



EFTA Surveillance Authority
Internal Market Affairs Directorate
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Subject: Response to supplementary Request for Information concerning the Conformity Assessment on the Electricity Market in Iceland

Introduction

Reference is made to the EFTA Surveillance Authority's supplementary request for information concerning the conformity assessment on the electricity market in Iceland, as detailed in the letter dated 4 February 2025 (Document No: 1509091, Case No: 91803).

The Icelandic Government has thoroughly examined the questions raised by the Internal Market Affairs Directorate regarding the implementation of Directive 2009/72/EC (the Electricity Directive) and Directive 2005/89/EC (the Security of Supply Directive) into the Icelandic legal order. This examination has been conducted with particular focus on the potential impact on security of supply.

The responses provided address the four main areas of inquiry identified by the Directorate:

1. Public service obligations and universal service.
2. Monitoring and reporting on security of supply.
3. Mechanisms to ensure capacity.
4. Definitions used in the national electricity framework.

Each section provides detailed explanations of the Icelandic legal and regulatory framework, operational practices, and how these align with the requirements of the directives. We have made every effort to clarify the specific points raised and to demonstrate how Iceland's unique energy context and institutional arrangements fulfill the objectives of the EU energy acquis as incorporated into the EEA Agreement.

The Icelandic Government remains committed to ensuring full compliance with its obligations under the EEA Agreement while maintaining a secure, sustainable, and competitive electricity market that serves the needs of all consumers.



General Observations

The Government of Iceland wishes to provide the Authority firstly with a few general observations and secondly with the information as requested by the Authority.

Energy sovereignty

Iceland's energy policy is firmly rooted in national sovereignty over energy resources, as outlined in Article 194 of the Treaty on the Functioning of the European Union (Lisbon Treaty), which states that *each Member State has the right to decide the conditions for exploiting its own energy resources, choose between different energy sources, and determine the general structure of its energy supply*. In this regard, Iceland maintains full control over its energy strategy, ensuring that policies align with national priorities, economic sustainability, and environmental objectives.

Iceland's Energy Policy underscores the importance of energy security and prioritizing public access to electricity. The country operates a renewable energy-based system, with nearly 100% of electricity generation sourced from hydropower and geothermal energy. The government is committed to maintaining the stability and reliability of the electricity supply, particularly for households and small businesses, which are considered priority consumers in the energy system. Despite recent challenges in the energy market, there have been no supply restrictions imposed on priority electricity consumers, including the public. Iceland has successfully managed energy distribution to ensure that households and essential services continue to receive an uninterrupted power supply, even during periods of constrained energy availability.

Furthermore, new legislative proposals are currently being prepared to further strengthen energy security and ensure that public energy supply remains safeguarded against potential market disruptions. These legislative efforts demonstrate Iceland's commitment to maintaining a stable and efficient energy market.

The Master Plan

The principle of sovereignty over energy resources grants Iceland the legal foundation to adopt and implement the Master Plan for Nature Protection and Energy Utilization (Rammaáætlun) as a strategic tool for managing its energy resources. Unlike other European countries, Iceland has chosen a comprehensive, science-based framework to balance energy development and environmental protection, ensuring systematic and transparent long-term planning.

As will be further discussed in the responses to the specific questions, the Master Plan is not a licensing process but a policy instrument that prioritizes areas for energy utilization while safeguarding valuable natural landscapes for conservation. It does not grant development rights but provides guidance on identifying areas eligible for regulatory and environmental assessment. Projects in utilization areas must still undergo licensing, technical reviews, and environmental impact assessments.

This approach allows Iceland to structure its energy strategy in line with national priorities while retaining full control over regulatory and planning mechanisms, a right explicitly protected under Article 194 of the Lisbon Treaty. The Master Plan falls squarely within this



legal scope, ensuring compliance with Iceland's obligations under the EEA Agreement while preserving its sovereignty over energy resource management. Its implementation reflects Iceland's commitment to responsible, informed, and sustainable energy governance.

