



Government of Iceland

SDG7 Energy Compact of the Government of Iceland
A next Decade Action Agenda to advance SDG7 on sustainable energy for all, in line with the goals of the Paris Agreement on Climate Change

SECTION 1: AMBITION

1.1. Ambitions to achieve SDG7 by 2030. [Please select all that apply, and make sure to state the baseline of each target]

(Member States targets could be based on their NDCs, energy policies, national five-year plans etc. targets for companies/organizations could be based on their corporate strategy)

<input type="checkbox"/> 7.1. By 2030, ensure universal access to affordable, reliable and modern energy services.	<p>Target: Meet all energy needs of the country in a secure manner for the near and distant future. Time frame: Ongoing Context for the ambition(s): Long-term energy policy 2050.</p> <p>Iceland currently meets all its electricity need with 99% renewables and 85% of total energy from sustainable sources. To ensure continued universal access to sustainable energy, the long-term energy policy and action plan includes plans to ensure diversity in energy production, ensure stability and foreseeability through energy forecasts and monitoring of energy security is stressed.</p>
<input type="checkbox"/> 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.	<p>Target(s): Iceland will be independent from use of fossil fuels by 2050 at the latest. Carbon neutral by 2040. Renewable energy in transport will be at least 40% by 2030. Time frame: Ongoing Context for the ambition(s): Long-term energy policy 2050 / Iceland's NDC to Paris Agreement, 2030.</p> <p>Iceland has achieved energy transition in its district heating and electricity systems, where fossil fuels have been replaced entirely by renewable energy (geothermal and hydropower). The energy transition is now in progress in land, sea and air transport. The long-term objective of the energy transition is for Iceland to be independent from fossil fuels and to meet all the energy needs of the country using renewable energy sources by 2050.</p>
<input type="checkbox"/> 7.3. By 2030, double the global rate of improvement in energy efficiency.	<p>Target(s): Improved energy efficiency and minimizing energy waste. Time frame: Long-term energy policy 2050 Context for the ambition(s):</p> <p>The technological innovation offered by smart technology must be used to improve system efficiency and flexibility. Multiple use of resources for all energy will be encouraged, maximizing the possible use of all potential by-products from energy development and waste management wherever feasible. Multi-use of material and energy from geothermal developments and waste heat from industry can benefit several sectors, from high technology and industrial processes to tourist services. Opportunities need to be identified to further develop a circular economy where practicable, both in energy development and use (energy value chain).</p>
<input type="checkbox"/> 7.a. By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.	<p>Target(s): Increase ODA funding to support universal access to affordable, reliable, and modern energy services in developing countries. Time frame: 2022-2023 as per current plans of ODA increase; to be revisited for 2023-2030. Context for the ambition(s):</p> <p>Iceland is at the forefront of geothermal utilization for heating, electricity generation and direct utilization. Iceland also provides contributions to various institutions and funds involved in energy projects, including ESMAP, SEforALL and IRENA. Furthermore, Iceland operates a list of consultants in the field of geothermal energy and hydropower. Developing countries can request expert advice, in particular in the preparation and quality assessment of projects, based on Iceland's agreements with the World Bank, FAO, and IFAD.</p> <p>In 2021 ODA contributions to funds and programs supporting the implementation of Goal 7 and its targets, including the GRÓ GTP, should reach approximately 614 million ISK and will increase proportionally in line with increase in overall ODA.</p> <p>Target: Iceland will continue to strengthen the integration of renewable energy solutions in its bilateral development cooperation programmes in education, health and water and sanitation. Time frame: Ongoing</p>

	<p>Context for the ambition:</p> <p>Iceland has increasingly emphasized the use of renewable energy in its projects, including the installation of solar panels as primary source of energy when building schools and health care facilities, and through supporting clean cooking initiatives in its partner countries.</p>
<p><input type="checkbox"/> 7.b. By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programs of support.</p>	<p>Target(s): Provide training for key professionals in developing countries on geothermal energy utilization through the GRÓ GTP. Time frame: Ongoing Context for the ambition(s): Iceland is a leading country within the Global Geothermal Alliance, but its main goals are to maintain the importance of geothermal energy as an energy source and to promote increased geothermal utilization worldwide, both for space heating and electricity production.</p> <p>The GRÓ Geothermal Training Programme will continue to support more than 20 fellows yearly, from developing countries with geothermal potential, through their 6-month training as well as support at least 5 MSc-students and 1 PhD-student yearly for geothermal studies at Icelandic universities. In addition, GRÓ GTP intends to continue to offer yearly training courses in Central America and Africa and has plans of expanding these to Asia as well as offer new courses on-line on a regular basis.</p> <p>Target: Provide expertise for hydro- and geothermal energy projects in developing countries, including in cooperation with ESMAP/World Bank. Time frame: Ongoing Context for the ambition:</p> <p>Iceland maintains a roster of geothermal and hydro energy experts and funds their participation in projects around the world. In 2020, Iceland provided sustainable energy expertise in five countries in three continents and supported expert participation through ESMAP in three global studies.</p>

