



Norwegian Ministry of Foreign Affairs
Norwegian Ministry of the Environment
Norwegian Ministry of Petroleum and Energy

Dear colleagues

Oslo, 19 December 2013

With reference to the preparatory work of the European Commission on the 2030 framework for climate and energy policies, the Norwegian Government would like to convey the following views.

First and foremost, the EU has an important role as a global leader in climate policy. We need a strong and ambitious framework in Europe that ensures significant emissions reductions in line with the two-degree target. The recent IPCC report made it clear that global emissions need to peak by 2020 at the latest if we are to achieve this target. With this in view, it is important to establish long-term goals and policy instruments beyond 2020 at an early stage. This will give a clear signal to all market participants on where we are going.

The new Norwegian Government welcomes the discussion on a 2030 framework for climate and energy policies. On our part, we will intensify Norway's development of renewable energy and further strengthen our already ambitious climate policy. We will also invest in research and development of new technologies that can help us to achieve a low-emission society. Norway is a major energy supplier to the EU and part of the internal energy market under the EEA Agreement. As such, we intend to work closely with the EU on policy formulation and the development of the 2030 framework.

Ms Connie Hedegaard
European Commissioner for Climate Action
Mr Günther Oettinger
European Commissioner for Energy
The European Commission, Brussels

We support a framework based on a single ambitious target for emissions reductions by 2030. The target should provide the long-term incentives needed for a cost efficient path of development in line with the two-degree target and towards a low-emission economy in 2050 and beyond. A single target will ensure that the overall goals of combining economic growth and reducing emissions are reached as cost efficiently as possible. A clear and ambitious target will also inspire policymakers to develop and implement new climate policies in different areas.

However, setting a target is not sufficient on its own to ensure that the necessary emission reductions are achieved. The emissions trading system EU ETS is – and should continue to be – the main climate policy tool in the EU. Participation in the EU ETS will continue to be an important part of Norwegian climate policy. It is important that the system is allowed to function as intended. It should be robust and predictable for all market participants in the long term. Uncertainty about the policy framework and lack of confidence in the market may distort long-term investment decisions. From a 2030 perspective, it is important that the EU ETS cap is ambitious enough to stimulate fast and efficient transition to a low-emission future, including technology development and implementation. It is very encouraging to see that back-loading will be applied to the auctioning system. We urge the EU to consider further tightening the EU ETS by introducing permanent measures, in the short term as well. If reductions are to be made in line with the low-carbon economy roadmap for 2050, the pace of investment in low emission technologies in Europe needs to increase. Setting an ambitious cap, and including as many sectors and gases in the ETS as possible, would give the necessary incentives for transition to a low-emission economy.

There are several pathways towards a low-emission economy. Increased efforts in renewable energy and energy efficiency will contribute to the 2030 goal. The energy efficiency potential and the potential for renewable energy should therefore be exploited. Interconnections between Europe and the Norwegian hydropower system are helping to balance intermittent renewable energy production and thus enhancing security of supply. If capacity markets are introduced, they should therefore be open to interconnectors. Towards 2030, natural gas could play an important role both as a replacement for coal and support intermittent renewable energy supply. Norway is a stable, reliable and long-term supplier of natural gas to Europe. In 2012, 20 % of the natural gas consumed in the EU was imported from Norway. Based on the resources and infrastructure available, Norway will be in a position to provide considerable supplies to Europe for many years to come. Such measures can give important contributions to achieving the emissions reduction target.

A well-functioning and more closely integrated energy market in Europe would offer important benefits. This should be further developed. At the same time, there are also factors that need to be taken into consideration when designing an efficient energy policy within a country. For example, there are major differences in energy consumption and production between countries. Each country should therefore be left to decide on its own policy tools within the common framework of a low-emission economy.

Broad implementation of carbon capture and storage technology will be vital if we are to reduce CO₂ emissions in line with the two-degree target. The Norwegian Government is committed to playing a part in the construction of at least one full-scale carbon capture demonstration facility by 2020. The EU ETS alone will not provide sufficient incentives for CCS in the short term. We recommend that the EU continues to support CCS through a more ambitious EU ETS combined with flexible regulations on the transport and storage of CO₂. We believe that incentive systems for CCS should be determined at country level, and not at the EU level. We also recommend that CCS is made mandatory for all new coal-fired power plants after 2020.

Norway will support and contribute to our common goal of a low-emission economy. We recommend that this should be done through investment in knowledge, innovation, research, environmental technology and infrastructure.

In short, Norway supports:

- A framework for climate and energy policies in the EU based on a single ambitious target for CO₂ emissions reductions, in line with the two-degree target.
- An ambitious cap for the EU ETS that covers as many sectors and gases as possible.
- Well-functioning energy markets in Europe together with an ambitious ETS that promote further development of renewable energy in Europe. Increased efforts in renewable energy and energy efficiency will contribute to the 2030 goal.
- Replacing coal with natural gas to reduce the emissions towards 2030 and to support intermittent renewable energy.
- Continued work towards full-scale CCS through an ambitious EU ETS combined with flexible regulations on the transport and storage of CO₂. Each country should be responsible for its own policy measures. Further, we recommend that CCS is made mandatory for all new coal fired power plants after 2020.
- Norway will support and contribute to the EU's goal of a low emission economy. We recommend that the EU seeks to realise this goal through investment in knowledge, research, environmental technology and infrastructure.

We look forward to the Commission's proposals and to further cooperation with the EU on the development of the 2030 framework.

Yours sincerely



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