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Decision No: 068/20/COL

EFTA SURVEILLANCE AUTHORITY DECISION

of 26 June 2020

Assessment of the National Forest Accounting Plans of Iceland and Norway in accordance with Article 8 of Regulation (EU) No 2018/841, as incorporated into the EEA Agreement

THE EFTA SURVEILLANCE AUTHORITY,

Having regard to:

- the Act referred to at Article 3, paragraph 8(a) of Protocol 31 to the EEA Agreement, Regulation No (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 *on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework*, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (“the LULUCF Regulation”) as adapted to the EEA Agreement by Protocol 31 thereto, and in particular to Article 8 of this regulation;
- Article 79(3) of the Agreement on the European Economic Area (“the EEA Agreement”);
- Article 5(2)(a) of the Agreement between the EFTA States on the establishment of a Surveillance Authority and a Court of Justice (“the SCA”);

Whereas:

The LULUCF Regulation was incorporated into Article 3, paragraph 8(a) of Protocol 31 to the EEA Agreement by Decision of the EEA Joint Committee No 269/2019 of 25 October 2019 (“JCD No 269/2019”), which entered into force on 11 March 2020.

The LULUCF Regulation, and in particular Article 8 thereof, sets out the rules for the establishment of forest reference levels (“FRLs”) for Iceland and Norway to account for emissions and removals resulting from managed forest land.

Article 8(3) of the LULUCF Regulation requires Iceland and Norway to submit their national forestry accounting plans (“NFAP”) to the EFTA Surveillance Authority (“the Authority”), including their proposed FRLs for the period 2021 to 2025. Norway submitted its NFAP to the Authority on 12 March 2020 and Iceland submitted its NFAP to the Authority on 28 April 2020.¹

Pursuant to Article 8 of the LULUCF Regulation, the Authority is to:

¹ Both Norway and Iceland had shared their NFAPs informally with the Authority, on 21 March 2019 and 7 January 2020 respectively, to support the process for the establishment of the FRL.

- undertake a technical assessment of the NFAPs submitted by Iceland and Norway, to assess the extent to which the proposed FRLs have been determined in accordance with the requirements set out in the LULUCF Regulation;
- consult experts appointed by Iceland and Norway, stakeholders and civil society as part of the technical assessment;
- publish a summary of the work carried out, including the views expressed by the experts appointed by Iceland and Norway, and the conclusions thereof;
- where necessary, issue technical recommendations to Iceland and Norway reflecting the conclusions of the technical assessment to facilitate the technical revision of the proposed FRLs, and publish these;
- publish the revised proposed FRLs following submission by Iceland and Norway where applicable;
- in case of non-submission of revised FRLs, lay down the FRLs to be applied by the non-submitting State; and
- establish the FRLs based on the proposed FRLs submitted by Iceland and Norway, on the technical assessment carried out, and where applicable, on the revised proposed FRLs.

The Authority undertook the technical assessment of the Icelandic and Norwegian NFAPs with a view to assessing the extent to which the proposed FRLs were determined in accordance with the following requirements:²

- the principles set out in Article 8(5) and other related Articles of the LULUCF Regulation;
- the criteria set out in Section A of Annex IV of the LULUCF Regulation;
- the elements listed in Section B of Annex IV of the LULUCF Regulation; and
- the relevant adaptations for Iceland and Norway under Article 3, paragraph 8(a) of Protocol 31 to the EEA Agreement.

Aligning with the process undertaken by the European Commission for the EU Member States, the Authority established an expert group³ - the EFTA LULUCF Expert Group ("EFTA LULUCF EG") - to undertake the technical assessment of the Icelandic and Norwegian NFAPs. The EFTA LULUCF EG is composed of experts from Iceland and Norway, stakeholders and civil society. The composition of the EFTA LULUCF EG can be found on the Authority's website.⁴

The Authority convened the EFTA LULUCF EG on 17 March, 20 April, 28-29 April and 4 May 2020. The EFTA LULUCF EG undertook on 28-29 April and 4 May a centralised review, in which the EFTA LULUCF EG assessed the NFAPs of Iceland and Norway. The EFTA LULUCF EG adopted the conclusion of its assessment in a synthesis report for each NFAP. The synthesis reports were forwarded to the Authority as input to its technical assessment. The synthesis reports and the minutes of the EFTA LULUCF EG are publicly available.⁵

² Further guidance on the requirements is provided in the European Commission Staff Working Document SWD(2019) 213, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019SC0213&from=EN>.

³ College Decision 093/19/COL of 6 December 2019 and College Decision 022/20/COL of 20 March 2020.

⁴ <https://www.eftasurv.int/internal-market/lulucf>.

⁵ <https://www.eftasurv.int/internal-market/lulucf>.

Following the technical recommendations contained in this decision, the next steps are for:

- Iceland and Norway to communicate their revised proposed FRLs to the Authority for the period from 2021 to 2025. To allow the Authority to decide in a timely manner on the determination of the FRLs ahead of the compliance period, the Authority asks Iceland and Norway to submit their revised NFAPs early October and no later than 16 October 2020;
- the Authority to publish the proposed FRLs communicated to it by Iceland and Norway;
- based on the proposed FRLs submitted by Iceland and Norway on the technical assessment and recommendations, as well as on the revised proposed FRL submitted, the Authority shall adopt a decision laying down the FRLs to be applied by Iceland and Norway for the period from 2021 to 2025;
- if Iceland or Norway do not submit a revised FRL, the Authority to lay down the FRL to be applied by that State for the period from 2021 to 2025, based on the technical assessment carried out.

