

The Master Plan Act

Act No. 48/2011

Note: This translation of the Master Plan Act is provided for information purposes only. This is not an official translation.

Act on the Plan for nature protection and energy utilisation¹⁾

2011 No. 48 16 May

¹⁾The Act was amended by Act No. 60/2013, Article 95. The amendments enter into force on 1 April 2014 according to Article 94 of that same Act.

Articles 1.–3. entered into force on 20 May 2011 and the other parts of the Act entered into force on 14 January 2013 when Alþingi passed a proposal for a resolution under Article 3. Amended by Act No. 126/2011 (entered into force on 30 September 2011), Act No. 157/2012 (entered into force on 3 January 2013), and Act No. 60/2013 (to enter into force on 1 April 2014).

Whenever this present Act makes reference to the Minister or to the Ministry without any particular specification of purview or without any reference to purview, it shall mean the Minister for the Environment and Natural Resources, or the Ministry for the Environment and Natural Resources who is responsible for the administration of this Act. Information on the purviews of ministries according to presidential decision can be found [here](#).

Article 1. *Objective.*

The objective of this Act is to ensure that the utilisation of geographical areas where there are power plant options, is based on long-term views and a comprehensive evaluation of the interests

involved, taking into account the conservation value of nature and of cultural historical relics, the cost effectiveness and profitability of various different options for utilisation and other values that affect the national interest, as well as the interests of those who use these same resources having sustainable development as a guide.

Article 2. Scope of application and definition of terms.

This Act covers geographical areas where there are power plant options for energy generation, both on privately owned land as well as on public lands.

The following shall be the meaning of these terms:

1. *Privately owned lands:* Land areas, including areas within the net zone of lakes and in the ocean, that are subject to private ownership rights in that the owner of the land holds all dominion and control over the land area within the limits prescribed by law at any particular time.
2. *River:* Channelized flow notwithstanding alterations to its natural flow regime.
3. *High temperature geothermal area:* Geothermal system where the temperature of the groundwater reservoir is 200°C or higher at a depth of 1,000 meters or less.
4. *Surveys of energy resources:* Surveys that are connected with the construction of power plants for energy generation and are conducted on the basis of the Act on surveys and utilisation of ground resources.
5. *Power plant option:* The planned construction of a power plant for energy generation at a specified location.
6. *Surface exploration:* The mapping of natural areas, landscape, biosphere, hydrography and geology. Geological surveys are divided into surveys of the geology, geochemistry and geophysics, that are based on the collection of gas, water and rock samples, taking

measurements of the surface using surface measurement equipment, and shallow drilling to obtain rock samples and measurements of rock temperatures and groundwater levels using light weight environmentally friendly drilling technique.

7. *Public lands*: Land areas outside of private lands notwithstanding limited ownership rights by private persons or persons at law.

Article 3. *Plan for nature protection and energy utilisation*.

[The Minister]¹⁾ shall, in consultation and collaboration with [the minister responsible for [energy]²⁾¹⁾ present to the Alþingi, at a minimum every four years, a proposal for a resolution concerning the Plan for nature protection and energy utilisation.

The Plan for nature protection and energy utilisation contains the formulation of a strategy, on the basis of opinions that are stated in paragraph 4, for whether a land area where there are power plant options should be utilised for energy generation, or whether there is a reason to protect these areas or if they should be explored further. Power plant options in the relevant areas are accordingly classified into an energy utilisation category, a protection category, or an on hold category.

The Plan for nature protection and energy utilisation covers geographical areas and power plant options that the steering committee under Article 8 has discussed and have an installed capacity of 10 MW or more, or have a thermal power capacity of 50 MW or more. It does however not cover the enlargement of a power station unless the enlargement entails a construction project that includes a mandatory environmental assessment according to the decision of the Icelandic National Planning Agency or the decree of [the minister responsible for planning].¹⁾ The Plan for nature protection and energy utilisation does not cover geographical areas that are subject to protection according to Article 50 of the Act on Nature Protection unless the terms and conditions for the protection specifically state that the construction of a power plant is permitted in the relevant area.

The Plan for nature protection and energy utilisation shall in accordance with the purpose of this act make an assessment of the protection value and the energy utilisation value of land areas and the economic, environmental and sociological impact of utilisation, including the impact of protection. The Plan for nature protection and energy utilisation shall take into consideration the River Basin Management Plan according to the Act on water management.

¹⁾Act 126/2011, Article 543 ²⁾Act 157/2012, Article 24

Article 4. *Energy utilisation category.*

The energy utilisation category listed in the Plan for nature protection and energy utilisation covers power plant options that are projected based on views stated in paragraph 4 of Article 3.

Government authorities may issue licences in connection with energy resource surveys and energy generation for power plant options that are in the energy utilisation category. Energy surveys that according to law may be conducted without a licence from the government are permitted regarding the power plant options.

