



NORWEGIAN MINISTRY OF  
THE ENVIRONMENT

*Emissions trading in Norway*

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## Norwegian ETS versus the EU ETS

- Norway is part of the common market through the agreement of the European Economic Area
- Norway has established its own ETS, similar to the EU ETS
- Political target to facilitate emissions trading between the EU and Norway

## Norwegian ETS 2005-2007

- Applies to CO<sub>2</sub> emissions
- 51 installations covering 10-15 % of total GHG emissions
- Coverage as the EU ETS: Mainly industry (energy facilities above 20 MW, cement, refineries and some others)
- Installations paying CO<sub>2</sub> taxes are not included in the Norwegian system (offshore oil and gas sector, pulp and paper industry)

## Norwegian ETS 2005-2007

- Allocation: Free of charge.
- Excess emission fine: 40 Euro + purchase of allowances covering the deficit
- In relation to the ETS: Consensus with the processing industry ensuring emission reductions from entities not covered by the ETS
- ETS and consensus expected to reduce emissions by about 1 million tonnes in 2007 compared to BAU

## Facilitating trading between the Norwegian ETS and the EU ETS

- Theoretically two options:
  - Article 25 in the EU ETS directive i.e. own agreement
  - Including the EU ETS directive in the EEA agreement
- The EU position: The ETS directive is EEA relevant
- March 2006: The Norwegian government accepted that the EU ETS directive can be included in the EEA agreement

## Norwegian ETS 2008-2012

- Widening the scope to adapt it more closely to the EU ETS
  - Offshore installations and wood processing industry have to be included
- This will double the number of installations included
  - From 50 to 100
- More than double emissions covered
  - In sum about 35-40 % of Norwegian emissions will be covered

## Norwegian ETS 2008-2012: process

- Public consultation concerning proposal for the 2008-2012 ETS as soon as possible
- Proposal for change of the emissions trading act to the Parliament towards the end of 2006
- NAP towards the end of 2006