Long-term planning

It is also important to note that the EFTA Surveillance Authority only references the definition of long-term planning from the Electricity Directive but does not cite Article 3 on Public Service Obligations, where long-term planning is mentioned. The directive explicitly states that "Member States may introduce the implementation of long-term planning", meaning that it is an optional measure rather than a binding obligation. Consequently, Iceland's approach to long-term energy planning aligns with the flexibility provided under EU law while ensuring that energy security remains a top priority.

1. Public service obligations and universal service

Question 1: Measures to ensure security of supply for household customers and SMEs

The Electricity Act No. 65/2003 serves as the cornerstone of Iceland's security of supply framework. Article 9 makes the transmission system operator (Landsnet) responsible for system security and reliable electricity supply. Article 9 also gives the transmission company authority to implement electricity rationing during supply shortages. Article 16 similarly empowers distribution companies to implement rationing when necessary and guarantees all users connection to the distribution system within specified areas.

According to Article 9(3) of the Electricity Act, the operation of the transmission system includes, among other things, connecting all applicants to the transmission system, provided they meet technical requirements and pay the connection fee in accordance with the tariff provisions (Article 12a). However, it is permitted to deny access to new applicants based on considerations related to transmission capacity, security, and system quality, provided that such denial is justified in writing and properly reasoned.

Regulation No. 1048/2004 on quality of electricity and security of supply sets detailed standards for reliability of electricity service, including maximum allowed interruption durations and frequency, with penalties for non-compliance.

Article 3 of Act No. 98/2004 on Equalising the Cost of Electricity Distribution provides subsidies to reduce distribution costs in rural areas, particularly benefitting households and small businesses.

Question 2: Roles and responsibilities of authorities and market actors

The roles and responsibilities are defined and published as follows:

The Ministry of Environment, Energy and Climate is the primary policy-making authority responsible for the legislative framework.



The National Energy Authority (Orkustofnun) and National Energy Regulatory (Raforkueftirlitið)

- Implements regulatory oversight as defined in Articles 24-26 of the Electricity Act.
- Issues licenses for generation, transmission, and distribution activities.
- Reviews and approves tariffs, technical requirements, and quality standards.
- Monitors compliance with license terms and regulations.
- Sets and enforces technical standards for electricity quality and security.
- Publishes annual reports on the state of the electricity market and security of supply.

Landsnet, the transmission system operator, has clearly defined responsibilities under Articles 8-9 of the Electricity Act including system security, grid development, and balancing. *Landsnet* is further obligated to prepare and implement the System Development Plan (*kerfisáætlun*) in accordance with Articles 9. gr. a – 9. gr. d.

Distribution system operators are responsible for local grid development, maintenance, and connections to end-users as defined in Articles 16-17. Connect all customers within their service areas as required by Article 23 of Regulation 1040/2005.

Suppliers adhere to requirements under Articles 18-20 regarding market operations.

Publication:

These roles and responsibilities are publicly accessible through:

- The consolidated Electricity Act and associated regulations.
- The National Energy Authority's website and official publications.
- *Landsnet*'s grid code, operational manuals, and annual reports.
- Distribution companies' technical requirements and connection conditions.
- Regular reporting to Parliament through the biennial electricity reports required by Article 39.

Question 3: Definition of vulnerable customers and protection measures

In Iceland, vulnerable customers would be identified through the social welfare system. While there is no explicit definition of "vulnerable customers" in electricity legislation, the framework includes:

- Act No. 98/2004 on Equalising the Cost of Electricity Distribution establishes an equalization fund to subsidize distribution costs in rural areas, benefitting households that would otherwise face prohibitively high energy costs.
- Act No. 78/2002 on Subsidies for Heating Costs provides direct support to households using electricity for heating in areas without geothermal resources.
- Regulation No. 1048/2004 on quality of electricity and security of supply includes stronger protection for residential areas regarding duration and frequency of outages.



