The Role of Emitters in the Danish CCS Value Chain

Market status and emitter business Case

PwC
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The Danish CCS market today

Danish CCS tender concluded with Aalborg Portland as sole winner, and Project Gaia rejecting role as marginal bidder

Significant costs spent on project development among Danish emitters – not all emitters willing to commit more Devex

CRCF regulation in place – while Microsoft has paused its CDR credit purchases

Significant uncertainty exists in the market regarding the future Danish support and subsidy framework

On-shore storage projects are developing - however, no FID has been reached yet

Across several value chain participants, focus is currently shifting towards Sweden and Germany

Typical risks - emitter's perspective

Key risks

- **Unmature value chain – including interface risks**
- **Difficult to find large buyers of CDR-credits with long commitment periods**
- **Design, construction and integration**
- **Providing finance for capture facility – both equity and debt**
- **Complex contract structures**
- **Lack of experience developing similar highly complex projects**
- **Planning and permits**
- **Uncertainty of avoided costs**
- **Tender-specific risks**
- **Stakeholder management**
- **Difficult to align project milestones – with value chain and tender specific milestones**

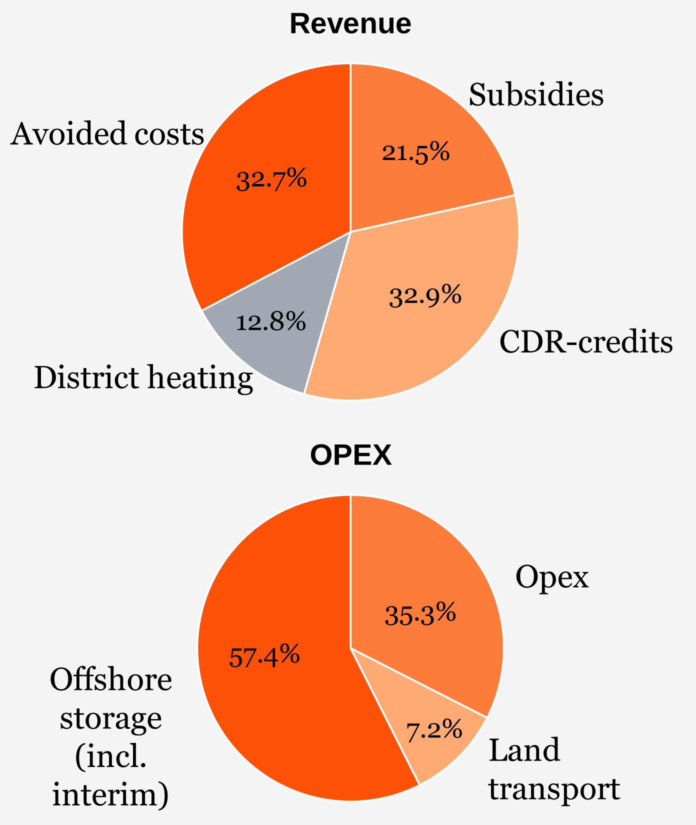
Business case drivers across different emitter archetypes

- *Avoided costs are not a central driver for all emitters*
- *Access to subsidies is a necessary condition to reach FID*
- *Difficult to secure financing due to immature value chain and new revenue streams*

Overview of key revenue and cost drivers – DK emitters

	Waste incineration plants	Biogas plants	Cement- and lime producers	Biomass
Avoided costs				
Emission tax	✓		✓	
CO_2 tax	✓		✓	
EU ETS costs	✓		✓	
Revenue				
CDR-credits	✓	✓	[✓]	✓
Price premium		✓	✓	
District heating	✓		✓	✓
Subsidies (operations)	✓	✓	✓	✓
OPEX				
Electricity	✓	✓	✓	✓
District heating	✓		✓	✓
O&M	✓	✓	✓	✓
Other OPEX	✓	✓	✓	✓
CAPEX				
CAPEX	✓	✓	✓	✓
Subsidies (CAPEX)	✓	✓	✓	✓

Illustrative revenue and OPEX allocation – Waste incineration



Q&A

Who am I?

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