1.2. Other ambitions in support of SDG7 by 2030 and net-zero emissions by 2050. [Please describe below e.g., coal phase out or reforming fossil fuel subsidies etc.]

<p>Target(s):</p> <p>Time frame:</p> <p>Context for the ambition(s):</p>
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SECTION 2: ACTIONS TO ACHIEVE THE AMBITION

2.1. Please add at least one key action for each of the elaborated ambition(s) from section 1. [Please add rows as needed].

Description of action (please specify for which ambition from Section 1)	Start and end date
7.1. Energy security measures and responsibility clarified in amendment to the Electricity law. Review and simplification of licensing and administrative process for wind energy in Iceland. Part of improving energy security in Iceland with more diversified renewable energy sources.	Spring 2021 (electricity law) 2020-ongoing (licensing)
7.1. Government initiative for support of three-phase electricity in rural areas.	2018- ongoing
7.2. Energy Fund allocation to eliminate use of fossil fuel in industry and heavy transport, in line with the target of being fossil-fuel free by 2050 at the latest. The government will publish a roadmap for the production of hydrogen and e-fuels, with suggestions for further support. National action plan for the implementation of NDCs also outlines several incentives, including tax relief and benefits, to reduce the use of fossil fuels in transport by 50% in 2030 from 2016 levels.	Sep 2021 (Energy Fund allocation) June 2021- November 2021 (Roadmap)

Description of action (please specify for which ambition from Section 1)	Start and end date
7.3. Open for the use of waste heat in the electricity system. Amendment made to the Electricity law. A feasibility study of e-fuel production, from industrial waste-heat and other sources. Increase of use of smart meters in Iceland.	<i>Spring 2021 (electricity law) Study published in June 2021 Ongoing (smart meters)</i>
7.a Iceland will increase ODA contributions in support of the implementation of Goal 7 and its targets, in line with the planned increase of its total ODA.	<i>Iceland has set an ODA target of 0,35% of GNI for the year 2023</i>
7.a Integrate renewable energy solutions, as applicable in programmes in bilateral partner countries (Malawi, Uganda, and Sierra Leone) for electrification of schools and health centres, and for water and sanitation as well energy saving stoves for schools.	<i>Ongoing</i>
7.b Support for GRO GTP is on the five-year fiscal plan.	<i>Ongoing</i>
7.b. MFA will maintain a roster of experts in hydro and geothermal energy utilization to be deployed at short notice to support energy projects in developing countries through ESMAP and other multilateral funds.	<i>Ongoing</i>

SECTION 3: OUTCOMES

3.1. Please add at least one measurable and time-based outcome for **each** of the actions from section 2. *[Please add rows as needed].*

<i>Outcome</i>	<i>Date</i>
7.1. Government initiative for support of three-phase electricity in rural areas. 100% of system will be fully three-phase before 2025.	<i>By 2025</i>
7.2. Energy Fund allocation to eliminate use of fossil fuel in industry and heavy transport. In 2021 grants were allocated for infrastructure projects and renewable energy production. The funding will eliminate 2 million liters of oil which corresponds to 5.500 tons of CO2. The fund allocated around 470 m ISK in 2021.	<i>Ongoing. Fossil-fuel free by 2050 at the latest.</i>
7.3. Smart meters in Iceland. Project of Reykjavik Energy (Veitur) servicing the capital region will finish in 2024. 160.000 smart meters will be installed. Estimated cost is 5.420 m ISK.	<i>By 2024</i>
7.a Schools and health centres which are part of Icelandic development programmes in partners countries (Malawi, Uganda, Sierra Leone), will be electrified with renewable energy and benefit from energy saving stoves, providing reliable access to energy for students, health care workers and patients. Water and sanitation facilities will, as applicable use solar energy.	<i>Ongoing</i>
7.a The proportion of ODA spending towards the implementation of SDG 7 to remain level or increase over the next five years.	<i>Ongoing</i>
7.b. Support for GRÓ GTP to ensure geothermal energy training of around 30 students annually, through their six-month training program and support for MSc and PhD students in addition to shorter courses, conducted in Africa, Central America, and Asia.	<i>Ongoing</i>
7.b. Iceland will continue to maintain a roster of geothermal and hydro energy experts and provide the funds needed for their participation in renewable energy projects in developing countries. In 2020, Iceland contributed to five countries in Central America, Central Asia, and Africa, including in one SIDS, and to three global ESMAP studies.	<i>Ongoing</i>

