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Subject: Notification – Iceland to make use of the ETS-flexibility mechanism

In line with the EEA Agreement, tasks carried out by the Commission in relation to the EU Member States are carried out by the EFTA Surveillance Authority for EFTA Member States.

According to Art. 6 of Regulation (EU) 2018/842, (Effort sharing regulation), Member States listed in Annex II of the Regulation may have a limited flexibility of cancellation of EU ETS allowances for their compliance under the regulation.

According to the Joint Committee Decision No 269/2019, of 25 October 2019, Iceland is to be added to the table in Annex II with 4% and is by that allowed to make use of the ETS-flexibility mechanism according to Art. 6.

In accordance with Article 6(3) of the Effort Sharing Regulation, the deadline for notification of the use of the ETS flexibility expired on 31 December 2019. At that time the JCD had not entered into force as Alþingi, the Icelandic Parliament, had not finalized its process regarding the adoption of the JCD. The parliament process was finalized on March 5, and the JCD no 259/2019 will enter into force today, March 11, 2020.

With this letter the Ministry for the Environment and Natural Resources would like to inform the EFTA Surveillance Authority of Iceland's intention to make full use of the ETS-flexibility for compliance under Art. 6(3) of regulation 2018/842. This decision might be revised in accordance with Art 6(3) and will be notified accordingly no later than by 31 December 2024.

On behalf of the Minister


Danfríður K. Skarphéðinsdóttir


Helga Barðadóttir