With a view to facilitating the technical revision of the proposed FRLs and reflecting the conclusions of the technical assessment, the Authority has formulated technical recommendations on the submitted NFAPs. These are set out in Annexes I and II of the present decision, for Iceland and Norway respectively.

HAS ADOPTED THIS DECISION:

1. The EFTA Surveillance Authority issues the technical recommendations as contained in Annex I to this Decision to Iceland.
2. The EFTA Surveillance Authority issues the technical recommendations as contained in Annex II to this Decision to Norway.
3. This Decision shall be notified to Iceland and Norway.
4. This Decision shall be authentic in the English language.

Done at Brussels,

For the EFTA Surveillance Authority

Bente Angell-Hansen
President

Frank J. Büchel
College Member

Högni Kristjánsson
Responsible College Member

Carsten Zatschler
Countersigning as Director,
Legal and Executive Affairs

This document has been electronically authenticated by Bente Angell-Hansen, Carsten Zatschler.

ANNEX I: TECHNICAL RECOMMENDATIONS TO ICELAND

Technical recommendations on Article 8(5) Principles

No recommendation

Technical recommendations on Annex IV, Section A Criteria

- a) Demonstrate how the goal of achieving a balance between anthropogenic emissions and removals will be achieved in the second half of the century. Provide qualitative and quantitative information until at least 2050 consistent with the strategy required under Article 13(2) of the LULUCF Regulation, as incorporated by JCD No 269/2019.
- e) Provide a ratio between solid (harvested wood products, "HWP") and energy use of forest biomass as documented in the period from 2000 to 2009 used for the estimation of the FRL and demonstrate it remains constant throughout the projection. Evaluate whether the HWP pool needs to be recalculated (and subsequently, the FRL).
- f) Provide further information on how the biodiversity issues associated with cultivated forest and afforested areas are taken into account.
- g) Demonstrate the consistency with the national projections of anthropogenic greenhouse gas emissions provided to the European Environmental Agency, in accordance with JCD No 269/2019. Provide explanations for possible differences between national projections and the proposed FRL.
- h) Demonstrate that the estimated FRL is based on the area under forest management as indicated in Annex IV, Part B (e)i. Demonstrate the ability of the model used to construct the FRL to reproduce historical data from the national greenhouse gas ("GHG") inventory. Demonstrate the consistency between historical data from the national GHG inventory and modelled data for estimating the FRL for the reference period. Verify information provided on the level of agreement between the projected and the actual carbon stock changes in living biomass and assess its potential impact on the FRL. Document, if any, adjustments to the modelled time series of emissions/removals for all carbon pools.

Technical recommendations on Annex IV, Section B Elements

- b) Demonstrate that the FRL includes the greenhouse gases consistent with those applied in the latest national GHG inventory. Assure consistency for the starting point of projections for all carbon pools, including the HWP pool.
- c) Provide further explanations and justifications on how natural birch forests older than 50 years' stratum are modelled. Explain the use of expert judgements when defining the forest management practices for the reference period. Provide information on the biomass module used for the estimation of FRL, including clear descriptions of yield curves, and demonstrate consistency with the national GHG inventory.
- d) Provide information on how harvest rates (ideally expressed in terms of cubic meters) are expected to develop under different policy scenarios.
- e)i Provide the area under forest management consistent with Table 4.A ("Forest land remaining forest land") from the latest national GHG inventory using the year preceding the starting point of the projection.
- e)ii Provide clarification statement or information concerning how imports and exports are considered when calculating the carbon pool of harvest wood product in the FRL.
- e)iii Provide additional information on dynamic age-characteristics for natural birch forests older than 50 years.

e)iv Provide historical and future harvesting rates disaggregated between energy and non-energy uses.

ANNEX II: TECHNICAL RECOMMENDATIONS TO NORWAY

Technical recommendations on Article 8(5) Principles

- 1) Demonstrate that the approach used in the determination of the FRL ensures the continuation of forest management practices as documented in the period 2000-2009.

Technical recommendations on Annex IV, Section A Criteria

- e) Provide a ratio between solid (harvested wood products, "HWP") and energy use of forest biomass as documented in the period from 2000 to 2009 used for the estimation of the FRL and demonstrate it remains constant throughout the projection.
- h) Demonstrate that the estimated FRL is based on the area under forest management as indicated in Annex IV, Part B (e)i. Demonstrate the ability of the model used to construct the FRL to reproduce historical data from the national greenhouse gas ("GHG") inventory. Demonstrate the consistency between historical data from the national GHG inventory and modelled data for estimating the FRL for the reference period. Provide information on the level of agreement between historical and projected carbon stock changes (Figure 5 of the NFAP for Norway) and assess its potential impact on the FRL. Correct editorial mistakes in tables 1 and 15 of the NFAP.

Technical recommendations on Annex IV, Section B Elements

- c) Provide information on the development of area in forest management practices for both the reference period and the compliance period.
- d) Provide detailed information on how harvest rates are expected to develop under different policy scenarios.
- e)i Provide the area under forest management consistent with Table 4.A ("Forest land remaining forest land"), where applicable, from the latest national GHG inventory using the year preceding the starting point of the projection. Provide further information on the development of the area of afforestation, deforestation and protected area.
- e)ii Provide detailed data on the evolution of HWP for the historical and the projection period and on the evolution with time of the harvest rate. Provide clarification statement or information concerning how imports and exports are considered when calculating the carbon pool of HWP in the FRL.
- e)iii Provide further information on the development of age class distribution, growing stock volume and increment for both the reference period and the compliance period.
- e)iv Provide the historical and future harvesting rates disaggregated between energy and non-energy uses.