



Annex 1:

National Approaches on implementation of the COP26 Statement on the Clean Energy Transition Partnership

Country: DENMARK			
<b>1) General description of the method</b> or approach on which the integration of the COP26 Statement into national policies is based	As a contribution to raising global climate ambitions and shifting financial flows and investments from black to green, the Danish government decided in November 2021 to end new international public finance for fossil fuels in the energy sector abroad, except in very limited circumstances in a transitioning period.		
<b>2) Exclusion policies/ phase out plans</b>	<p>The fossil energy sector affected by the decision covers:</p> <ol style="list-style-type: none"> <li>1. Fossil fueled power plants;</li> <li>2. Drilling, exploration, extraction, refining and sale of crude oil, natural gas and thermal coal;</li> <li>3. Storage, supporting infrastructure (pipelines etc.), transportation and logistics, and services primarily related to fossil fuels.</li> </ol> <p>The policy will continuously be revisited to ensure compliance with Denmark's international commitments and the latest developments on the climate agenda.</p>		
<b>Description</b> of exclusion policies / phase out plans for the unabated fossil fuel energy sector	Exploration, production	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Transportation	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Storage	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Refining	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions



	Distribution	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Unabated power generation	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
<b>Rationale</b> for exclusion policy / phase out plans and related measures	To promote and support the green transition as well as the goals of the Paris Agreement.		
<b>3) Exceptions</b>	<p>In a transition period until 2025, there will be a limited number of exemptions, on the condition that strict criteria are met. The exceptions expire medio 2025 for acceptance of new applications.</p> <p>Exceptions</p> <ol style="list-style-type: none"> <li>1. Natural gas power projects in particularly challenged countries*, on the condition that the following circumstances are met:             <ol style="list-style-type: none"> <li>a) The investment contributes substantially to the implementation of the country's NDC (Nationally Determined Contribution) and to more ambitious NDCs, hereby supporting the country's transition towards climate neutrality in accordance with the Paris Agreement.</li> <li>b) The investment does not delay the transition to renewable energy and the risk of lock-in to fossil fuels is assessed to be minimal.</li> <li>c) Alternative renewable energy solutions have been thoroughly examined and are found technically or economically infeasible.</li> <li>d) It is assessed that the project is not at risk of becoming a stranded asset.</li> <li>e) The project will use the best available technology and follow best environmental and social standards and practices, including precautionary measures to minimise methane leakage</li> </ol> <p style="margin-left: 40px;">*) Particularly challenged countries are defined as the poorest developing countries (IDA- and ADF-countries).</p> </li> <li>2. Supporting infrastructure – transportation, transmission, storage and distribution – can be supported in exceptional circumstances, provided that the project supports natural gas based electricity production in a particularly challenged country, cf. item 1. The infrastructure must be directly connected to the use of gas from national power</li> </ol>		



production. LNG terminals for export will not be supported. Further, the conditions a-e) under item 1 must be met.

3. Export related projects where natural gas plays a role as a transitional solution, conditioned that the project objective is climate neutrality by 2050. Throughout its life cycle, the project must reduce emissions significantly, e.g. by transitioning to less carbon intensive fuels as they become available at a larger scale (e.g. green hydrogen). Further, the conditions a-e) under item 1 must be met.
4. Support for gas based solutions for cooking and heating in areas in the poorest countries where there are no other options for energy access and where the electricity grid is not available or unstable. This must be viewed in context of the negative health, social and natural consequences linked to indoor use of polluting energy from non-sustainable sources such as solid biomass, coal and oil.

*Areas not affected by the decision*

The stop does not affect projects, investments, and activities related to fossil fuels outside the energy sector, including heavy industry with need for high temperatures (e.g. cement and steel production), or in relation to CO2 transportation and storage, including repurposing of oil and gas infrastructure. Further, projects related to decommissioning of existing fossil fuel-fired power plants are not affected by the stop.

In addition, the decision does not include financing supporting the green transition of existing production facilities as well as energy and climate optimization of existing plants and production facilities, conditioned that the life span is not prolonged and the production capacity is not increased.

<b>Description</b> of exceptions from the exclusions / phase out for the unabated fossil fuel energy sector	Exploration, production	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Transportation	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Storage	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Refining	Coal	No exceptions



		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Distribution	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	Unabated power generation	Coal	No exceptions
		Oil	No exceptions
		Gas	Until 2025, there will be a limited number of exemptions
	<b>Rationale</b> for exceptions and related measures	See the exception policy above.	