

A high-speed photograph of water splashing, creating a dynamic and energetic background. The water is captured in mid-air, with numerous droplets and ripples, set against a light blue background. The overall tone is clean and fresh.

Industry's Climate Action Plan

Norwegian Climate Policy – Time for Action

Summary



Time for action



Climate change constitutes one of the largest challenges of our time. When greenhouse gas emissions are to be reduced, it is trade and industry that must supply the practical solutions. It is the companies that will develop the new technology and new processes to reduce environmental impact.

The Confederation of Norwegian Enterprise (NHO) has formed a CEO Climate panel for trade and industry in order to develop a joint contribution from Norwegian business. The NHO Climate panel advocates a proactive climate policy.

As an energy nation, Norway both can and will take the lead. Business shall make an active contribution towards solving the climate challenges.

For Norwegian business, the development of solutions for the climate problems also represents enormous opportunities. Through predictable and long-term framework conditions, carbon leakage can be avoided and the competitiveness of Norwegian industry maintained while we simultaneously reduce emissions.

The time has come for action in terms of the climate policy. The time for visions and ambitious objectives is behind us.

The aim of the NHO Climate panel is to create new momentum in climate and energy-related initiatives in Norway. In this action plan we propose ambitious but realistic objectives and measures that will produce rapid results. In order to accomplish these objectives, new policy instruments and framework conditions must be established.

Norway can demonstrate how collaboration between the public authorities, trade and industry, the workforce and civil society can more quickly produce good solutions. We can set an example by demonstrating the connection between ambitious national objectives, and realistic, cost efficient and innovative implementation.

The NHO Climate panel hereby extends an invitation for the formation of a climate partnership. If the Government provides the framework conditions, business will provide the solutions.

Our reductions proposals


The climate challenge is global and above all global solutions are required. The climate policy will be established within the framework conditions set by the UN, such as through the Kyoto protocol 1997. As an EEA nation, the EU climate and energy policy has particular significance for us.

In Norway the climate agreement (Klimaforliket) formed in the Parliament provides the framework for what we are to accomplish both at home and outside of Norway. The climate agreement stipulates that by 2020 Norway has to have reduced its greenhouse gas emissions by 30 percent compared to its total emissions in 1990.

The NHO Climate panel has reviewed the possibilities for reducing the greenhouse gas emissions in Norway in the most important sectors.

Ten years is not much time for the development of more renewable energy on a large scale, the development of process technology or technology for the capture and storage of CO₂. The climate agreement's objective of achieving two-thirds of the emissions reduction by 2020 in Norway, which would imply 15–17 million tons of CO₂ equivalents (CO₂e), is therefore not realistic. Within a reasonable cost framework, we would

maintain that it is possible to reduce the emissions in Norway by 12 million tons of CO₂e by 2020. Improved efficiency of electricity consumption in Norway could in addition correspond to reductions in greenhouse gas emissions in the EU of 5–8 million tons of CO₂e per year.

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POTENTIAL FOR EMISSIONS REDUCTIONS

Million tons CO₂ equivalents in 2020

Sector	Potential for emission reduction <small>NHO's assessment</small>	Measures	Policy instrument and financing
Energy production	1	<ul style="list-style-type: none"> • Improved energy efficiency 	<ul style="list-style-type: none"> • Climate fund for measures on existing installations and for technology development
Construction, buildings and real estate	3	<ul style="list-style-type: none"> • Phasing out of fossil fuel heating 	<ul style="list-style-type: none"> • Rights-based subsidy scheme for improved energy efficiency • Improved depreciation principles for renovation and technical installations
Transport	4	<ul style="list-style-type: none"> • More rapid replacement of the motor vehicle population • More electric motor vehicles and hybrid solutions • Increased use of biofuel • Use of natural liquid gas for water vessels • More public transport in urban areas 	<ul style="list-style-type: none"> • Adjusted and predictable taxes enabling more rapid implementation of new technology, biofuel and other new energy carriers • Infrastructure development • Climate fund for technology development
Industry	1	<ul style="list-style-type: none"> • Process development • CCS development 	<ul style="list-style-type: none"> • Subsidies for improvement of energy efficiency • Climate fund for development and use of new technology
Forestry, agriculture	3	<ul style="list-style-type: none"> • Forest planting and maintenance, • Balanced fertilisation • Bioenergy based on forest products must be further developed. 	<ul style="list-style-type: none"> • Climate fund for the development and use of new technology



THE NHO CLIMATE PANEL'S ASSESSMENT IS THAT:

- ▶ Partial electrification of the existing offshore installations is technically speaking possible, but extremely expensive. This should not be made a priority. For new fields and large-scale upgrading, electrification is an option.
- ▶ It is not likely that the capture and storage of CO₂ will be commercially viable until after 2020. CCS therefore contributes little to the reduction in 2020. CCS in Mongstad and Kårstø are not included, because these facilities are included in the reference path. Carbon capture and storage in the process industry beyond the range of the demonstration scale is unrealistic before 2020. In the longer term, a large-scale investment in technology development and demonstration facilities now can have important consequences down the road.
- ▶ Improving energy efficiency in buildings and real estate has a potential of 10 TWh in 2020. The technology currently exists but electricity saved from hydroelectric power does not result in an emissions reduction. In Europe the emissions from the production of 10 TWh would correspond with 5–8 million tons CO₂.
- ▶ In the transport sector a rapid technology development is taking place. Improved efficiency, and the use of biofuel, electric and hybrid solutions will result in considerable emissions reductions. New technology must therefore be put into use quickly.

Six measures for action

For Norwegian industry, leading the work of finding concrete solutions to the climate problems also represents many opportunities. The companies will use and develop new products and services. The companies must include climate assessments in their strategies and reduce the environmental impact of daily operations.

They must prepare for the change of framework conditions and customer attitudes. Companies that succeed in combining greenhouse gas emissions with industry development will be the winners.

Norway must seize the opportunities provided by modern information and communication technology for dematerialization, new value chains and work processes.

But business cannot succeed here on its own. The public authorities must contribute with framework conditions that promote environmentally friendly solutions. The workforce must

contribute to innovation and change, and consumers must demand climate-friendly goods and services. There is a need for a joint investment and new forms of collaboration.

Private sector investments need stimulation by government incentives. Business must be able to rely on that the policies and incentives are long-term and predictable.

In the collaboration between the public and private sectors, new policy instruments must be developed in a number of areas. The following measures can initiate action quickly:



 **Business cannot succeed on its own. The public authorities must contribute with framework conditions that promote environmentally friendly solutions. »**

1 A greater incentive for improved energy efficiency in existing buildings

Improved energy efficiency must be made a priority through the formation of a new rights-based incentives scheme. Improved support schemes and tax incentives, certificates and depreciation rates will stimulate investments. Both companies and the public sector, as contractors, must impose stricter environmental requirements.

2 Develop more renewable energy

More climate-friendly energy is required for the development of a low emissions society and there is a large potential in Norway. Norwegian business has ambitions of becoming a leading supplier of renewable energy and related technology.

3 Conversion mechanisms for greenhouse gas reductions

A reduction in electrical consumption will only result in a direct reduction in greenhouse gas emissions if the electrical power saved replaces fossil energy. Conversion mechanisms should be developed in order to reach national targets and use existing market mechanisms. For offshore measures, which are particularly expensive, a «virtual» electrification is an option, which entails that the state purchases and eliminates CO₂-quotas in the

EU market, on the basis of a conversion mechanism with a fixed limit for measures-related costs.

4 The Climate Fund - stimulate the introduction and development of technology

A fund can contribute to a more rapid introduction of existing environmental technology and development of new technology. This can be financed by earmarking the existing CO₂ tax from the petroleum industry, without introducing other new taxes

5 Change vehicle excise duties

Larger adjustments in vehicle excise duties will increase the sale of more environmentally friendly vehicles. An increase in the scrap vehicle deposit can lead to a more rapid replacement of older vehicles. The fuel taxes must contribute to the increased consumption of fuel types with lower greenhouse emissions, such as biofuel and electricity.

6 Climate measures outside of Norway - a market for Norwegian trade and industry

The Norwegian government will in the years ahead invest large amounts in climate measures outside of Norway. The total costs of the various climate measures are increasing significantly. Norwegian enterprises must acquire a more clearly defined role in Norway's international environmental involvement.

We need implementation

Norway does not lack ambitious objectives, but it does lack concrete and realistic plans for the implementation of the objectives of the climate policy. We need a national energy and climate plan that demonstrates which measures and developmental activities must be carried out to reach these objectives, when they can be implemented and what will be required in the way of investment and resources. The plan must be concrete and binding for the period up to 2020 and show the connections between climate, energy and industrial development measures. It must be produced in 2010 as a cooperative venture between the public authorities, trade and industry, the workforce, research institutions and consumers.

**Our action plan is NHO's basis for this joint venture.
We are ready for a climate partnership!**



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