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The first tender of the CCUS subsidy scheme has been finalized: the Danish Energy Agency awards the contract to Ørsted's full scale CCS project

The Danish Energy Agency and Ørsted Bioenergy & Thermal Power A/S have finalized negotiations of a contract concerning state aid for Denmark's first project with full-scale capture, transport, and storage of CO₂ (CCS). The project will capture and store 430,000 tonnes of CO₂ annually from 2026.

The Danish Energy Agency has just completed the evaluation of the best and

final offers received in the first tender of the CCUS subsidy scheme, a scheme designed to support Denmark's first full-scale CCS projects, and has negotiated a contract with Ørsted.

"I am very pleased that we are ready to sign a contract with Ørsted. Now, they can start to establish capture, transport, and storage of CO₂ on a full scale. The decision is a giant step forward for the CCS industry in Denmark, as it is the first time in history a contract for full scale CCS has been awarded," says Deputy Director of the Danish Energy Agency, Mogens Hagelskær.

In one single contract, the tender shall ensure that at least 400,000 tonnes of CO₂ will be stored annually starting from 2026 and 20 years onwards. The tender opened in May 2022 and was conducted as a negotiated procedure. Three companies were prequalified in July 2022; I/S Vestforbrænding, Ørsted Bioenergy & Thermal Power A/S and Aalborg Portland, and they have been competing throughout the tender process. Through their participation in the tender, all three companies have contributed substantially to the development of the early stage CCS value chain in Denmark.

"It is incredibly rewarding that three very different market actors have participated in the tender, and we appreciate the enormous effort the companies have put into preparing their offers. The offers have all been innovative in their solutions with focus on speed. Ørsted has offered capture and storage of 430,000 tonnes of CO₂ annually from 2026 and guaranteed a start-up of CCS in 2025. This brings Denmark closer to the climate goals, and it even goes a little further than the political agreement requires. We look forward to the collaboration with Ørsted," Mogens Hagelskær continues.

Now, the stand-still period begins

Now, that the contract has been awarded, a ten day stand still period starts. If no complaints have been submitted during the stand still period, the Danish Energy Agency and Ørsted will proceed to sign the contract.

When Ørsted's plant starts in 2025, it will be one of the first and largest European CO₂ capture plants, and the first time that infrastructure for CO₂ transport and intermediate storage is established in Denmark. In February 2023, the Minister for Climate, Energy and Supply granted the first licenses for CO₂ storage in Denmark in order to establish CO₂ storage in the Danish North Sea. In March 2023, Project Greensand injected the first CO₂ into the Danish underground in a pilot and demonstration project supported by the

EUDP.

Facts

- The CCUS subsidy scheme (carbon capture, usage, and storage) with a total of DKK 16 billion was adopted with the Climate Agreement on energy and industry etc. from 2020.
- In one single contract, the tender, which covers approximately half of the amount allocated, shall ensure that at least 400,000 tonnes of CO₂ will be stored annually starting from 2026 and 20 years onwards. The first tender of the subsidy scheme shall ensure that 400,000 tonnes of CO₂ are stored annually from 2026 and for 20 years onwards covered by one single contract.
- Three companies, I/S Vestforbrænding, Ørsted Bioenergy & Thermal Power A/S, and Aalborg Portland, were pre-qualified to participate in the tender, and all the three of them submitted indicative offers and participated in negotiations with the Danish Energy Agency.
- In this first phase of the CCUS subsidy scheme, funding is allocated in order to contribute to the establishment of an integrated value chain for the capture, transport and storage of CO₂.
- The aid will be paid out per tonne of CO₂ reduced, and it will be adjusted for fluctuations in CO₂ taxes, including any negative taxes for negative emissions and the ETS price.
- The tender regarding the subsidy scheme dedicated negative emissions (the NECCS fund) is expected to be commenced over the summer of 2023.
- More details of CCS in Denmark can be found on

<https://ens.dk/en/our-responsibilities/ccs-carbon-capture-and-storage>

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