Additionally, municipal social services provide support to those in financial difficulty under the Social Services Act No. 40/1991. Iceland's approach to energy poverty is integrated within the broader social welfare system rather than through electricity-specific legislation.

Question 4: Implementation of Annex I to the Electricity Directive

Iceland has implemented the consumer protection requirements of Annex I through a comprehensive framework spanning several legal instruments:

Transparent Contract Terms

- Regulation No. 1150/2019, Article 7 establishes requirements for electricity sales contracts, including provisions for electronic contracts.
- Article 9(3) of the Regulation empowers Orkustofnun to set guidelines on minimum information in contracts and bills.
- Article 20 of the Electricity act guarantees customer rights to transparent information.

Price Transparency

- Regulation No. 1150/2019, Article 43 requires invoices to clearly display unit prices, energy volume, and separate itemization of transmission, distribution, and supply charges.
- Article 44 of the Regulation mandates at least one week between invoice issuance and payment due date.
- Article 42 of the Regulation establishes transparent billing requirements for cases where suppliers handle distribution fee collection.

Protection Against Disconnection

- Regulation No. 1150/2019, Article 11(3) requires a written warning with a 30-day notice period before disconnection.
- The regulation establishes clear criteria for when disconnection is permitted and when electricity supply must be restored.

Supplier Switching Rights

- Regulation No. 1150/2019, Article 7(3) explicitly prohibits charging fees for supplier switching.
- Article 10 of the Regulation allows residential customers to terminate electricity supply contracts with only three weeks' notice.
- The Regulation ensures contract portability when customers move, with provisions for continuity of supply.

Complaint Handling and Dispute Resolution

- Regulation 1150/2019, Article 7(6) allows customers to file complaints with Orkustofnun if a supplier refuses service.
- The Electricity Act Article 30 establishes the Appeals Committee for Electricity Matters to handle unresolved disputes.



These provisions collectively demonstrate Iceland's comprehensive implementation of the consumer protection requirements in Annex I of the Electricity Directive, adapted to Iceland's specific electricity market structure and geographic conditions.

Question 5: Municipal social services and energy poverty

It is important to note that Iceland experiences little to no conventional energy poverty due to several distinctive characteristics of the Icelandic energy system. Municipal social services address energy poverty through targeted financial assistance for utility costs under the Social Services Act No. 40/1991.

Iceland's approach to energy poverty is integrated within the broader social welfare system rather than through electricity-specific legislation. The comprehensive social safety net, combined with relatively affordable electricity prices due to abundant renewable resources, has minimized energy poverty concerns.

2. Monitoring and reporting on security of supply

Question 1: Biannual publication of reports

In accordance with Article 39 of the Electricity Act, The Minister shall submit a report on energy issues to Alþingi every two years. The report shall contain, *inter alia*: quality of electricity, with regard to delivery security. Additionally, Article 31(2) of the Electricity Act states that NRA shall prepare and submit a report on the execution of its supervisory role. This report includes an evaluation of the scope and effectiveness of regulatory oversight, particularly in relation to security of supply and electricity market functioning. This obligation ensures structured monitoring and transparency in the implementation of regulatory requirements.

The National Regulatory Authority (NRA) publishes reports on security of supply. These reports assess various aspects of the electricity system including generation capacity, transmission and distribution reliability, and supply-demand balance. The NRA also conducts annual monitoring of the electricity market, with results published on its website.

Question 2: Reporting on measures addressing security of supply issues

Article 24 of the Electricity Act states that supervision according to the Act, except for projects related to power plant permits, is entrusted to the NRA. Therefore, the NRA has the important role of monitoring the nation's electricity security.