SECTION 4: REQUIRED RESOURCES AND SUPPORT

4.1. Please specify required finance and investments for **each** of the actions in section 2.

7.2 Energy Fund allocation to eliminate use of fossil fuel in industry, transport, and heavy transport. The funding will eliminate 2 million liters of oil which corresponds to 5.500 tons of CO2. The fund allocated 470 m ISK in 2021 for infrastructure projects and renewable energy production. The funding for grant allocation will be decided on an annual basis.

7.3 Estimated cost of smart meters is 5.420 m ISK.

7.a ODA contributions to increase gradually to reach 0,35% of GNI in 2023 with proportional increase in funding for climate and environment related programs and projects, including in support of SDG7 implementation. A share of bilateral ODA project to remain level or increase with renewable energy access integrated into all bilateral programs as appropriate.

7.b Number of fellows at GRO GTP to remain level with continued funding. Funding for sustainable energy experts deployable to developing countries through multilateral funds and programs to remain level or increase in line with overall increase in ODA.

4.2. [For countries only] In case support is required for the actions in section 2, please select from below and describe the required support and specify for which action.

[Examples of support for Member States could include: Access to low-cost affordable debt through strategic de-risking instruments, capacity building in data collection; development of integrated energy plans and energy transition pathways; technical assistance, etc.]

<input type="checkbox"/> Financing	Description
<input type="checkbox"/> In-Kind contribution	Description
<input type="checkbox"/> Technical Support	Description
<input type="checkbox"/> Other/Please specify	Description

SECTION 5: IMPACT

5.1. Countries planned for implementation including number of people potentially impacted.

Through the GRÓ GTP, Iceland has provided technical training for 718 fellows, including 169 women, from 63 countries, many of whom now serve as key policy makers and implementing agents in their home countries. Iceland will continue to provide technical training for men and women from around developing countries with geothermal energy resources.

In 2020, through the roster of experts, Iceland provided expertise to five countries in three continents and supported expert contributions to three global studies. Iceland will continue to provide such expertise on a regular basis.

Iceland will continue to integrate renewable energy and energy access into its bilateral development cooperation with Malawi, Uganda, and Sierra Leone.

5.2. Alignment with the 2030 Agenda for Sustainable Development – Please describe how **each** of the actions from section 2 impact advancing the SDGs by 2030.

[up to 500 words, please upload supporting strategy documents as needed]

All the actions align with the 2030 Agenda as per SDG7 and its targets as outlined in section 2 and further contributes to the implementation of other SDGs, including SDG8 on sustainable growth through both domestic and international action items; SDG 3 and 4 on education and health, with facilities powered by renewable energy; and SDG 5 on gender equality, including through training and clean cooking initiatives.

5.3. Alignment with Paris Agreement and net-zero by 2050 - Please describe how **each** of the actions from section 2 align with the Paris Agreement and national NDCs (if applicable) and support the net-zero emissions by 2050. [up to 500 words, please upload supporting strategy documents as needed]

Energy transition in transport, the phasing out of fossil fuels by 2050 and carbon neutrality all align with Iceland's national NDCs and the Paris Agreement.

SECTION 6: MONITORING AND REPORTING

6.1. Please describe how you intend to track the progress of the proposed outcomes in section 3. Please also describe if you intend to use other existing reporting frameworks to track progress on the proposed outcomes.

International action and contribution is monitored and reported in line with DAC standards.

Implementation of the long-term energy policy will be monitored and reported on by the relevant ministries, agencies and in parliament.

