



Financing the energy transition

Idar Kreutzer, CEO of Finance Norway

NTRANS Annual Conference
7 December 2020

**The
Economist**

JUNE 21ST-27TH 2008

www.economist.com

The European treaty debacle

American tribalism

Amazon v Yahoo v eBay

The perils of short selling

How evolution causes clutter

The future of energy

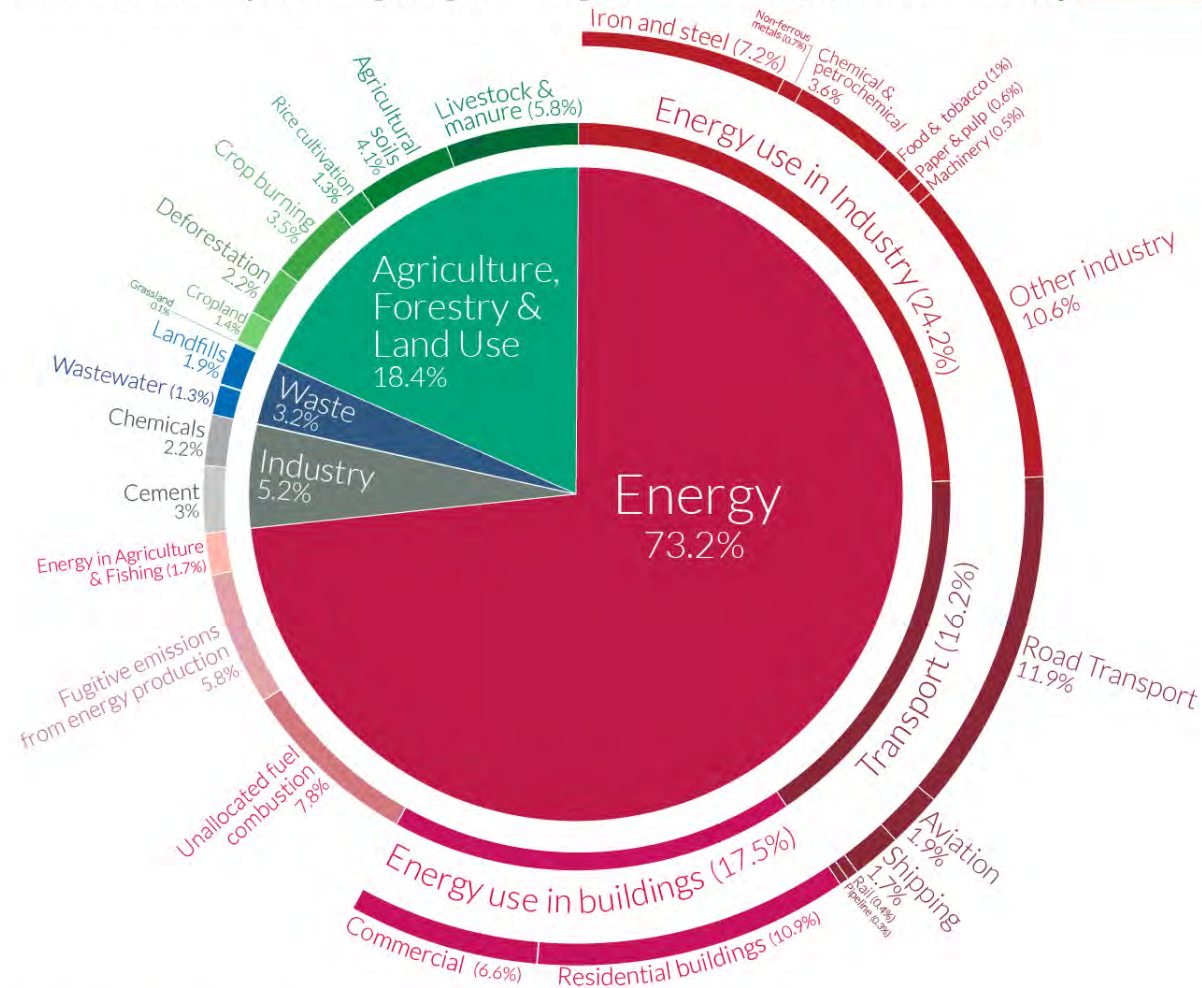


It's closer than you think

A 14-PAGE
SPECIAL REPORT

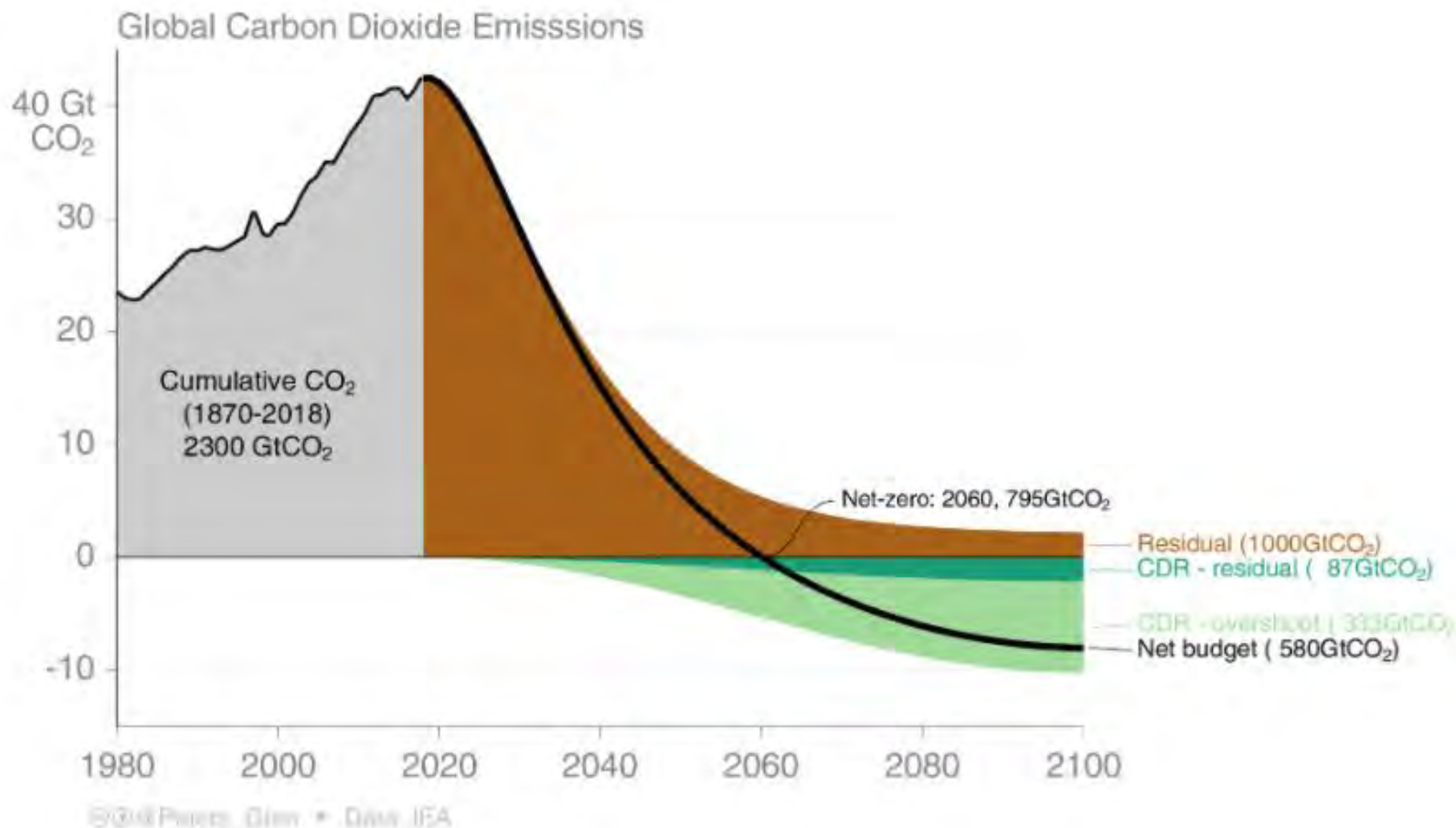
Energy transition is a prerequisite for low carbon society

Global greenhouse gas emissions by sector 
 This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO₂eq.



OurWorldinData.org – Research and data to make progress against the world's largest problems.
 Source: Climate Watch, the World Resources Institute (2020). Licensed under CC-BY by the author Hannah Ritchie (2020).

Energy transition is a prerequisite for low carbon society



There is a need for massive investments in production and distribution



Production



Distribution



Consumption

Climate risk and financial stability

”

The Tragedy of the Horizon:
Once climate change becomes
a defining issue for financial
stability, it may already be too
late.