Electricity security is comprised of many different factors, and the NRA has defined more detailed criteria in order to set measurable goals. Measurable targets are essential for effective and transparent oversight of electricity security. The National Energy Regulatory Authority (NRA) conducts comprehensive electricity demand forecasting through a systematic approach. Predictions focus primarily on electricity use by general consumers, including residential and standard business users. The forecast aims to capture the probable evolution of electricity consumption based on available historical and current data. The forecasts are published on Energy Authority's website: [Electricity Demand Forecast — Orkustofnun](#) and are only



available in Icelandic. Additional measures are reported by Landsnet in its annual System Development Plan as required by Article 9a of the Electricity Act, which includes proposed solutions to existing and anticipated system constraints.

Question 3: Reporting under Article 7 of the Security of Supply Directive

Iceland prepares biannual reports on energy security, as required by Article 35 of the Electricity Act No. 65/2003, which are submitted to Alþingi (the Parliament). These reports contain assessments of grid reliability, energy balance, security of supply concerns, and future investment needs.

Furthermore, The NRA forecasts electricity demand, using historical and current data to predict consumption trends. Forecasts are published on the Energy Authority's website.

However, Iceland does not formally submit these reports directly to the EFTA Surveillance Authority (ESA). If required, Iceland can provide relevant security of supply data in accordance with its EEA obligations and the Security of Supply Directive.

3. Mechanisms to ensure capacity

Question 1: Master Plan overview

The Master Plan for Nature Protection and Energy Utilization (Rammaáætlun) was established by Act No. 48/2011 and represents Iceland's framework for strategic planning of energy resources development while balancing environmental protection.

The Master Plan evaluates potential energy projects based on their economic benefits, environmental impacts, and other relevant factors. It classifies sites into three categories:

- Utilization category (area approved for utilization).
- Waiting category (area requiring further information or assessment).
- Protection category (areas where development is prohibited).

The procedural framework involves:

1. Expert assessment phase: Committees evaluate projects based on multiple criteria.
2. Steering committee proposal: Areas are assigned preliminary categories.
3. Public consultation: Stakeholders can submit comments on proposals.
4. Parliamentary resolution: The Alþingi approves the final classification.
5. Implementation: Projects in the utilization category can apply for development licenses for the area.

Key authorities involved include the expert committees, the steering committee, the Ministry of Environment, Energy and Climate, and ultimately Alþingi.

Question 2: Relationship between Master Plan and other instruments



The Master Plan works in conjunction with other electricity sector instruments:

- Electricity Act licensing procedures: Projects must first be in the Master Plan utilization category before they can apply for licenses under Article 4 of the Electricity Act.
- Environmental impact assessment: Projects in the utilization category still require individual EIAs under Act No. 111/2021.
- Long-term planning under Article 9a of the Electricity Act: Landsnet's grid development plans must account for generation projects in the utilization category.
- Security of supply objectives: The Master Plan aims to ensure appropriate development of generation capacity while protecting environmental values.

The Master Plan essentially serves as a strategic pre-screening mechanism before areas can enter the formal licensing process. The Master Plan for Nature Protection and Energy Utilization should be understood as a planning framework rather than a licensing process. It operates independently from the actual permitting procedures. The purpose of the Master Plan is to assess land use and provide recommendations on prioritizing areas for conservation versus those that can be utilized for energy production. The Plan evaluates which natural areas should be preserved for future generations and which areas can be designated for energy development. However, it is important to emphasize that this process is entirely separate from licensing procedures.

Areas classified in the utilization category have merely been designated as potentially suitable for development from a s planning perspective. However, this classification does not guarantee that a project will receive the necessary license when an application is submitted. The actual licensing process follows separate legal procedures with its own technical, environmental, and financial requirements. Even projects in the utilization category must still satisfy all these requirements to receive operational permits.