Article 5. *On hold category.*

The on hold category listed in the Plan for nature protection and energy utilisation covers power plant options where further information is needed for making an assessment based on the views stated in paragraph 4 of Article 3 whether these should belong in the energy utilisation category or in the protection category.

Governmental authorities may not issue licences in connection with energy generation regarding energy resource options that are in the on hold category.

It is permitted to issue licences that are connected to energy surveys and to conduct energy surveys that are not subject to licensing with regard to power plant options in the on hold category provided that activities regarding these surveys are not subject to mandatory assessment according to the Act on environmental impact

assessment, or subject to mandatory assessment according to a decision by the Icelandic National Planning Agency, or as the case may be, according to ministerial decree.

Power plant options that are meant to be covered by the Plan for nature protection and energy utilisation under paragraph 3 of Article 3 and regarding which a decision has not been made in the current Plan for nature protection and energy utilisation, shall be subject to the same regulations as the power plant options in the plan's on hold category.

Article 6. Protection category.

The protection category of the Plan for nature protection and energy utilisation covers power plant options which it is not believed should be constructed, and land areas where there is considered to be a reason to protect these areas with respect to energy generation taking into consideration views stated in paragraph 4 of Article 3.

Government authorities are not permitted to issue licences connected with energy surveys or energy generation regarding power plant options that are in the protection category or that are located in areas where there is considered to be a reason to protect those areas with respect to energy generation. Furthermore, other energy surveys that are not subject to licensing are also prohibited.

Notwithstanding paragraph 2 it is possible after having obtained approval from the Environment Agency of Iceland to permit surface exploration in areas listed in the protection category.

The government shall, when the Alþingi has approved the Plan for nature protection and energy utilisation, begin preparations for the protection of land areas where there is thought to be a reason for the protection of such areas according to the Plan's protection category with respect to energy generation. Protection for nature conservation purposes is carried out according to the Act on nature protection, and protection with respect to cultural historical relics is subject to the National Museum Act.

Article 7. *Development plans.*

The Plan for nature protection and energy utilisation is binding when drawing up development plans. Local governments shall harmonise the existing regional plans, municipal plans, and local plans with the protection and energy utilisation plan within a period of four years from its approval, cf. however paragraph 2.

Local governments may postpone making their decisions regarding land use according to the Plan for nature protection and energy utilisation for a period of up to ten years and any such postponement of decision shall be notified to the Icelandic National Planning Agency within one year from the approval of the Plan for nature protection and energy utilisation. While the moratorium is in effect this option shall be treated as an option in the on hold category. After expiry of the moratorium the planning of the relevant area shall be reconciled with the then current Plan for nature protection and energy utilisation. The local government may however request the permission from the Icelandic National Planning Agency for an additional postponement of a decision on land use for up to a maximum of three years, provided there are valid reasons for this. Before the Icelandic National Planning Agency takes a position regarding the petition from the local government, the agency shall request the opinion of the steering committee according to Article 8 concerning the petition. The decision of the Icelandic National Planning Agency concerning postponement can not be referred for review to [the minister who is in charge of planning].¹⁾

¹⁾Act 126/2011, Article 543

Article 8. *Steering Committee.*

The minister appoints a six member steering committee for a term of four years at a time, which will function in an advisory capacity to the minister regarding the preparations for the drawing up of the proposals for the Plan for nature protection and energy utilisation under this act. The committee members are nominated by [the minister responsible for [energy issues],¹⁾²⁾ one of [these is a minister who is responsible for issues regarding cultural artefacts]²⁾ and one

from the Association of Local Authorities in Iceland, and two are members without nomination and one of those shall be appointed the chairman of the committee. The same parties nominate as many alternates who are appointed in the same manner.

¹⁾Act 157/2012, Article 24 ²⁾Act 126/2011, Article 543

Article 9. *Purview of the steering committee.*

The steering committee handles the gathering of information, the technical assessment, cf. paragraph 4 of Article 3, and the preparation of the proposals to the minister under the Plan for nature protection and energy utilisation, and the committee is also a consultation venue regarding the plan. The steering committee shall appoint expert committees with specialists in the relevant fields who go over the power plant projects each from his or her own aspect, makes an assessment for each project by way of giving points, and makes recommendations to the steering committee. The number of expert committees and appointments to the committees will be decided by the steering committee.

A request to the steering committee petitioning to take a power plant option up for discussion shall be sent to the National Energy Authority. Such a request shall be accompanied by a description of the projected power plant, the planned power plant location, the principal structures and buildings and other construction work in connection with the power plant, and as may be feasible, a schedule for the power generated and the energy capacity and the construction and operating costs of the power plant. Government regulations shall lay down further details concerning this. If the power plant option, in the opinion of the National Energy Agency, is sufficiently defined, the steering committee shall receive it for discussion. The National Energy Agency may also on its own initiative commission the steering committee to discuss power plant options.

