

## EFTA SURVEILLANCE AUTHORITY DECISION

of 21 July 2021

setting out the annual emission allocations for the period from 2021 to 2030 for Iceland and Norway pursuant to the Effort Sharing Regulation

THE EFTA SURVEILLANCE AUTHORITY,

Having regard to Article 5(2)(a) of the Agreement between the EFTA States on the establishment of a Surveillance Authority and a Court of Justice,

Having regard to Article 79(3) of the Agreement on the European Economic Area (“the EEA Agreement”),

Having regard to the Act referred to at paragraph 8(a) of Article 3 of Protocol 31 to the EEA Agreement (“Protocol 31”),

*Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (“the Effort Sharing Regulation”),*

as adapted to the EEA Agreement by Protocol 31 thereto, and in particular to Article 4 thereof,

WHEREAS:

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

The annual emission allocations (“AEAs”) for Iceland and Norway, for the years 2021 to 2030 in terms of tonnes of CO<sub>2</sub> equivalent, are set out in accordance with Article 4 of the Effort Sharing Regulation and, where applicable, adjusted pursuant to Article 10 of that Regulation.

In line with Article 4 of the Effort Sharing Regulation, the AEAs are defined by a linear trajectory, starting on the average of the country’s greenhouse gas emissions during 2016, 2017 and 2018, determined pursuant to Art 4(3) of that Regulation, and ending in 2030 on the limit set for the country in Annex I to that Regulation, as adapted by Protocol 31. The percentages that apply to Iceland and Norway pursuant to Annex I, as adapted by Protocol 31 are minus 29 percent for Iceland and minus 40 percent for Norway.

Pursuant to Article 4 of the Effort Sharing Regulation, the linear trajectory is to start either five-twelfths of the distance from 2019 to 2020 or in 2020, whichever results in a lower allocation for the country.

For the AEA calculations of Iceland and Norway pursuant to the Effort Sharing Regulation, the EFTA Surveillance Authority (“the Authority”) has applied the same methodology as that applied by the European Commission for the EU Member States, taking into account the relevant adaptations in Protocol 31.

In order to set out Iceland and Norway’s AEAs for the period from 2021 to 2030 in the sectors within the scope of the Effort Sharing Regulation, the following steps were undertaken:

- The total greenhouse gas emissions from gases and activities defined in Article 2 and Article 3(1) of the Effort Sharing Regulation, submitted by Iceland and Norway in the year 2020 pursuant to Article 7 of Regulation (EU) No 525/2013<sup>1</sup> (“the MRR”), were established following a comprehensive review in accordance with Article 4(3) of the Effort Sharing Regulation.
- The comprehensive review has been conducted by the Authority assisted by the European Environment Agency, in accordance with paragraph 8(g) of Article 3 of Protocol 31. The comprehensive review provided reviewed greenhouse gas emissions data for the years 2005 and 2016 to 2018 for Iceland and Norway.
- Verified data were also required in relation to the greenhouse gas emissions from stationary installations within the scope of Directive 2003/87/EC,<sup>2</sup> which establishes a system for greenhouse gas emission allowance trading (“the EU ETS”). Data on the greenhouse gas emissions from stationary installations within the scope of the EU ETS for the years 2016, 2017 and 2018 were extracted from the Union Registry of verified emissions of those installations. The 2005 data are determined in paragraph 8(a) of Article 3 of Protocol 31.
- To ensure consistency of the determined AEAs with the reported greenhouse gas emissions for the period 2021 to 2030, the AEAs are calculated in CO<sub>2</sub> equivalents by applying the same values for global warming potentials (“GWP”) as those set out in Commission Delegated Regulation (EU) 2020/1044<sup>3</sup>.
- Following the comprehensive review, and in accordance with Protocol 31, Iceland<sup>4</sup> and Norway<sup>5</sup> submitted the greenhouse gas emissions data reflected above to the Authority, updated with the GWP values as set out in Commission Delegated Regulation (EU) 2020/1044.

To calculate the 2005 greenhouse gas emissions figure for Iceland and Norway and the AEAs for the years 2021 to 2030, as reflected in **Annex I** and **Annex II** to this Decision, a five-step methodology applies:

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<sup>1</sup> Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC, incorporated into paragraph 8(a) of Article 3 of Protocol 31 to the EEA Agreement by Decision of the EEA Joint Committee No 269/2019.

<sup>2</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, incorporated into the EEA Agreement at point 21a) of Annex XX by the Decision of the EEA Joint Committee No 146/2007.

<sup>3</sup> Commission Delegated Regulation (EU) 2020/1044 of 8 May 2020 supplementing Regulation (EU) 2018/1999 of the European Parliament and of the Council with regard to values for global warming potentials and the inventory guidelines and with regard to the Union inventory system and repealing Commission Delegated Regulation (EU) No 666/2014, incorporated into the EEA Agreement by Decision of the EEA Joint Committee No 223/2021.

<sup>4</sup> Document No 1150984 and Document No 1153871.

<sup>5</sup> Document No 1149750 and Document No 1154314.

