Green Corridor

Potential funding mechanisms



Ingoing take: Potential funding mechanisms for closing the residual cost gap

CAPEX subsidies

Funding support to make the business case viable and to provide incentive to start a large CAPEX-project

- Generally upfront grants (often CAPEX subsidies)
- Yearly compensation, such as fiscal benefits & contract for difference

OPEX subsidies

Compensation for (short-term) increased OPEX of technology to create incentives to operate decarbonization technology

- Generally yearly compensation:
 - Contract for difference
 - Maximum feedstock prices
 - Fiscal benefits (e.g., IRA)
- Upfront grants

Financing subsidies

Risk and capital support for decarbonization, utilizing mechanisms to lower project financing costs and ensure liquidity

- Loans
- Guarantees, e.g., for commercial loans
- Repayable advances
- Equity
- Funding
- Compensation



Potential

state aid

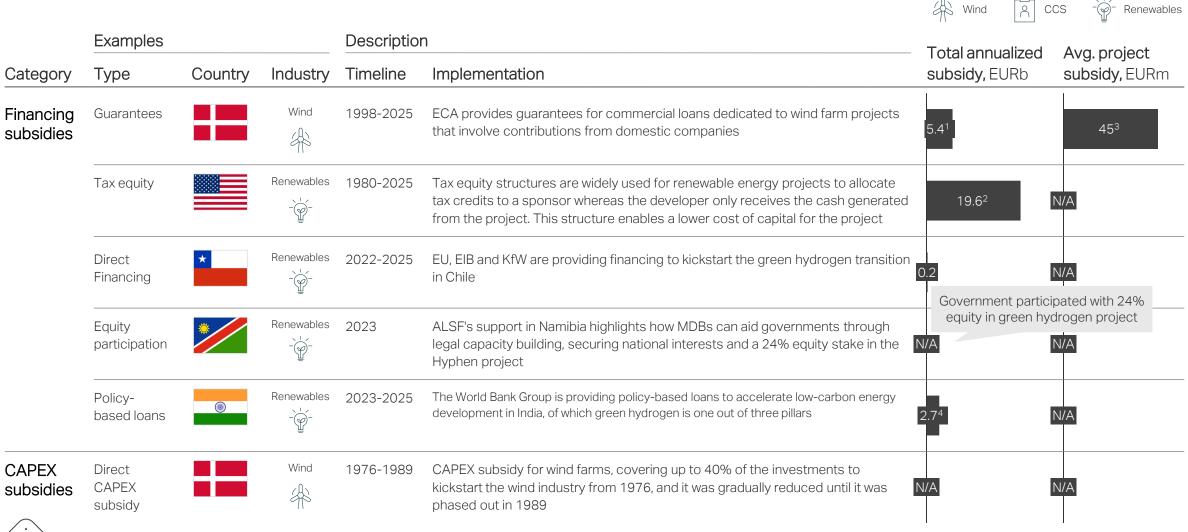
instruments

Why support



Ingoing take: Idea catalogue for potential funding mechanisms (1/2)

Examples have not yet been used for green corridors





^{2.} Based on estimated market size for tax equity

^{4.} Based on ~3bn USD allocated from the World Bank (unknown timeline)

Ingoing take: Idea catalogue for potential funding mechanisms (2/2)

Examples have not yet been used for green corridors





^{1.} Based on 2022-2032 average estimates

^{3.} Based on a 38 DKKb pool that will fund projects lasting for up to 20 years

^{2.} Based on 30 EURb pool running from 2020-2025

^{4.} Based on the CCUS-pool which Ørsted won (8DKKb), which will last for 20 years