SECTION 7: GUIDING PRINCIPLES CHECKLIST

Please use the checklist below to validate that the proposed Energy Compact is aligned with the guiding principles.

I. Stepping up ambition and accelerating action - Increase contribution of and accelerate the implementation of the SDG7 targets in support of the 2030 Agenda for Sustainable Development for Paris Agreement

I.1. Does the Energy Compact strengthen and/or add a target, commitment, policy, action related to SDG7 and its linkages to the other SDGs that results in a higher cumulative impact compared to existing frameworks?

Yes No

I.2. Does the Energy Compact increase the geographical and/or sectoral coverage of SDG7 related efforts? Yes No

I.3. Does the Energy Compact consider inclusion of key priority issues towards achieving SDG7 by 2030 and the net-zero emission goal of the Paris Agreement by 2050 - as defied by latest global analysis and data including the outcome of the Technical Working Groups? Yes No

II. Alignment with the 2030 agenda on Sustainable Development Goals – Ensure coherence and alignment with SDG implementation plans and strategies by 2030 as well as national development plans and priorities.

II.1. Has the Energy Compact considered enabling actions of SDG7 to reach the other sustainable development goals by 2030? Yes No

II.2. Does the Energy Compact align with national, sectoral, and/or sub-national sustainable development strategies/plans, including SDG implementation plans/roadmaps? Yes No

II.3. Has the Energy Compact considered a timeframe in line with the Decade of Action? Yes No

III. Alignment with Paris Agreement and net-zero by 2050 - Ensure coherence and alignment with the Nationally Determined Contributions, long term net zero emission strategies.

III.1. Has the Energy Compact considered a timeframe in line with the net-zero goal of the Paris Agreement by 2050? Yes No

III.2. Has the Energy Compact considered energy-related targets and information in the updated/enhanced NDCs? Yes No

III.3. Has the Energy Compact considered alignment with reaching the net-zero emissions goal set by many countries by 2050? Yes No

IV. Leaving no one behind, strengthening inclusion, interlinkages, and synergies - Enabling the achievement of SDGs and just transition by reflecting interlinkages with other SDGs.

IV.1. Does the Energy Compact include socio-economic impacts of measures being considered? Yes No

IV.2. Does the Energy Compact identify steps towards an inclusive, just energy transition? Yes No

IV.3. Does the Energy Compact consider measures that address the needs of the most vulnerable groups (e.g., those impacted the most by energy transitions, lack of energy access)? Yes No

V. Feasibility and Robustness - Commitments and measures are technically sound, feasible, and verifiable based a set of objectives with specific performance indicators, baselines, targets and data sources as needed.

V.1. Is the information included in the Energy Compact based on updated quality data and sectoral assessments, with clear and transparent methodologies related to the proposed measures? Yes No

V.2. Has the Energy Compact considered inclusion of a set of SMART (specific, measurable, achievable, resource-based and time based) objectives? Yes No

V.3. Has the Energy Compact considered issues related to means of implementation to ensure feasibility of measures proposed (e.g., cost and financing strategy, technical assistant needs and partnerships, policy and regulatory gaps, data and technology)? Yes No

SECTION 8: ENERGY COMPACT GENERAL INFORMATION

8.1. Title/name of the Energy Compact

Iceland – Energy Compact

8.2. Lead entity name (for joint Energy Compacts please list all parties and include, in parenthesis, its entity type, using entity type from below)

Ministry for Foreign Affairs

8.3. Lead entity type

Government

Local/Regional Government

Multilateral body /Intergovernmental Organization

Non-Governmental Organization (NGO)

Civil Society organization/Youth

Academic Institution /Scientific Community

Private Sector

Philanthropic Organization

Other relevant actor

8.4. Contact Information

Geir Oddsson, Head of Climate and Environment, Directorate of International Affairs and Development Cooperation, MFA

8.5. Please select the geographical coverage of the Energy Compact

Africa Asia and Pacific Europe Latin America and Caribbean North America West Asia Global

8.6. Please select the Energy Compact thematic focus area(s)

Energy Access Energy Transition Enabling SDGs through inclusive just Energy Transitions Innovation, Technology and Data Finance and Investment.

SECTION 9: ADDITIONAL INFORMATION (IF REQUIRED)

Please provide additional website link(s) on your Energy Compact, which may contain relevant key documents, photos, short video clips etc.