Iceland

A shared vision

Submission to the AWG-LCA , 5 December 2008

A shared vision is needed on how to forge a path towards a low-carbon society, where developed countries reduce greenhouse gas emissions and assist developing countries forging a cleaner path towards economic development. A central element of the shared vision is a clearly defined long-term global goal. The 4th Assessment of the IPCC gives enough comfort to translate the ultimate objective of the Convention to a quantitative goal. Iceland has stated that global temperature increase should stay within 2^{o}C above pre-industrial levels.

In addition to the central task of setting a long-term aspirational goal, a shared vision will set the frame for decisions on enhanced action, which must include decisive steps for limiting and reducing net greenhouse gas emissions, increase action for adaptation to climate change, and stepping up efforts to develop and disseminate climate-friendly technology and practices. The shared vision should also state and restate the principles upon which to base action. Emphasis should be placed upon effectiveness in reaching the long-term global goal and forging a pathway towards that goal. Fairness in sharing burdens and allocating assistance on that pathway towards truly sustainable development are integral components of a successful agenda.

Iceland agrees with those that emphasise the need for a deep cut in global emissions. A shared vision towards that end must chart a pathway towards a low-carbon society, that is ambitious and achievable. For this a political will and active participation of all actors of the relevant sectors of society is needed, be they governmental, private business or civil society. In this context, Iceland underlines the importance of gender considerations and balanced gender participation.

It is also imperative that climate awareness be an integral part of economic policies and development plans. Thus climate friendly investment decisions must be a priority, especially regarding energy. Technology is also a priority. Public private partnership is needed to build international cooperation for innovative technology development.

Lastly but not the least, the path has to be viable and support sustainable development. The measures selected should be as cost-effective as possible and ensure continued economic and social development. Iceland supports measures to make the carbon market global, as an effective instrument in that regard. Also, we welcome the various proposals on how to cover emissions from all major emitting countries.

Iceland

Mitigation of climate change

Submission to the AWG-LCA and the AWG-KP, 5 December 2008

Mitigation is at the heart of enhanced implementation of the Convention; actions to avoid harm lower the cost of adaptation to adverse effects of climate change. Mitigation has to take place within the context of a shared vision of long-term action, including a global goal.

A collective ambition

Effectiveness and fairness are central features of an enhanced climate mitigation regime. It must provide a guide towards a long-term goal, with robust backing for effective technology development and cooperation. Also it has to include provisions for guiding financial flows and investments towards climate-friendly technologies and clean development.

Fairness is a valid principle in itself. Also, a regime that is transparent, fair and balanced has more chance to succeed. The principle of common but differentiated responsibilities should guide the work ahead. Developed countries should take the lead in mitigation actions, including QELROs, and developing countries should take nationally appropriate action in line with their capabilities and state of development, with necessary support.

Comparability of efforts

The Bali Action Plan calls for ensuring comparability of efforts among developed country Parties, taking into account differences in national circumstances. It is difficult to craft an objective formula for comparability of efforts, but the AWG-LCA should consider what parameters are relevant in this respect. A number of relevant and useful parameters have been listed in a technical paper[?], which was produced to aid the work of the AWG-KP. The point of reference should be the commitments assigned to Parties for the first commitment period of the Kyoto Protocol. Iceland believes that two additional issues should be addressed in this context, notably (i) the comparability of efforts between large and small Parties, and (ii) the benefits of sectoral mitigation potentials based on comparable methodology employed across Annex-I countries.

Comparability of efforts between large and small Parties

In the case of a Party as small as Iceland, the commission or decommission of a single factory can cause emissions to rise or fall by 5 or 10% or even more. This issue was addressed by the Convention in Decision 14/CP.7, which deals with the impact of single projects on emissions in small economies. In an enhanced mitigation regime this issue must be dealt with in a way that small Parties would face neither disproportionate advantages or disadvantages due to lack of

[?] Synthesis of information relevant to the determination of the mitigation potential and to the identification of possible ranges of emission reduction objectives of Annex I Parties
Technical paper (FCCC/TP/2007/1)

flexibility of actions. Iceland wants to cooperate with other Parties in this and other relevant fora to ensure that this issue is taken care of in deliberations towards Copenhagen. This issue is especially of concern for small Parties, but it can be seen as reflecting on the fairness and effectiveness of the mitigation regime as a whole.

Sectoral approaches and sector-specific actions
A number of Parties have pointed to sectoral approaches and sector specific actions as practical methodology to limit and reduce net emissions. Focusing on key sectors provides a potential to set up programmes for highlighting best practices and identifying and spreading low-GHG technologies. Sectoral approaches can be helpful in increasing cooperation with industry, which is key in constructing an effective climate change mitigation regime.

Every country that aims to limit and reduce greenhouse gas emissions has to look at individual industries and sectors to identify mitigation potentials and practical mitigation options. Sector-specific actions are an inherent part of domestic mitigation action. There are also examples of bilateral and regional sectoral cooperation arrangements and instruments that already exist or are being planned.