- i. First, the value for the 2005 greenhouse gas emissions within the scope of the Effort Sharing Regulation is determined. This is obtained by subtracting the quantity of greenhouse gas emissions of stationary installations within the scope of the EU ETS for 2005 as reflected in Protocol 31, from the reviewed total greenhouse gas emissions for the year 2005;
- ii. Second, the AEAs for Iceland and Norway for the year 2030 are calculated by applying the percentage laid down in Annex I of the Effort Sharing Regulation to the calculated 2005 emission value;
- iii. Third, the average quantity of greenhouse gas emissions within the scope of the Effort Sharing Regulation in the years 2016, 2017 and 2018 is determined. This is calculated by subtracting the average quantity of verified greenhouse gas emissions from stationary installations within the scope of the EU ETS and CO<sub>2</sub> emissions of domestic aviation in the years 2016, 2017 and 2018 from the country's average total reviewed greenhouse gas emissions for the years 2016, 2017 and 2018;
- iv. Fourth, the AEAs for Iceland and Norway for the years 2021 to 2029 are calculated. They are defined by a linear trajectory starting at the average quantity for the years 2016, 2017 and 2018 at five-twelfths of the distance from 2019 to 2020 and ending with its annual emission allocation for the year 2030;
- v. Last, the resulting values of the AEAs are adjusted pursuant to Article 10(1)(c) of the Effort Sharing Regulation. Greenhouse gas emissions from stationary installations excluded from the EU ETS in accordance with Article 27 of the EU ETS, to the extent they are excluded from the EEA-wide emission cap under the EU ETS for 2021 onwards, fall within the scope of the Effort Sharing Regulation. Subsequently, the quantities deducted from the EU ETS cap are added to the AEAs for 2021 to 2030 of the relevant States. This adjustment applies to Iceland.<sup>6</sup>

The following methodology is applied to calculate the total quantities of the flexibility pursuant to Article 4(4) of the Effort Sharing Regulation that may be taken into account for Iceland and Norway's compliance under Article 9 of that Regulation, as reflected in **Annex III** to this Decision:

- The total maximum quantities of the flexibility for Iceland and Norway following reduction of EU ETS allowances that may be taken into account for Iceland and Norway's compliance between 2021 and 2030 in accordance with Article 9 of the Effort Sharing Regulation are determined by applying the percentages notified by Iceland and Norway pursuant to Article 6(3) of that Regulation to the values of the calculated 2005 greenhouse gas emission values within the scope of the Effort Sharing Regulation;
- The percentage notified by Iceland by letter of 11 March 2020 is 4 percent of the 2005 greenhouse gas emissions determined in accordance with Article 4(3).<sup>7</sup> The percentage notified by Norway on 12 and 13 March 2020 is 2 percent.<sup>8</sup>

HAS ADOPTED THIS DECISION:

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<sup>6</sup> Document No 1178853.

<sup>7</sup> Document No 1120920.

<sup>8</sup> Document No 1121631.

1. The values for the 2005 greenhouse gas emissions for Iceland and Norway pursuant to Article 4(3) of the Effort Sharing Regulation are set out in Annex I to this Decision.
2. The annual emission allocations for Iceland and Norway for each year of the period from 2021 to 2030 pursuant to Article 4 of the Effort Sharing Regulation and adjusted pursuant to Article 10 of that Regulation, are set out in Annex II to this Decision.
3. The total quantities pursuant to Article 4(4) of the Effort Sharing Regulation that may be taken into account for Iceland and Norway's compliance under Article 9 of that Regulation are set out in Annex III to this Decision.
4. This Decision shall be notified to Iceland and Norway.

Done at Brussels,

For the EFTA Surveillance Authority

Bente Angell-Hansen  
President

Frank J. Büchel  
College Member

Högni S. Kristjánsson  
Responsible College Member

For Melpo-Menie Joséphidès  
Countersigning as Director,  
Legal and Executive Affairs

*This document has been electronically authenticated by Bente Angell-Hansen, Catherine Howdle.*

**ANNEX I**

Values for the 2005 greenhouse gas emissions for Iceland and Norway pursuant to Article 4(3) of Regulation (EU) 2018/842

<b>EFTA State</b>	<b>Total quantity in tonnes of CO<sub>2</sub> equivalent</b>
Iceland	3 109 329
Norway	28 925 334

**ANNEX II**

Annual emission allocations for Iceland and Norway for each year of the period from 2021 to 2030 pursuant to Article 4(3) of Regulation (EU) 2018/842, adjusted in accordance with Article 10 of that Regulation

<b>EFTA State</b>	<b>Adjusted value of the annual emission allocation in tonnes of CO<sub>2</sub> equivalent</b>									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Iceland	2 876 150	2 802 993	2 729 836	2 656 679	2 583 522	2 510 365	2 437 208	2 364 050	2 290 893	2 217 736
Norway	25 164 459	24 296 764	23 429 068	22 561 373	21 693 677	20 825 982	19 958 287	19 090 591	18 222 896	17 355 200

**ANNEX III**

Total quantities pursuant to Article 4(4) of Regulation (EU) 2018/842 that may be taken into account for Iceland and Norway's compliance under Article 9 of that Regulation

<b>EFTA State</b>	<b>Total quantity in tonnes of CO<sub>2</sub> equivalent</b>
Iceland	1 243 732
Norway	5 785 067