

## **Invitation to submit proposals**

**The Norwegian Ministry of Climate and Environment (MoCE) invites proposals for future deliveries of Certified Emission Reductions (CERs) from CDM project activities and POAs. We advise potential proponents to read the information on this page and to assess the eligibility of their projects prior to submitting a proposal. Do not hesitate to contact us if you would like to discuss if your project is of interest to us.**

### **Eligible projects**

The Ministry has a mandate to procure CERs from two main project categories:

1. “Vulnerable projects”; meaning projects whose continued operation depend on revenues from sales of CERs.
2. “New projects”; meaning CDM projects or PoAs or new CPAs that have not yet been commissioned.

### **Detailed project criteria**

#### **1. Vulnerable projects**

The principal objective is to prevent reversal of emission reduction activities by procuring credits from registered and commissioned projects whose continued emissions reduction activity depend on a higher carbon price than achievable under current market conditions. Vulnerable projects include projects that may already have shut down the emissions reductions activity due to lack of revenues from sales of carbon credits.

Project proponents need to demonstrate that the CDM project or the PoA in question is facing a risk of discontinuation of the emission reduction activity due to lack of revenues from sales of carbon credits. Vulnerable projects are typically characterized by negative cash flow, i.e. the operating expenses (OPEX) exceed revenues or savings (if any). Depreciation and capital cost such as debt servicing (interest and repayment) are not part of OPEX and will not factor into the vulnerability assessment unless proof can be provided that capital costs put the emission reduction activity at risk. Projects with a positive cash flow before capital expenses will normally not be considered.

Only projects with no Emission Reduction Purchase Agreement (ERPA) in force as of 1 December 2016 will be considered eligible. The proponent must provide adequate information demonstrating that there is no ERPA in force as of 1 December 2016 which covers the CERs offered. In case of termination of such ERPA before this date, the proponent must provide proof of termination demonstrating that the conditions of the termination are uncontested and undisputed by all parties to any such agreement.

Eligible vintages include emissions reductions generated from 1 December 2016 through 2020. All contracted CERs shall be delivered by 30 June 2021 at the latest. In addition, proponents may propose additional volume as an option. An option to extend the ERPA beyond 2020 may also be considered.

For projects in countries other than LDCs, the minimum volume per transaction is 300,000 CERs from a single CDM project activity or PoA or from a bundle of similar CDM project activities. Exceptions may be considered based on an assessment of the host country, project risk and transaction cost. There is no minimum volume per transaction for projects in Least Developed Countries (LDCs).

MoCE will pay for the CERs after they have been delivered to the registry account of the Ministry. All costs related to monitoring, verification, certification, and issuance, as well as any share of proceeds needed to cover the costs of adaptation shall be borne by the seller.

The projects must be environmentally and socially sound, and compatible with environmental and sector specific priorities of the respective host countries and operated in accordance with applicable law. To assess this, MoCE will apply environmental and due diligence guidelines ensuring the promotion of sustainable projects with a positive environmental impact.

The technical and institutional competence and integrity of the project owner to manage the technology and operate the project, as well as the economic and financial viability of the project operation must be demonstrated. The projects must comply with all current guidelines, modalities and procedures adopted by the parties to the UNFCCC and the Kyoto Protocol.

MoCE will not procure CERs from the following project types:

- a) Projects reducing trifluoromethane (HFC-23) produced as a by-product of chlorodifluoromethane (HCFC-22);
- b) Projects reducing nitrous oxide (N<sub>2</sub>O) from adipic acid production, and
- c) Coal based energy production without carbon capture or storage.

## **2. New projects**

Eligible projects are new i.e. not yet commissioned CDM projects or PoAs. New, but not yet commissioned CPAs under a PoA with other commissioned CPAs may be considered. The principal objective is to offer support to projects that need carbon finance to be implemented.

Only projects with no Emission Reduction Purchase Agreement (ERPA) in force as of 1 December 2016 will be considered eligible. The proponent must provide adequate information demonstrating that there is no ERPA in force as of 1 December 2016 which covers the CERs offered. In case of termination of such ERPA before this date, the proponent must provide proof of termination demonstrating that the conditions of the termination are uncontested and undisputed by all parties to any such agreement.

Eligible vintages include emissions reductions generated from 1 December 2016 through 2020. All contracted CERs are to be delivered by 30 June 2021 at the latest. In addition, proponents may propose additional volume as an option. An option to extend the ERPA beyond 2020 may also be considered.

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MoCE will pay for the CERs after they have been delivered to the registry account. All costs related to monitoring, verification, certification, and issuance, as well as any share of proceeds needed to cover the costs of adaptation shall be borne by the seller.

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### **Price benchmarks**

No firm price caps will be applied for new or vulnerable projects. However, Norway has so far contracted CERs at prices between €2 and €4 per CER. No LULUCF (afforestation/reforestation) projects have been contracted. Because of the temporary nature of credits (tCER) from such projects, the prices will be at a discount to prices accepted for CERs.

### **Appraisal and procedures**

In most cases, the following procedure will be adopted:

1. Proponents will need to fill out the standardized Proposal Form in conformity with the embedded options and instructions. Financial claims need to be substantiated through attachment of an updated project financial model or accounts of project OPEX and revenues. Additional information including documents not available in the public UNFCCC CDM project database maybe attached to the proposal.
2. MoCE may request clarifications and additional information
3. Each proposal will be subject to an individual assessment of its overall attractiveness taking into account factors including but not limited to price, risk, host country, reputational aspects and co-benefits.
4. Negotiation and closing of a Term Sheet
5. Project Due Diligence, including a site visit
6. Acceptance/non acceptance of the proposal
7. Signature/Closing of ERPA

The Ministry reserves the right to reject any proposal.

Proposals and requests for additional information or other inquiries should be directed, preferably by email to:

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