

Submission by Iceland to the ADP

Iceland's Intended Nationally Determined Contribution

Introduction

Iceland is committed to the UNFCCC negotiation process towards adopting a protocol, another legal instrument or an agreed outcome with legal force under the Convention, applicable to all Parties, in line with the objective of keeping global warming below 2°C.

Iceland's Intended Nationally Determined Contribution

Iceland aims to be part of a collective delivery by European countries to reach a target of 40% reduction of greenhouse gas emissions by 2030 compared to 1990 levels. A precise commitment for Iceland within such collective delivery has yet to be determined, and is dependent on an agreement with the European Union and its Member States and possibly other countries. Under such an arrangement, Iceland will ensure fulfillment of its fair share of the collective delivery of the 40% target by: a) continuing participation in the EU Emissions Trading Scheme and b) determining a target for emissions outside the EU-ETS by the same methodology as applied to EU Member States. In the event that an agreement on collective delivery is not reached, Iceland will determine a national target by other methods and communicate it to the UNFCCC.

In constructing a target for Iceland that can be seen as fair in an international comparison and contributing to a global goal, Iceland considers it to be most transparent to set a target based on common methods applied in the European Union and the European Economic Area. Almost half of Iceland's emissions is currently regulated by the EU Emissions Trading Scheme, and Iceland will continue to be part of the EU-ETS after 2020 due to its commitments under the Agreement on the European Economic Area. Iceland also uses a comparable method to the EU to determine a target for non-ETS emissions, as specified in an agreement between Iceland and the EU and its Member States on joint fulfilment of commitments under the Kyoto Protocol during the second commitment period. Iceland foresees that a post-2030 target for Iceland will be constructed in a similar fashion, based on the current arrangement. In the event that an agreement is not reached, Iceland will determine its INDC in another manner and communicate it to the UNFCCC, but it should be noted that Iceland's participation in a common European market in emissions credits under the EU-ETS complicates the determination of a simple economy-wide target for Iceland, as credits under the EU-ETS are traded freely in a common market, with limited influence by Icelandic authorities.

Information provided in order to facilitate clarity, transparency, and understanding

Base year	1990
Time frames / periods for implementation	2021—2030
Scope and coverage	All main sectors: Energy; Industrial processes and product use; Agriculture; Waste; Land Use, Land-Use Change and Forestry
GHGs	The INDC includes the following GHGs: • Carbon dioxide (CO₂) • Methane (CH₄)

	• Nitrous oxide (N₂O) • Hydrofluorocarbons (HFCs) • Perfluorocarbons (PFCs) • Sulfur hexafluoride (SF₆) • Nitrous trifluoride (NF₃)
Planning process	Iceland has a national implementation plan for climate mitigation in place, aimed at ensuring Iceland's compliance with commitments in the Kyoto Protocol until 2020. Iceland takes part in the EU Emissions Trading Scheme, as part of the European Economic Area; this participation is seen as continuing after 2020, regulating over 40% of Iceland's emissions.
Assumptions and methodological approaches	IPCC Guidelines 2006 and IPCC 2013 KP Supplement. Iceland intends to include LULUCF in its post-2020 contribution to climate mitigation, in accordance with established and accepted methodology for LULUCF accounting. In particular Iceland intends to employ afforestation and revegetation to contribute to its goals. Iceland will also use wetland restoration as part of its climate efforts, and possibly other LULUCF activities. Accounting for the land sector will be decided upon later, with reference to established methodology and based on the progress made internationally towards a common framework for land sector accounting. Iceland will take part in the EU Emissions Trading Scheme after 2020, which currently regulates approximately 40% of Iceland's emissions. Iceland will possibly take part in other European markets for emissions credits, as part of its intention to take part in collective delivery of post-2020 climate mitigation goals, but mitigation efforts are seen as coming primarily through domestic efforts.
Consideration of fairness and ambition	By taking part in collective delivery of a 2030 target of -40%, and by applying common or comparable rules that apply to the European Union and its Member States and possibly more European countries, Iceland considers its intended contribution to be ambitious and fair and transparent as far as effort is concerned.

Additional clarifications on emissions from Iceland

In determining Iceland's efforts for climate mitigation, and assessing their ambition level and fairness, it is useful to look at Iceland's circumstances regarding size and the proportional impact of relatively large single projects, the high percentage of renewable energy, and Iceland's high level of integration into European carbon markets, notably through participation in the EU-ETS and Iceland's participation in joint commitment under the second commitment period of the Kyoto Protocol. These factors are briefly explained here below.

Iceland's electricity production and heating comes almost 100% from renewable energy, with minimal emissions. This was mostly achieved before 1990. This means that Iceland must look to other sectors for mitigation options, including transport, agriculture, fisheries, industrial processes, waste and LULUCF. Iceland considers the utilization of its renewable energy sources to have global benefits from a climate change mitigation perspective.

Iceland is a party to the EU-ETS, due to membership of the European Economic Area, and over 40% of Iceland's emissions fall under the trading scheme. It is foreseen that this will continue after 2020. For a small economy like Iceland access to markets is important, as it provides flexibility that bigger economies do not need to the same extent; a single project can contribute a high percentage of emissions in a small economy like Iceland's but hardly register in bigger economies.