Mark Carney
Governor, Bank of England



Three main drivers of change



Climate risk



Consumer preferences

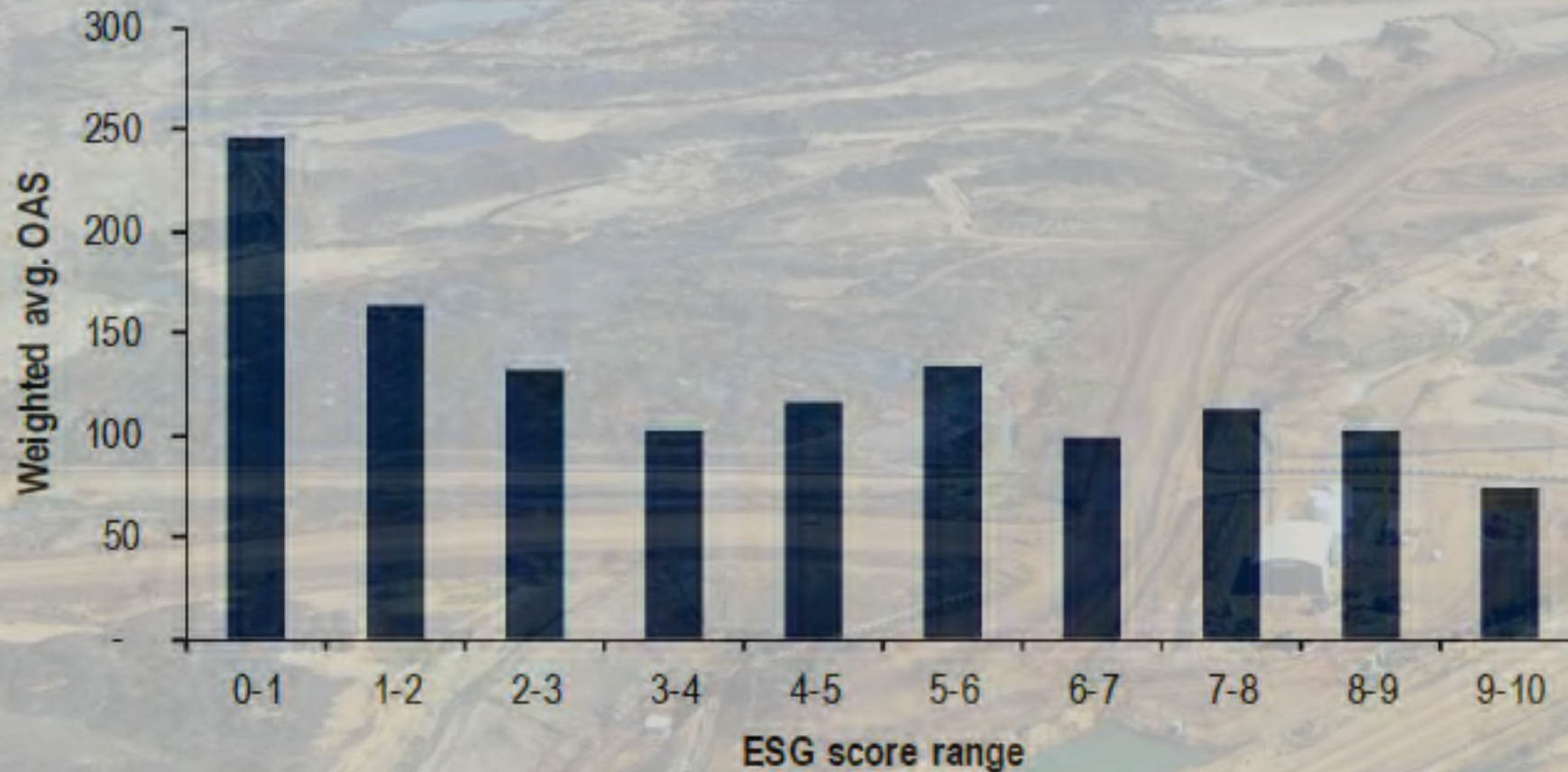


Regulatory change

Sustainable activities have a lower cost of capital

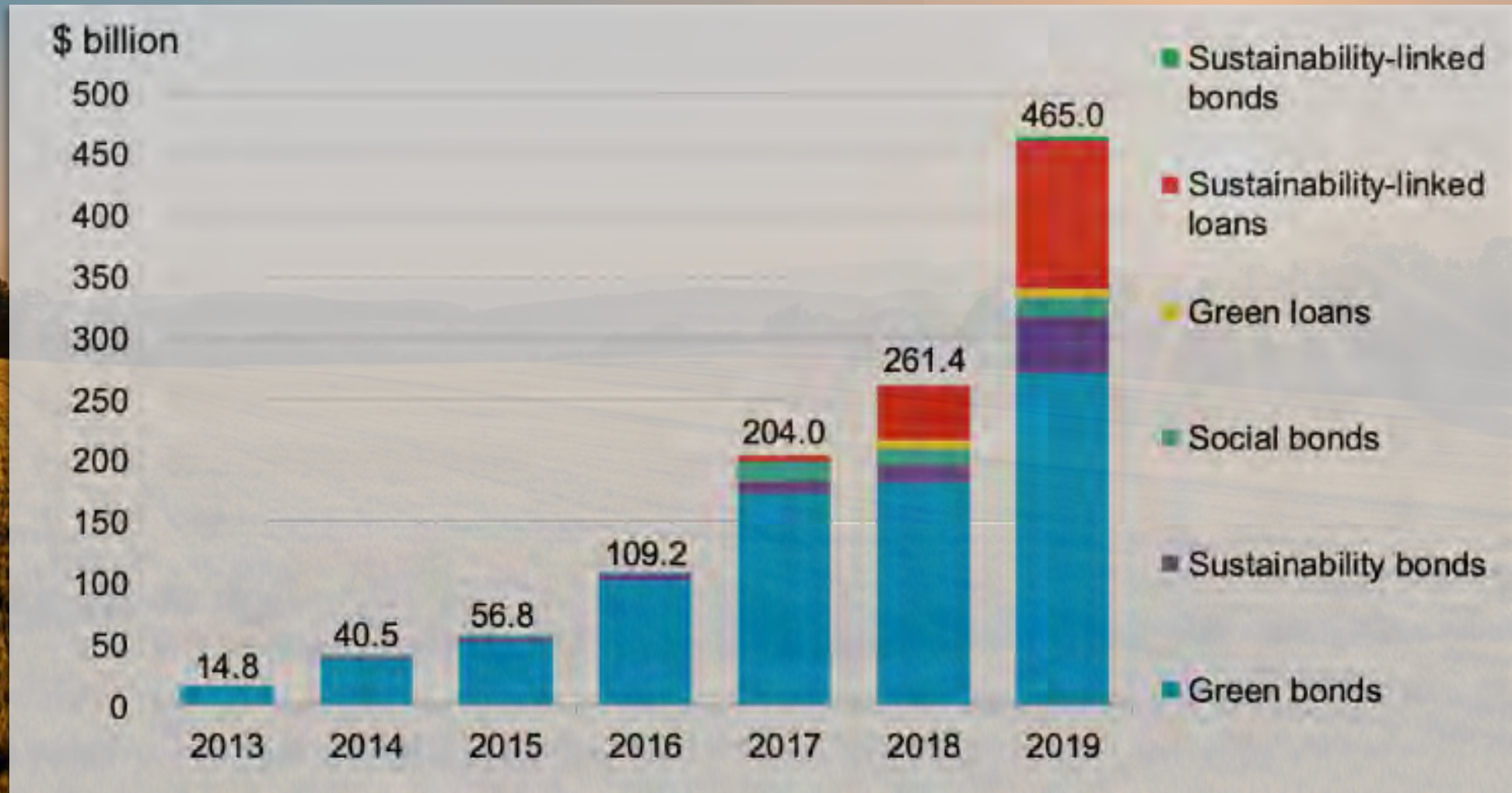
Chart 6: Companies with higher ESG scores tend to enjoy lower cost of capital

Weighted average option-adjusted spread (OAS) vs. MSCI overall ESG scores as of 8/2019



Source: MSCI ESG Research LLC, BofA Merrill Lynch US Equity & Quant Strategy

Sustainable loans and bonds are growing rapidly



Possibilities for investments in Norwegian infrastructure

- Norwegian insurance companies have more than 1 700 billion NOK under management
- Regulatory incentives to stimulate investments in green infrastructure

STOREBRAND MED INFRASTRUKTURFOND



NYTT FOND: Storebrand Asset Management-gjef Jan Erik Saugsetad skal satse på infrastrukturinvesteringer sammen med to danskere.

Har allerede gjort to investeringer

Satser 45 milliarder på infrastrukturfond

FINANS: Storebrand gifter seg med to danske pensjonskasser og danner et av Nordens største klima- og infrastrukturfond.

Storebrand går inn i AIP Management som den første investoren utenfor Danmark, samtidig som de eksisterende investorene øker investeringene med 50 prosent.

En av de største i Norden
Ifølge Saugsetad skal Storebrand henvende seg til institusjonelle kunder, og den første kapitalen er blitt kommitert av livselskapet til Storebrand.

GIEK can mitigate the regulatory financial risk

- Project completion guarantee
- Guarantee to the buyer's lender

EU action plan on sustainable finance

- 1 EU classification system for sustainable activities, i.e. an EU taxonomy
- 2 Establishing EU labels for green financial products
- 3 Integrating sustainability into financial advice and credit assessments
- 4 Increased reporting requirements and transparency on ESG issues



We need national cooperation between government and businesses to ensure just criteria and smooth implementation



Vannkraft risikerer å ikke regnes som «bærekraftig»

I forslaget til nye klimaregler for EU risikerer vannkraft å stemples som «ikke bærekraftig». Det har fått flere kraftselskaper til å steile.





”

The more we invest
with foresight;
the less we regret
in hindsight

Mark Carney
Governor, Bank of England