The steering committee shall discuss power plant options according to paragraph 2 and those land areas where the relevant power plant options have an impact in their estimation. The steering committee

can on its own initiative or according to request make a re-assessment of power plant options and of the land areas which are covered by the current plan and make proposals for adjustments to the plan. This does however not apply if a licence has been issued for the power plant in question according to the Electricity Act or according to the Act on survey and utilisation of ground resources, or if protection according to paragraph 4 of Article 6 prohibits the construction project.

Article 10. *Process and procedure.*

The steering committee bases its professional assessment on information that is on the record regarding factors that must be taken into consideration in the Plan for nature protection and energy utilisation and applies unified guidelines and generally accepted methods during this process. The work of the expert committees is used as a basis for the assessment. The steering committee shall ask for the opinion of the Environment Agency of Iceland, the Cultural Heritage Agency of Iceland, the Icelandic Institute of Natural History and Iceland Tourist Board whether the available data regarding individual power plant options is sufficient to assess the factors that must be taken into account in the Plan for nature protection and energy utilisation. If the data is considered unsatisfactory the steering committee shall gather additional data and process this data before the actual assessment process starts.

The steering committee shall seek consultation with, and the technical assistance of the relevant agencies and institutions and from government and local authorities, from organisations, stakeholders and other entities. The steering committee shall share information about its responsibilities publicly. The steering committee shall consult with the Environment Agency of Iceland in order to ensure conformity between the Plan for nature protection and energy utilisation and the River Basin Management Plan according to the Act on water management.

After having received the expert committee's conclusions the steering committee makes a draft proposal for the classification of power plant options and the demarcation of power plant and

protected areas in accordance with the classification. The steering committee shall seek consultation with the public, and seek comments on the draft proposal from the relevant agencies and institutions and from government and local authorities, from organisations, and from stakeholders. After the time limit for rendering comments has passed and following consultation the steering committee shall take a position regarding the actual plan for the power plant project and present the proposals for a Plan for nature protection and energy utilisation to the above mentioned parties and announce these proposals publicly in a newspaper that has national distribution, and in the Law Gazette and on their website. The announcement shall indicate where people can access the steering committee's proposals and the public shall be given an opportunity to present comments and observations in a specified manner and within certain time limits that shall not be less than twelve weeks from the date of the publication of the announcement.

At the conclusion of the consultation and presentation process, and after the completion of the environmental assessment according to Act No. 105/2006 on the environmental assessment of plans, the steering committee submit reasoned proposals to the minister regarding the classification of power plant options and the demarcation of land areas in accordance with the classification.

The minister takes the steering committee's proposals up for consideration and then prepares recommendations on a Plan for nature protection and energy utilisation in accordance with Article 3. If recommendations are made regarding changes that should be made to the steering committee's proposals, the opinion of those parties mentioned in paragraph 2 should be sought and these should be announced and presented to the public in the manner stipulated in that paragraph before the proposal for a Plan for nature protection and energy utilisation is introduced in the Alþingi.

The minister, after having received the steering committee's proposals, shall issue rules in consultation with [the minister who is in charge of [energy],¹⁾]²⁾ on the operating procedures for the steering committee, including rules on information gathering, guidelines and

assessment methods. The rules shall be published in the Law Gazette.

¹⁾Act 157/2012, Article 24 ²⁾Act 126/2011, Article 543

Article 11. *Management of information.*

The delivery of data and information, which the steering committee or those who are engaged by the committee acquire, shall be governed by the Data Protection Act.

Article 12. *Regulations.*

[The minister]¹⁾ may prescribe in more detail the implementation of this Act by issuing regulations to that effect.

¹⁾Act 126/2011, Article 543

Article 13. *Entry into force.*

Articles 1.–3. of this Act enter into force immediately. Otherwise the Act enters into force when the Alpingi has passed a proposal for a resolution according to Article 3, cf. interim provision.

Interim provision. A proposal for a parliamentary resolution according to Article 3 shall first be introduced in the Alpingi when proposals by a steering committee have been prepared regarding the Master Plan on the utilisation of hydroelectric power and geothermal energy, and that committee was appointed by the Minister of Industry in consultation with the Minister for the Environment on 24 August 2007.

Before the proposal for a parliamentary resolution is introduced in the Alpingi the minister shall present it to the parties listed in paragraph 3 of Article 10 and shall provide all the parties with the opportunity to present their comments in a specified manner. An environmental assessment of the proposal shall be performed according to Act No. 105/2006, on environmental assessments for plans.

When a proposal for a resolution according to Article 3 has been passed by the Alpingi, the [minister]¹⁾ shall appoint a steering committee according to Article 8.

[The Minister]²⁾ shall appoint a working group to study and present a proposal for the methodology to be used when evaluating the monetary value of nature.

¹⁾Act 126/2011, Article 543 ²⁾Act 157/2012, Article 24