



# Danish Energy Agency presses the start button for billion-dollar tendering procedure for carbon capture and storage

The new CCS Fund has DKK 28.7 billion (USD 4.2 billion) to secure capture and storage of CO<sub>2</sub> from as early as 2029, and to help Denmark along its path to climate neutrality. The deadline for applying for participation in the tendering procedure is 25 March 2025.

The Danish Energy Agency is publishing the final tendering materials for the CCS Fund. CCS stands for Carbon Capture and Storage. The CCS Fund has a total budget of DKK 28.7 billion including VAT (in 2025 prices), which will cover the costs of capture, transportation and geological storage of fossil, biogenic or atmospheric CO<sub>2</sub> over a 15-year contract period. The subsidies are tied to a requirement for the commissioning of capture facilities by 1 December 2029 and a minimum requirement for full capture and storage from 2030.

*"With CCS technology, we can store CO<sub>2</sub> underground instead of releasing it into the atmosphere, where CO<sub>2</sub> contributes to the greenhouse effect and thus to global warming. Now the Danish Energy Agency's tendering procedure will ensure that we get the highest CO<sub>2</sub> reductions from the funds allocated by politicians,"* says Peter Christian Baggesgaard Hansen, deputy director general at the Danish Energy Agency.

The tendering materials are available on the CCS pages on the Danish Energy Agency website. Furthermore, the contract notice and tendering materials for the Fund will be published on the EU's electronic tendering platform: Tender Electronic Daily (TED).

## Contribution to reaching climate goals

Carbon capture and storage is considered one of the most important tools for achieving both national and international climate targets. The European

Commission has recommended capturing and storing approximately 50 million tonnes of CO<sub>2</sub> by 2030 to achieve a 90 percent reduction by 2040 towards climate neutrality by 2050. Similarly, the Intergovernmental Panel on Climate Change (IPCC) estimates that 730 billion tonnes of CO<sub>2</sub> will have to be stored globally by 2100 to meet the Paris Agreement.

The CCS Fund will secure carbon reductions or negative emissions that contribute to meeting Denmark's climate goals. Overall, it has been estimated that the Fund will reduce Denmark's annual carbon emissions by 2.3 million tonnes from 2030. This corresponds to around five percent of Denmark's total current emissions over a year.

The Fund has been designed to ensure maximum competition for funding to achieve the highest possible carbon reductions at the lowest possible cost. The subsidy will be paid per tonne of CO<sub>2</sub> stored. The tendering procedure will be carried out by negotiation, in which market players bid a fixed amount of CO<sub>2</sub> per year and a price per tonne they will capture and store. Funding from the Fund can be awarded to multiple tenderers.

### **Information for tenderers**

The most important terms of the tendering materials for the CCS Fund were announced in June, in connection with a market consultation. The Danish Energy Agency has also held two market dialogues about the Fund, most recently from June to August 2024. Stakeholders and potential tenderers provided input in both dialogues, and this has been useful in preparing the final tendering materials.

The deadline for applications from potential tenderers to be pre-qualified to participate in the tendering procedure is 25 March 2025 at 13.00. Applications must be submitted via the electronic tendering system: "Digitale Udbud". The Danish Energy Agency plans to hold a follow-up information meeting about the tendering materials on 21 November 2024.

All tendering materials are in English and all communication between potential tenderers and the Danish Energy Agency in connection with the tendering procedure must be via the "Digitale Udbud" tendering system. Communication must be in English. This is out of consideration for the principles of equal treatment and transparency in procurement law. The same considerations mean that the Danish Energy Agency cannot provide detailed information about the tendering procedure until all information about the procedure has been made available on the portal.

## FACTS

### **DKK 28.7 billion (USD 4.2 billion) for carbon capture and storage**

- The CCS Fund is the third fund administered by the Danish Energy Agency with funding for carbon capture and storage. The budget for the CCS Fund is DKK 28.7 billion including VAT (in 2025 prices). In total, approximately DKK 38 billion has been set aside.
- The first fund, the CCUS pool, which was worth approximately DKK 8 billion, was won by Ørsted, which will capture and store 430,000 tonnes of CO<sub>2</sub> annually from 2026 and for the following 20 years. Ørsted expects to capture and store the first CO<sub>2</sub> from as early as 2025.
- The NECCS pool was completed in May 2024, when the Danish Energy Agency contracted three companies to capture and store 160,350 tonnes of biogenic CO<sub>2</sub> annually from 2026 to 2032
- According to the Danish Energy Agency's latest point source analysis, the full capture potential of all Danish point sources amounts to 6.9-13.7 million tonnes CO<sub>2</sub> in 2030.
- Denmark has granted six licenses for exploration for CO<sub>2</sub> storage and has political agreements with several countries for cross-border transportation of CO<sub>2</sub> for geological storage under the seabed.
- Implementation of the new CCS Fund requires state-aid approval from the European Commission.

## **Contacts**

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