



## Assessment of Statkraft's transition plan

### About Statkraft

Headquartered in Norway, it operates throughout Europe, North and South America, generating €5.7 billion in 2023. Almost 97% of Statkraft's power generation portfolio is renewables-based, and its global carbon intensity is one of the lowest in the sector at 12 g CO<sub>2</sub>e/kWh. Most of its current renewables assets are made of legacy hydropower, which makes it important that the company keeps making investments in solar, wind, grids and storage going forward. The group also produces fossil gas power and supplies district heating. Present in over 20 countries, the group says it aims to be one of the world's leading renewables companies by 2025.

### Statkraft's transition plan in a nutshell

Statkraft's transition is well underway as the company's portfolio was built on hydropower and it started developing onshore wind back in the early 2000s. In 2023, 96.4% of its power generation was based on renewable energy sources. The group's carbon intensity is among the lowest in the global energy sector at 12 g CO<sub>2</sub>e/kWh. Recently, the group has also invested in solar power and battery storage. However, Statkraft's ambition to be net-zero by 2050 is regrettably late and ought to be brought forward.

### Quality of Statkraft's transition plan

#### 1. Emission reduction plan

Statkraft's growth strategy is based on 100% renewable energy. The utility is committed to a greenhouse gas emission reduction trajectory compatible with a 1.5°C global warming target. In its 2023 sustainability report, Statkraft states that it wants to secure science-based third-party verification of its emissions targets by 2025. The company is targeting carbon neutrality for its scope 1 and scope 2 emissions by 2040 and aims to achieve net zero emissions for scopes 1, 2 and 3 by 2050. These late net-zero targets aren't aligned with the International Energy Agency's (IEA) recommendations for the power sector, to limit global warming to 1.5°C.<sup>1</sup> Statkraft aims for its carbon intensity (scope 1 and 2) to fall below 50g CO<sub>2</sub>e/kWh by 2025 and 35g CO<sub>2</sub>e/kWh by 2035. However, despite being ambitious, these targets do not account for methane or scope 3.

#### 2. Energy planning

##### A solid fossil phase-out strategy that ought to be sped up

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<sup>1</sup> International Energy Agency (IEA), [Net Zero by 2050 Scenario](#), May 2021

Statkraft is one of the rare utilities to reject gas development opportunities in Germany as it continues with its coal phase-out. The utility is without coal assets and has only four gas plants in operation in Germany. The company has announced that by 2040, these must either be sold, phased-out, retrofitted with CCUS technology, or use low-carbon fuels in combination with existing fossil fuel sources. For its transition plan to become near perfect, the company should announce a fossil gas phase-out by 2035 at the latest, rather than 2040, and an ambition to close and not sell or convert its gas assets.

### **Renewable energy development that favours wind and solar**

In 2023, Statkraft's consolidated installed renewables capacity accounted for 16.9 GW of its 19.4 GW installed power generation capacity. This includes 14.6 GW of hydropower – primarily located in the Nordics and accounting for about 75% of Statkraft's portfolio – and 2.3 GW of onshore wind power. Investment decisions concerning onshore wind, solar, battery and grid services were made for a further 1.3 GW on top of Statkraft's target of 1 GW for 2024. The company is targeting an annual delivery rate of 2.5-3 GW of new capacity by 2025 and 4 GW by 2030. Statkraft has also stated its ambition to become an industrial player in offshore wind with plans to have 10 GW in operation in Northern Europe by 2040.

### **3. Capex allocation**

As per its 2023 sustainability report, the proportion of Statkraft's CAPEX allocated to sustainable power solutions – wind, solar, transmission and distribution of electricity, and storage – is 70%. Electricity generation from wind power benefits from the largest share of allocated CAPEX, totaling €1.28 billion.<sup>2</sup> However, CAPEX allocated to solar, €64 million, is well behind that allocated to hydropower, which is €360 million.

In 2023, Statkraft allocated €100 million to its transmission and distribution of electricity activities and €55 million to the storage of electricity, representing 5% and 3% of its CAPEX allocation, respectively. In comparison, only €1.5 million of its CAPEX goes to electricity generation from fossil gaseous fuels. Another €210 million is allocated to taxonomy non-eligible activities.

### **4. Climate planning: strategy and governance**

Our assessment shows that Statkraft has implemented governance measures aimed at aligning the company with a 1.5°C scenario. These measures include assigning the Board of Directors the responsibility for monitoring and overseeing progress related to Statkraft's sustainability strategy, processes, and reporting, including targets and activities related to climate and environmental considerations. Additionally, the company ties the CEO and board bonuses to specific indicators, such as achieving predefined levels for construction run rates and pipeline additions for wind, solar, and battery projects.

### **5. Transparency**

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<sup>2</sup> In this section, all costs are presented in euros (€), converted from the Norwegian krone (NOK) with a rate of 1 NOK = 0.088 € at the date of writing.

Although Statkraft answered almost all questions of the questionnaire, they provided some superficial answers which prevented a thorough assessment of their transition plan.