Question 3: Master Plan contribution to long-term planning

The Icelandic Government notes that the Master Plan is not established for the implementation of Directive 2009/72/EC (the Electricity Directive) or Directive 2005/89/EC (the Security of Supply Directive) but rather serves as a strategic framework for land use planning and resource management in Iceland. The Master Plan contributes to long-term planning and compliance with EU directives by:

- Providing a transparent, predictable framework for generation investments.
- Creating a pipeline of pre-approved areas that can move forward to meet demand growth.
- Reducing administrative uncertainty by pre-resolving land use conflicts.
- Facilitating stakeholder involvement early in the planning process.
- Supporting rational resource allocation across competing uses.
- Ensuring generation capacity development aligns with environmental and climate objectives.

By establishing clear criteria and procedures, the Master Plan reduces administrative barriers to investment in generation capacity while protecting important natural resources. The



Icelandic Government reiterates that Master Plan should be understood as a prioritization tool for categorizing energy development areas rather than a licensing process

Question 4: Long-term planning and generation capacity

While Article 9a(1)(2) of the Electricity Act explicitly mentions transmission and distribution planning, generation capacity planning is addressed through:

- The Master Plan process, which provides a strategic framework for generation development.
- The licensing framework under Article 4 of the Electricity Act.
- The National Energy Authority's monitoring of generation adequacy under Article 25.
- The government's Energy Policy to 2050, which addresses generation capacity needs.

These complementary mechanisms ensure an integrated approach to long-term planning across the entire electricity value chain.

Question 5: Addressing potential delays and bottlenecks in the Master Plan process

The primary explanation for delays in getting the Master Plan proposals approved by Parliament appears to stem from what happens after the Steering Committee formally submits its recommendations to the Minister. These delays can largely be attributed to:

1. Ministerial review processes.
2. Parliamentary procedures.
3. Unpredictable political circumstances (government collapses and elections).

For example, the 3rd phase proposals were submitted four separate times before finally being approved in 2022, largely due to intervening elections and changes in government. This suggests that the bottleneck in the Master Plan process occurs primarily in the final political approval stages rather than in the technical assessment phase.

A working group reviewing the Master Plan legislation (Starfshópur um endurskoðun rammaáætlunar) concluded that statutory time limits need to be established for the various phases of the Master Plan process.

Question 6: Consistency and alignment in project reclassification

The Icelandic Government applies transparent, objective, and non-discriminatory criteria when reclassifying generation projects between protection, waiting, and utilization categories within the Master Plan through the following mechanisms:

- Standardized evaluation methodology: All projects are assessed using the same multi-criteria evaluation framework covering energy potential, economics, social impact, and environmental factors, ensuring consistent treatment regardless of project ownership or type.



- Expert committee structure: Independent specialist committees conduct initial assessments based on technical and scientific criteria, creating separation between technical evaluation and political decision-making.
- Stakeholder consultation: All proposed reclassifications undergo mandatory public consultation, allowing market participants, environmental organizations, and the general public to provide input.
- Published justifications: Any decision to reclassify a project must be accompanied by a detailed explanation referencing the evaluation criteria and how the project meets or fails to meet them. If the Minister decides to classify a project differently from the original recommendation, the matter must also go through a consultation process. However, Parliament is not required to conduct a separate consultation but must justify its decision, as outlined in the existing process.
- Parliamentary oversight: The final classification requires parliamentary approval. Through the Master Plan process, it is ensured that all information is available when Parliament makes the final political decision on classification.

These principles ensure that projects are evaluated based on their merits rather than ownership or other factors that could distort competition in the electricity market.

Question 7: Public ownership considerations in project categorization

Regarding the Búrfellslundur power plant case and public ownership considerations, the Icelandic Government acknowledges that public ownership should not be a determining factor in project categorization under the Master Plan.

The Environment and Transport Committee's statement emphasizing that "the power plant option is managed by a publicly owned company" was not a decisive criterion but rather contextual information.

