

Ørsted enters into new major agreement on carbon removal with Microsoft

In a landmark deal, Ørsted will sell a further one million tonnes of carbon removal over a ten-year period to Microsoft from Avedøre Power Station, which is part of the bioenergy carbon capture and storage (BECCS) project 'Ørsted Kalundborg CO₂ Hub'. This new agreement builds on an existing commitment by Microsoft to buy 2.67 million tonnes from Asnæs Power Station, bringing the total purchase under contract to 3.67 million tonnes of CO₂.

As part of the 'Ørsted Kalundborg CO₂ Hub', Ørsted will establish carbon capture at its wood chip-fired Asnæs Power Station in Kalundborg in western Zealand and at the Avedøre Power Station's straw-fired boiler in the Greater Copenhagen area. The 430,000 tonnes per year of biogenic CO₂ from the combined heat and power plants will be shipped to a storage reservoir in the Norwegian part of the North Sea and stored permanently. The 'Ørsted Kalundborg CO₂ Hub' is set to become operational by the beginning of 2026.

The new agreement between Ørsted and Microsoft entails that Microsoft will take one million tonnes of carbon removal from the straw-fired unit at Avedøre Power Station starting from 2026. The combined heat and power plant converts locally sourced straw, which is a by-product of agriculture, into electricity and district heating. By capturing the biogenic carbon from biomass-fired combined heat and power plants and storing it underground, it is possible to not only reduce, but also remove CO₂ from the atmosphere, as biogenic carbon from sustainable biomass is part of a natural biogenic carbon cycle. Thereby, you create negative emissions.

The collaboration between Ørsted and Microsoft will play a vital role in developing the 'Ørsted Kalundborg CO₂ Hub', as bioenergy-based carbon capture and storage is still in its early stages. Even though the project was awarded a subsidy from the Danish Energy Agency, the revenue from the sale of carbon removal certificates was included before investment decision and then in the offer submitted through the Danish subsidy scheme, which put great emphasis on competitive offers with the lowest amount of subsidy per tonne.

According to the UN's Intergovernmental Panel on Climate Change's (IPCC) latest report, carbon removal technologies such as BECCS are crucial for limiting global warming. This underscores the importance of projects such as the 'Ørsted Kalundborg CO₂ Hub', which can support

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companies like Microsoft in achieving its sustainability goals and contribute to achieving the global climate targets.

Ole Thomsen, Senior Vice President and Head of Ørsted's Bioenergy business, says: "This expanded collaboration with Microsoft is a testament to our shared vision for a sustainable future. By combining Ørsted's expertise in bioenergy carbon capture and storage with Microsoft's commitment to reducing its carbon footprint, we're showcasing how strategic relations can accelerate the transition to a greener economy."

For Microsoft, the agreement represents another large-scale carbon removal deal towards the company's aspiration to be carbon-negative in 2030.

Brian Marrs, Senior Director of Energy & Carbon Removals at Microsoft, says: "We're proud once again to announce a landmark offtake agreement with Ørsted, which is pioneering responsible carbon removal development in Denmark while also meeting the needs of a decarbonised energy system. The urgency around climate goals means translating great planning into rapid action – and Ørsted remains a valuable collaborator in bringing big ideas to life. Today's announcement is yet another tangible step towards building the technologies and commercial capabilities towards becoming carbon-negative by 2030."

Facts about 'Ørsted Kalundborg CO₂ Hub':

- In May 2023, the Danish Energy Agency (DEA) awarded Ørsted a 20-year subsidy contract for its carbon capture and storage (CCS) project 'Ørsted Kalundborg CO₂ Hub'.
- Ørsted will establish carbon capture at the wood chip-fired Asnæs Power Station in Kalundborg in western Zealand and at Avedøre Power Station's straw-fired boiler in the Greater Copenhagen area.
- Ørsted will capture 150,000 tonnes of biogenic CO₂ per year from the straw-fired unit at Avedøre Power Station. The CO₂ will initially be transported by lorry to Asnæs Power Station until an improved CO₂ infrastructure can be established.
- The straw-fired unit at Avedøre Power Station converts locally sourced straw into electricity and district heating. The straw is a by-product of agriculture.
- Ørsted will capture 280,000 tonnes of biogenic CO₂ per year from the wood chip-fired unit at Asnæs Power Station, which will also function as a CO₂ hub, handling and shipping biogenic CO₂ from both the Avedøre and Asnæs combined heat and power stations to the Northern Lights storage reservoir in the Norwegian part of the North Sea.

- The wood chip-fired unit at Asnæs Power Station converts wood chips from primarily the Baltics into electricity, district heating, and process steam for the local industry. The wood chips come from sustainably managed production forests and consist of residues from trimming or from crooked trees.

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About Ørsted

The Ørsted vision is a world that runs entirely on green energy. Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants. Ørsted is recognised on the CDP Climate Change A List as a global leader on climate action and was the first energy company in the world to have its science-based net-zero emissions target validated by the Science Based Targets initiative (SBTi). Headquartered in Denmark, Ørsted employs approx. 8,900 people. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2023, the group's revenue was DKK 79.3 billion (EUR 10.6 billion). Visit orsted.com or follow us on [Facebook](#), [LinkedIn](#), Instagram, and [X](#).