

press release, pressemitteilung, pressemelding, fréttatilkynning

PR(08)52  
16 July 2008

## Objections are raised against the Norwegian National Allocation Plan for greenhouse gas emissions

The Authority has assessed the Norwegian National Allocation Plan (NAP) for the period 2008 – 2012 as notified by Norway according to the procedure outlined in the Emission Trading Scheme Directive (ETS-Directive).

To this extensive plan the Authority raises three objections;

The first concerns the definition of what is a so-called new entrant. The Norwegian NAP defines a new entrant as an installation that has come into *regular operation* after 1 July 2007, the date when the revised Emission Trading Act in Norway entered into force. According to the ETS-Directive a new entrant is an installation which has obtained an *emission permit* after the NAP has been notified. The NAP was notified to the Authority on 28 March 2008 and the Norwegian act is therefore in breach of the directive.

The second objection concerns the Norwegian proposal that new gas-fired power plants based on carbon capture and storage (CCS) technology should benefit from a special reserve of allowances. Such activities are outside the current scope of the ETS-Directive. Moreover, the plan is that such installations, first Kårstø and then Mongstad, would be granted allowances for free from the day the respective power stations start operations although the carbon capture and storage will not be in place from the same date. Hence, a distortion of competition will be created while an environmental counterpart will not be deliverable at the same time. Norway can apply for an inclusion of CCS into the ETS. This would exempt installations using CCS from surrendering allocations for emissions that are captured and stored.

The third objection relates to the fact that the Norwegian NAP discriminates between different existing enterprises. This is the case for land-based activities. The Norwegian authorities have decided to apply a specific cut-off date that will determine the number of free allowances various undertakings will receive. Installations that operated in the period 1998 – 2001 will be allocated an amount of allowances for free corresponding to their emissions in that period. For industry processes they will get 100% free allowances corresponding to the average 1998 – 2001 emissions. For energy related activities the figure is 87%.

Installations that started their activities after the end of 2001, and consequently did not have any emissions in the previous period, will not be granted any allowances for free. In the view of the Authority this is a discrimination that is not justifiable as it places competing firms in very different positions depending on whether they were established

before or after 1 January 2002. The Authority can not see any valid environmental justification for this unequal treatment.

The Authority has no objections to the total number of allowances issued, which is the most important aspect of the plan. Neither has the Authority any objections to the relative proportion of allowances sold or issued for free.

For further information, please contact:

[Mr. Amund Utne](#),

Director, Competition and State aid Directorate  
tel. (+32)(0)2 286 18 50

Or

[Mr. Niels Fenger](#)

Director, Legal and Executive Affairs Directorate  
Tel. (+32)(0)2 286 18 30