

Press release

Potential changes in the EU ETS scheme for Norwegian mills in 2026-2030

The Norwegian Environment Agency (In Norway: Miljødirektoratet) has given prior notice of a potential decision to exclude Norske Skog Skogn and Norske Skog Saugbrugs from participation in the European Union Emission Trading System (EU ETS) in the period from 2026 to 2030, with the effect that the mills do not receive free allocation of European Union Allowances (EUAs) in the period.

- This is a significant setback for sustainable industry and very disappointing for everyone that has invested and prioritised a transition from fossil fuels to renewable energy. Implementation of the revised biomass qualification criterion will incentivise installations to continue or even increase their use of fossil fuels. Together with industry partners and stakeholders, we will work towards biomass being treated on equal basis to other decarbonisation measures. On the positive side, we see positive political development for CO2 compensation being reintroduced in Austria, which would neutralize the effects of exclusion from free allocation of EUAs in Norway, says CEO Geir Drangslund.

The basis for exclusion is the implementation of a revised qualification criterion in the EU ETS scheme for 2026 to 2030. The criterion results in the exclusion of installations, in which the qualification period between 2019 and 2023 on average, have more than 95% of greenhouse gas (GHG) emissions coming from sustainable biomass, as defined under the Renewable Energy Directive II (RED II), instead of fossil fuels. Thus, installations that have successfully reduced their fossil carbon footprint will no longer be rewarded for being sustainability leaders in their industries. Installations that are excluded from the EU ETS scheme will not be required to surrender EUAs for their GHG emissions.

If the decision to exclude Norske Skog Skogn and Norske Skog Saugbrugs is made, the mills will neither receive free allocation of EUAs nor be obligated to surrender any EUAs to cover GHG emissions from 1 January 2026 to 31 December 2030. The new qualification criterion does not affect Norske Skog Golbey or Norske Skog Bruck, nor the relevant CO2 compensation schemes in Norway.

For 2025, Norske Skog Saugbrugs and Norske Skog Skogn expect to sell about 150 000 EUAs net.

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