

# Green Bonds: Eligible green expenditures

---

March 1, 2023

## Which expenditures are included?

The Danish sovereign green bonds are earmarked to green expenditures that contribute to the transition to a green economy through clean transportation and production of renewable energy, see *table 1*. Within a given year, the issuances of Danish sovereign green bonds can finance green expenditures from the current year as well as refinance green expenditures from the previous year. These expenditures comply with the selection criteria stated in *Kingdom of Denmark Green Bond Framework*. Thus, the revenue generated from the Danish sovereign green bond issuance in 2022 have financed eligible green expenditures in 2021 and 2022.

The eligible green expenditures entail accounts on the Budget Act and two additional tax expenditures that are calculated separately from the Budget Act, see *table 1*. The realized expenditure linked to the allocated amount of issued green bonds are presented in an annual *Allocation Report*.

For eligible green expenditures under the Ministry of Taxation, the two tax expenditures are not directly visible in the Budget Act. Specifically for the reduced registration tax for low-emission and zero-emission vehicles, the expenditure is calculated based on the (expected) amount of sold low-emission and zero-emission vehicles in a given year with the full tax level as the baseline level and taking behavioral effects into account.

Table 1

Authority	2021		2022	
	Appropriation account <sup>1</sup>	Total Expenditure (in million kr.)	Appropriation account <sup>1</sup>	Prognosed expenditure (in million kr.)
<b>Ministry of Climate, Energy and Utilities</b>				
Subsidies for renewable energy (PV systems and other small WE systems)	29.25.12.15	155.9	29.25.25.10 29.25.25.15 29.25.25.20 29.25.30.20	0.0
Disbursements for PSO-subsidies (Offshore wind)	29.25.14.20.33	1,253.3 <sup>2)</sup>	29.25.22 (excl. 29.25.22.15)	0.0
Disbursements for PSO-subsidies (Onshore wind)	29.25.14.20.33	531.5	29.25.23.10 29.25.23.11 29.25.23.13 29.25.23.20	195.5
Subsidies for renewable energy (Household wind systems)	29.25.12.25	58.4	29.25.23.14	36.7
<b>Ministry of Transport</b>				
Rail infrastructure investment projects	28.63.08	2,423.3	28.63.08	2,198.0
Banedanmark – Rail infrastructure renovation and maintenance	28.63.05.10.22	1,537.0	28.63.05.10.22	1,776.4
Banedanmark – Rail infrastructure renovation and maintenance	28.63.05.10.51	863.2	28.63.05.10.51	1,618.1
Banedanmark – Rail infrastructure renovation and maintenance	28.63.05.20.51	7.1	28.63.05.20.51	-
Banedanmark – Rail infrastructure operation	28.63.04	401.8	28.63.04	397.0
<b>Ministry of Taxation</b>				
Taxation of electricity (Exemption for own consumption of electricity from solar energy)	38.22.01.20 <sup>1)</sup>	273.0	38.22.01.20	310.0
Registration tax (Reduced registration tax for low-emission and zero-emission vehicles)	38.23.03.10 <sup>1)</sup>	3,801.4	38.23.03.10 <sup>1)</sup>	4,378.5
<b>Total</b>		<b>11,305.9</b>		<b>10,910.2</b>

1) The two tax expenditures are calculated separately from the Budget Act and National Financial Annual Report and are based on estimates from the Ministry of Taxation.

2) For this budget item, the expenses are a corrected version of the expenses in the Government Financial Accounts for 2021 (Statsregnskabet), where an error in the treatment of certain payments has been identified.

Source: Kingdom of Denmark Green Bond Framework (2021), National Financial Annual Report 2021, Allocation report for 2021 and updated estimates for 2022 from the ministries.

<sup>1</sup> Links to the respective appropriation accounts in the Budget Act for 2021 and 2022, respectively. Budget Acts and the national financial annual report for other years can be found here: <https://oes.dk/oekonomi/offentlige-regnskaber/statsregnskabet/>