CBAM – industrial perspectives

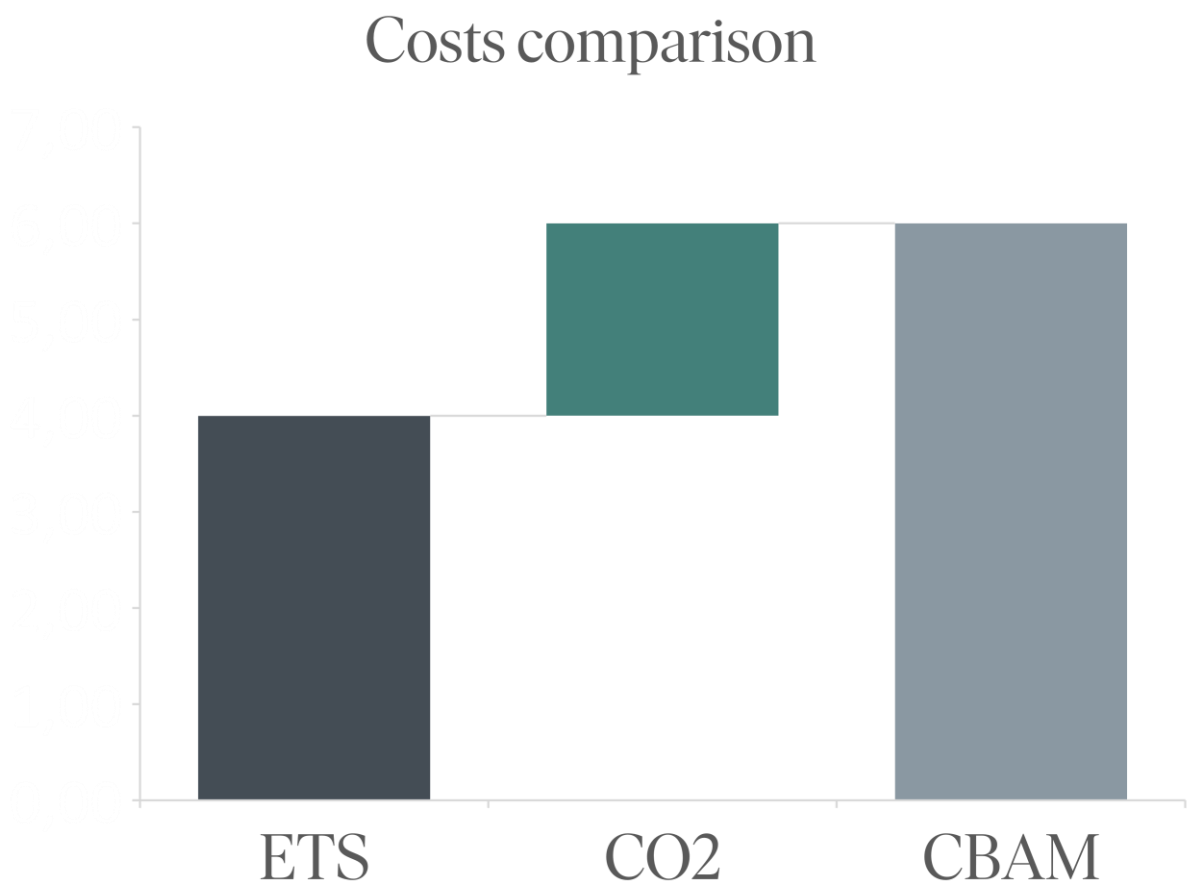
Jostein Røynesdal – Norsk Hydro

14 October 2021

The industrial perspective

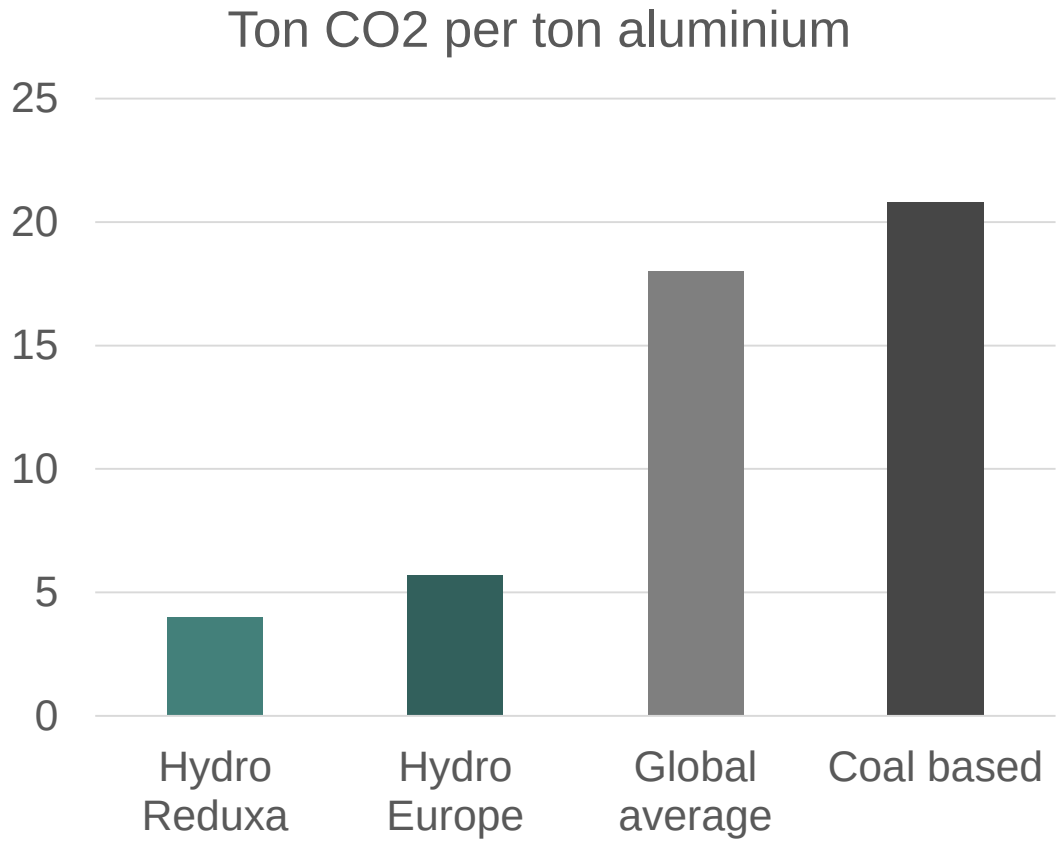
- CBAM as a carbon leakage measure vs. free allocation

