



FOLKETINGET
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FOLKETINGET
RIGSREVISIONEN

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Administration of subsidy schemes aimed at contributing to CO₂ reductions

1. Introduction

1.1. Purpose and conclusion

1. This report concerns the administration of six subsidy schemes intended to help reduce Denmark's CO₂ emissions. The subsidy schemes are administered by two ministries: the Ministry of Climate, Energy and Utilities (hereafter the Ministry of Climate) and the Ministry of Transport. The consequence of inadequate administration may be that it is unclear whether the objectives are being achieved, and that there is no transparency about the cost of achieving the CO₂ reductions.

2. In 2020, the Danish Parliament adopted a Climate Act establishing overall targets for the reduction of Denmark's CO₂ emissions compared with 1990 levels, to be achieved by 2025 and 2030 respectively. Emissions must be reduced by 50–54% by 2025 and by 70% by 2030. The Act states that Denmark must meet its climate targets through measures that achieve the greatest possible reductions for the money spent, and that such measures must lead to genuine reductions.

Following the adoption of the Climate Act, the *Climate Agreement for Energy and Industry etc.* was concluded in June 2020 (hereafter the Climate Agreement). The Climate Agreement was entered into by all parties in Parliament except The New Right (Nye Borgerlige). The agreement represents a significant step towards achieving Denmark's climate target of reducing CO₂ emissions by 70% by 2030.

The Climate Agreement contains a variety of CO₂ reducing initiatives. Some initiatives require the development of new technology before they can be implemented, while others can be launched immediately.

3. This study focuses on the initiatives that can be launched immediately and are intended to contribute to CO₂ reductions already by 2025. We examine six schemes that provide subsidies to help businesses transition from black to green energy, assist homeowners in phasing out oil and gas boilers, and support the transport sector's transition to green energy. The schemes, which have been adjusted over time, amount to a total of DKK 7.9 billion up to and including 2029, with nearly DKK 6 billion allocated for the period 2020–2025. The Climate Agreement sets a target for each scheme indicating how much it should contribute to CO₂ reduction in 2025 and 2030. The total reduction target for 2025 is 400,000 tonnes of CO₂, corresponding to approximately three years of total domestic air

traffic, while the target for 2030 corresponds to approximately five years of domestic air traffic.

The Ministry of Climate is responsible for administering five of the six schemes. Administration of the sixth scheme is divided between the Ministry of Climate and the Ministry of Transport. Specifically, the Ministry of Climate is responsible for the part concerning Green Lorries, and the Ministry of Transport is responsible for the part concerning Green Ferries.

4. The purpose of the study is to assess whether the Ministry of Climate and the Ministry of Transport have administered the subsidy schemes satisfactorily. We answer the following questions in the report:

- Are the schemes' objectives transparent?
- Are the reductions achieved reported reliably?

Rigsrevisionen initiated the study in November 2024.

Conclusion

The Ministry of Climate's administration of the subsidy schemes is unsatisfactory. As a general rule, the Ministry has not adjusted the schemes' objectives when additional funding has been allocated and has not provided a reliable picture of the realised CO₂ reductions. Neither the Ministry of Climate nor the Ministry of Transport has an overview of the targets for their schemes. The consequence of these administrative shortcomings is that it is unclear to the ministries how many CO₂ reductions have been achieved for the nearly DKK 6 billion allocated in the period 2020-2025, and thus whether the schemes are contributing as expected to achieving the targets set out in the Climate Act.

The schemes' objectives are not transparent

The Ministry of Climate has a suitable model for calculating the expected CO₂ reductions resulting from the schemes, but it is unclear whether the calculations are valid, as the Ministry has not retained the data used in the model.

The Ministry has only once revised the original CO₂ reduction targets, even though assumptions for the schemes have changed several times. For example, an additional DKK 2.2 billion has been allocated to the Heating Schemes, but the target for CO₂ reduction has remained unchanged.

The Ministry of Climate has not calculated the cost of reducing one tonne of CO₂ through the schemes, even though the Climate Act stipulates that climate targets must be achieved in a way that delivers the greatest possible reductions for the money. Consequently, the Ministry has not established a political basis for prioritisation. The Ministry agrees that such calculations should have been made.

The ministries also lack an overview of the CO₂ reductions expected from several of the schemes. For example, neither ministry can state what the CO₂ target for the Green Transport Scheme is. Furthermore, the reduction target for the Green Transport Scheme has been reported in highly inconsistent ways, resulting in an overall picture that appears disorganized and incoherent.

The schemes' reductions are not reported reliably

The Ministry of Climate uses different methods to calculate the schemes' CO₂ reductions. The Ministry has only calculated realised reductions for one scheme. For the remaining schemes, reductions have been calculated without considering whether the projects have actually been implemented. Rigsrevisionen finds this inappropriate, as it does not reflect actual reductions and therefore does not provide a reliable picture in the semi-annual reports to the political agreement parties.

The Ministry also applies varying assumptions when calculating realised CO₂ reductions. These assumptions may lead to either over- or underestimation of the reductions. The Ministry has not been able to explain why the assumptions differ across schemes with similar content.

The Ministry of Transport has calculated realised reductions based on information provided by the grant recipients, which creates a risk that reductions are not calculated consistently.

Finally, the ministries do not compare the reductions achieved with the targets set out in the Climate Agreement. Consequently, the ministries lack knowledge about whether the targets are being achieved.