It is important to consider the synergy effects created by utilizing wind energy near an existing hydropower plant. This approach enhances the use of existing reservoir storage, allowing for more efficient and flexible energy production. In this instance, the wind energy project happened to be under the ownership of a public company, but this was incidental rather than a determining factor in its categorization. Additionally, as wind energy remains a relatively new and evolving energy source in Iceland, the majority opinion considered it reasonable to prioritize wind farms in areas where hydropower plants are already in operation, as this minimizes uncertainties and maximizes resource utilization.

The Icelandic Government affirms that the same objective evaluation criteria apply to all projects regardless of ownership status. There have been no instances where public ownership was presented as a relevant consideration for project categorization. Both Hvammsvirkjun hydropower project and several geothermal projects have been placed in the utilization category based on their merits under the established criteria, following the same evaluation framework regardless of their public ownership status.

The Icelandic Government reiterates its commitment to apply evaluation criteria consistently across all projects in compliance with the non-discrimination principles of both directives.



Question 8: Master Plan application to wind energy projects

Wind energy projects are subject to the Master Plan framework with some adaptations reflecting their unique characteristics. In the current legal environment, all wind power plants with installed capacity greater than 10 MW must go through the Master Plan process. Wind energy projects are evaluated under the same general framework as other energy projects, requiring placement in the utilization category before licensing.

Ongoing regulatory development: The government is preparing legislative amendments to create a more tailored framework for wind energy. A Working Group on the revision of the Master Plan legislation based its conclusions on the view that wind energy belongs within the scope of the Master Plan, but with special rules due to the unique nature of wind power. The Working Group developed a draft bill amending Act No. 48/2011 regarding wind energy and drafted a parliamentary resolution on wind energy utilization policy. These proposals were presented on December 13, 2023 and submitted to Parliament by the Minister on March 27, 2024. They were introduced in the spring 2024 session and again in fall 2024 but have not yet been approved." This confirms that legislative proposals for a specialized wind energy framework within the Master Plan have been developed but remain pending parliamentary approval.

This upcoming legislation aims to provide greater regulatory certainty for wind energy investors while maintaining environmental safeguards and alignment with EU directive objectives.

Question 9: Icelandic framework for real-time energy balancing

The Icelandic framework for balancing energy ensures real-time adequacy on the electricity market through several key mechanisms:

- TSO responsibility: Under Articles 9 and 13 of the Electricity Act, Landsnet (the TSO) has clear responsibility for maintaining system balance at all times.
- Balance agreements: Regulation No. 513/2003 on system operations requires all market participants to enter into balance agreements with the TSO, establishing financial responsibility for imbalances.

The Icelandic balancing framework, particularly Regulation No. 513/2003 on system operations, ensures real-time adequacy through:

1. TSO Coordination Role: The System Operator (Kerfisstjóri) is responsible for coordinating electricity production and demand to address imbalances between contracted purchases and actual consumption (Article 4.1).
2. Balancing Energy Agreements: The TSO contracts with generators to provide balancing energy (jöfnunarorka) and establishes tariffs for these services (Article 4.1)
3. Reserve Power Requirements: The TSO secures sufficient reserve power (reiðuafli) through agreements with generation companies (Article 4.2).
4. Load Management Authority: During major disturbances affecting frequency or voltage, the TSO has authority to curtail load to individual users or distributors, or limit electricity production (Article 4.3).



5. Day-Ahead Planning: Generation companies and distribution utilities must submit production and consumption forecasts for the next day by 12:00 each day (Article 5.4).
6. System Restoration Protocols: Market participants must prepare plans for restoring normal operation after disruptions, with the TSO directing recovery (Article 5.5).

These mechanisms collectively enable the TSO to maintain system balance in real-time, even during generation outages or demand fluctuations.

Question 10: Electricity shortages and demand-side flexibility

Iceland's framework for electricity shortage management is established primarily through Regulation No. 513/2003 on system operations. The System Operator (Kerfisstjóri) has authority to:

1. Curtail load to specific users or distributors during significant disturbances affecting frequency or voltage (Article 4.3).
2. Create rules for rationing that ensure equitable treatment and minimal disruption to societal interests.
3. Prioritize electricity supply to institutions providing emergency services and maintaining public safety.