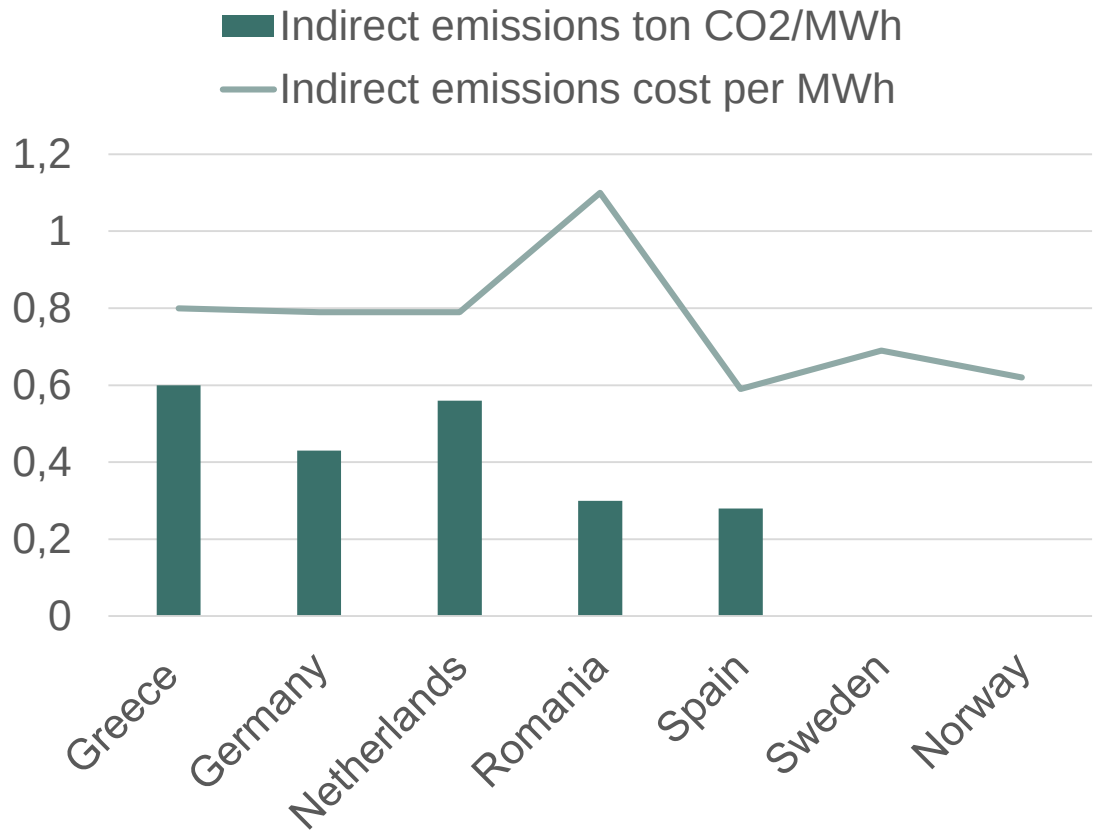
- Mixed views among included sectors
- Higher costs in Europe impacts global competitiveness
  - Export solution?
  - Financing the transition
- Value chain impacts if product scope is too small



CBAM on direct vs. indirect emissions

- The cost of indirect emission in the EU is higher than actual emissions





Source

CBAM on direct vs. indirect emissions

Cost variations with CBAM does not correlate with actual emission

	Norway	France	Middle East	Russia	
Power source	Hydro	Grid/Nuclear	Natural gas	Hydro	Grid
Ton CO2 per MWh electricity	0	0,04	0,4	0	0,64
Indirect emissions of CO2 per ton aluminium	0	0,6	5,9	0	9,6
Power price increase per €/t CO2	0,62	0,76	0	0	0
Cost w/CBAM if CO2 = 60 €/ton	550 €	680 €	360 €	0 €	570 €

CBAM – a cautious approach is necessary

CBAM is untested and unproved - a process of review and suspend is necessary

2023-25

- Trial phase w/reporting
- Review of data quality
- Failed review -> postpone?

2026-30

- First phase under ETS stage 4
- Review needed – Does it work?
- Failed review -> push back phase in?

2031-35

- ETS stage 5
- Review of effectiveness needed –
- Does it protect industry and reduce emissions?



Hydro

Industries that matter