

Act

**on the National Energy Authority in Iceland No. 87, 26 March 2003
as Amended by Act No. 48, 27 March 2007, Act No. 167, 21 December 2007
and Act No. 70, 11 June 2008**

Article 1.

The National Energy Authority is a specific state institution under the auspices of the Minister of Industry, Energy and Tourism.

Article 2.

The main roles of the National Energy Authority are:

1. To advise the Government on energy issues and other resource issues that the Authority is responsible for according to legislation and to give the authorities consultations and reviews of these matters.
2. To carry out research on energy in Iceland, the energy resources, on-land and off-shore, and on other mineral and water resources in order to facilitate their quantification and to give consulting services to the authorities on sensible and economical development of the resources.
3. To gather data on energy resources and other mineral and water resources, their utilisation and the energy utilisation of Iceland, to preserve the data and to disseminate the information to the authorities and the public.
4. To prepare long-term plans on the energy utilisation of Iceland and the development of energy resources and other mineral and water resources, on-land and off-shore.
5. To facilitate the cooperation of parties that conduct energy research and the coordination the research projects.
6. To monitor, on behalf of the Minister, the implementation of licenses granted for research and utilisation of mineral and water resources and the operation of power plants and other large energy facilities.
7. To administer the National Energy Fund.

The National Energy Authority shall also undertake other administrative tasks which the Authority is assigned to by legislation, administrative instructions or the Minister's decisions.

The National Energy Authority is authorised to conclude agreements with companies or institutions on implementation of defined tasks, cf. items 2 and 3 of paragraph 1. Any agreements exceeding two years duration shall be submitted to the Minister for approval.

The National Energy Authority may cooperate with service companies or institutions regarding services, such as operation of housing, telephone service, IT service, etc.

In order to uphold its obligations according to item 3 of paragraph 3, the National Energy Authority may demand documentations concerning the utilisation of mineral and water resources, energy production and energy usage, incl. documentations concerning import, storage and marketing of fossil fuels. Those engaged in the preceding professional enterprises are obligated to provide the Authority with all the necessary documents within a time limit specified by the Authority. Further conditions on the type of documentations, quality and the deadline for submission shall be stated in a Regulation.

In cases that documentations are not turned in to the National Energy Authority within the specified time limit, the Authority may impose daily fines on the relevant company or institution. The daily fines may be in the range of ISK 10,000 to ISK 100,000. The party in question shall be notified of a decision to impose daily fines by letter delivered in a verifiable manner. Decisions to impose daily fines are enforceable by law, as is the cost of enforcement. Collected daily fines shall accrue to the Treasury, net of collecting costs.

Article 3.

[...]

Article 4.

The National Energy Authority shall make a strategic plan for the next four years concerning the tasks set out for the Authority according to items 2 and 3 of paragraph 1 in Article 2. The plan shall be reviewed every year and submitted to the Minister for approval.

Article 5.

The Minister appoints the director of the National Energy Authority for a term of five years at a time. His title is the Director General of the National Energy Authority. The Director General manages the work and daily operation of the Authority. The Director General hires other personnel of the Authority.

Article 6.

The National Energy Council shall be operated at the National Energy Authority. The Minister appoints the Council consisting of five persons for a period of four years at a time. The main roles of the Council shall i.a. be advising the implementation of tasks according to item 2 of paragraph 1 in Article 2, as well as presenting proposals and recommendations to the Minister regarding loan grants and disbursements made by the National Energy Fund. The Minister may by means of Regulations lay down further rules on the organisation and activities of the Council.

Article 7.

Whenever an energy related project is underway, which has been prepared by research and planning funded by the State, the developer involved shall reimburse the National Energy Authority any verifiable costs, when issued an utilisation- and/or a power development license. Expenses shall be extrapolated with the consumer price index through the payment due date. The National Energy Authority shall submit a statement with the reasoning for each reimbursement claim. In the event of a dispute concerning such payments, the dispute shall be resolved by the assessment of arbitration of three persons, either by the demand of one party involved or both, on the ground of Act No 53/1989, on Contractual Arbitration. The reimbursement shall be concluded in full no later than seven years following the license issue date. The reimbursements shall be used to finance research on energy resources in Iceland which are carried out according to item 2 of paragraph 1 in Article 2.

Article 8.

The National Energy Fund is property of the State, which is responsible for the Fund's obligations. The Minister of Industry, Energy and Tourism supervises the National Energy Fund. The National Energy Authority manages the daily activities of the Fund.

The role of the National Energy Fund is to develop the economic exploitation of the country's energy resources by offering grants or loans, particularly to measures that aim to decrease the use of fossil fuels. These measures are to be achieved by:

1. Offering loans for the exploration of geothermal resources in cases where it could reduce the public's cost of home heating
2. Offering grants or venture loans for the design or construction of original instruments and equipment used for research on and exploitation of energy resources
3. Offering grants for special projects in the field of economical energy utilisation, including educational and outreach purposes
4. Offering grants for projects that promote the exploitation of domestic energy resources instead of fossil fuels and strengthen international cooperation in such projects

The National Energy Fund is not authorised to use its funds to offer grants or loans to the National Energy Authority.

The National Energy Fund draws revenue from:

1. Interest income from the Fund's money
2. Yearly state budget appropriations.

It is permissible to enter into agreements with parties that have statutory authorisation to keep and manage funds in trust.

The National Energy Council shall make proposals to the Minister regarding the granting of loans and disbursements from the National Energy Fund in accordance with the Fund's budget and payment plans.

The Minister shall, by means of a Regulation, lay down further requirements concerning contributions from the Fund, preparation for contributions, the granting of loans, incl. interests and other loan terms, payments, supervision of projects funded by the Fund and authorisation to cancel the repayment of loans.

Article 9.

The Minister is authorised to lay down further provisions for the implementation of this Act and the operation of the National Energy Authority by means of a Regulation

Article 10.

This Act is effective immediately [...].

Interim provisions

I.

The Minister of Industry, Energy and Tourism shall decide, after consulting with the National Energy Authority and Iceland GeoSurvey, which assets and debts of the National Energy Authority shall belong to each institution. However, all research results and datasets which have been funded by public funding shall continue to be the property of the National Energy Authority.

II.

[...]