For demand-side flexibility, Iceland facilitates:

- Contractual arrangements for interruptible supply through bilateral agreements between the TSO and large consumers.
- Mandatory day-ahead planning requirement (Article 5.4) enabling more accurate demand forecasting.
- System restoration protocols that incorporate load management (Article 5.5).
- Smart meter implementation to enable more granular monitoring and potential demand response.

The framework provides the TSO with necessary authority to manage shortages while maintaining system security, though implementation of more advanced demand-side flexibility mechanisms remains in development.

Question 11: Regulatory authority and TSO investments

Based on the Electricity Act the National Energy Regulatory Authority has some general enforcement powers but lacks specific authority matching Articles 22(7) and 22(8) of the Electricity Directive.

Article 9b grants NRA oversight of the TSO's System Development Plan implementation but doesn't explicitly authorize measures when planned investments aren't executed. While Article 26 allows imposing daily penalties for non-compliance, and Article 36 permits license revocation in severe cases, the law doesn't specifically empower the Authority to:

1. Take measures to ensure investments are carried out when the TSO does not execute them without valid reasons.



2. Organize a competitive tender procedure for the investment.
3. Require the TSO to accept a capital increase to finance necessary investments.

This regulatory gap explains why the Icelandic Government did not indicate implementing measures for Articles 22(7) and 22(8) in their Table of Correspondence. The Icelandic Government acknowledges that more explicit adoption of these provisions would enhance regulatory clarity and is considering amendments to fully align national legislation with these requirements in upcoming revisions to the Electricity Act.

4. Definitions

Question 1: Voltage levels in definitions

Icelandic legislation does not define transmission and distribution explicitly by voltage levels. However, the functional distinction between the two is found in Article 3 of the Electricity Act No. 65/2003, which provides the following definitions:

- Flutningskerfi (Transmission system) (Article 3(6)):
 - Power lines and related infrastructure necessary to transport electricity from power plants to large users and distribution companies.
- Dreifikerfi (Distribution system) (Article 3(1)):
 - Power lines that are not considered part of the transmission system, including infrastructure up to and including the household connection point.

These definitions establish that the transmission system is distinct from the distribution system, but they do not specify voltage levels as in the Electricity Directive.

Question 2: Definition of household user

Article 2 of Regulation No. 1150/2019 defines a household user (heimilisnotandi) as a general consumer purchasing electricity for household use, including heating. It explicitly includes users whose business operations are metered together with household consumption, such as farming.

To ensure compliance with Article 2(10) of Directive 2009/72/EC, which excludes professional activities from the definition of "household customer," the following applies:

1. Business activities metered together with household use are explicitly included in the Icelandic definition of household users.
2. The regulation does not require separate metering to distinguish household and business consumption, meaning such cases are treated as household users under Icelandic law.
3. The regulation does not clarify whether shared-metering businesses qualify for household consumer protections. Further regulatory guidance may be needed on whether these businesses receive the same rights as standard household users.



Thus, Icelandic regulation aligns with the Directive while allowing for practical metering arrangements where business and household consumption overlap.

Conclusion

The Government of Iceland appreciates the opportunity to provide this information and clarify the implementation of Directive 2009/72/EC and Directive 2005/89/EC in Icelandic law. The responses demonstrate Iceland's commitment to ensuring a secure, transparent, and well-functioning electricity market that aligns with the obligations of the EEA Agreement while maintaining Iceland's unique energy framework and national priorities.

Iceland remains fully committed to engaging with the EFTA Surveillance Authority to address any further inquiries and ensure continued compliance with the applicable directives. Should the Authority require any additional information or further clarifications, the Icelandic Government stands ready to provide the necessary details.

On behalf of the Minister

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