: 26 m CERs (to date)



# Contact us

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