UNFCCC is the key global venue for collective action to curb climate change, and should be actively engaged in discussions of new ideas and promising approaches for climate change mitigation. The UNFCCC should serve as a forum for an ongoing discussion about sectoral approaches and practical examples thereof, and help foster cooperation between countries and between government and industry.

Iceland

Adaptation to climate change

Submission to the AWG-LCA, 5 December 2008

There is a strong link between adaptation to the adverse impact of climate change and sustainable development objectives. Diverse consequences of climate change can halt sustainable development in various ways. Sustainable development helps to build resilience towards climate change impact. Adaptation planning and implementation is therefore an integral factor in achieving the goals of sustainable development and vice versa.

If an adaptation framework would be established, the mutual interlinkage between adaptation and sustainable development should be reflected in policy guidelines of different actors at the local, national, regional and international level.

Building up knowledge in the field of adaptation is important and presents good opportunities for countries to work together to tackle climate change drawing up on the experiences of each other. This can and should be done through partnerships at the bilateral and multilateral level. Cooperation in training professionals could be facilitated through existing or new programmes. Another important factor is raising public awareness and utilizing the expertise that exists within multilateral organizations, governments, NGOs, development agencies and the private sector.

Good coordination of adaptation efforts by different actors is required and it should take place within the UN fora. Synergies needs to be ensured and duplications avoided.

In the context of adaptation to climate change, Iceland would like to underline the importance of gender considerations and balanced gender participation.

The Framework Convention on Climate Change is the guide and path in tackling climate change. Iceland concurs with those that have expressed ways to enhance the role of the UNFCCC in engaging multilateral bodies, the public and private sector and civil society in supporting adaptation activities.

Iceland

Technology cooperation

Submission to the AWG-LCA, 5 December 2008

Technology development and cooperation are crucial for mitigation efforts and adaptation. Iceland shares such views as expressed by AOSIS, that invigorated efforts to develop and diffuse the use of renewable energy, energy efficiency and other related clean technologies are a priority. In considering such actions, cooperative sectoral approaches and sector-specific actions hold much promise. Towards that end, possible technology development and cooperation arrangements and transnational market-based instruments in specific sectors need to be developed. Financing is a necessary element in a strengthened regime for technology transfer and development. Private financing is a crucial element for climate-friendly investment and actions, and ways must be found for the UNFCCC to leverage an increase in clean investment by the private sector.

Renewable energy

According to the 2007 World Energy Outlook, a global estimate of $22 trillion of energy sector investments will be made by 2030 to meet projected energy demands. At least half of this investment is expected to occur in developing countries. It is imperative that these investments be directed to climate friendly energy technologies. Renewable energy is a viable alternative.

Geothermal Power could benefit an additional 750 million people around the world. At least 70 countries have utilizable geothermal energy potential. With today's technology, more than 140.000 MW of electric power can additionally be harnessed in high temperature geothermal fields. These areas are for example in the African Rift Valley and the Pacific Ring of Fire (including the archipelagos of East Asia, Central and South America, and the Western United States). Vast low-temperature areas, as for example in China and Europe, can provide heat for district heating and other direct use. Deep drilling projects, currently underway, and enhanced geothermal systems are likely to greatly increase power production. Switching from coal to geothermal energy can reduce CO_2 emission by 97%.

Hydropower already saves burning the equivalent of 4.4 million barrels of oil every day. Yet only 1/3 of potential hydropower resources have been developed worldwide. Hydropower projects that are developed and operated in an economically viable, environmentally sound and socially responsible manner represent sustainable development. Hydropower already produces one sixth of the world’s power and is one of the most important sources of renewable energy. Much of the remaining potential is in countries where the need for energy is the greatest, for example, only 7% of the hydropower potential in Africa has been harnessed.

Innovative technology solutions for energy savings and clean energy

Innovative solutions for further utilization of clean energy and energy savings will play an important role in mitigation efforts. In that respect it is important to focus on best available

practises. This will require increased cross sectoral international collaboration. The private sector has been and will continue to be the primary driver of the technology development. Public-private-partnerships are also important in that regard.

A distinction needs to be made between short term actions that can produce immediate results by deploying already available technologies - and long term actions that involve innovative technologies that are not yet proven.

It is to be expected that solutions need to be tailored to different requirements. In the same manner the contributing countries will have different capabilities to develop and deploy new and proven technologies. It is thus important that there exists a mechanism that collectively evaluates, approves and promotes technology development and diffusion. For this purpose existing instruments should be deployed, to the extent possible.

In order to accelerate the adoption of clean technologies economic incentives are required, as well as elimination of cross border barriers to technology development and diffusion. A long term goal should be to establish a common or well harmonized global emission trading system.

Iceland

Land Use, Land-Use Change and Forestry (LULUCF)

Submission to the AWG-LCA and AWG-KP, 5 December 2008

Iceland is of the view that sinks as well as sources should be included in a climate mitigation regime. The LULUCF sector should be strengthened in the international climate regime, given its important mitigation potential and possibility for win-win projects supporting climate goals, conservation of biodiversity and sustainable development.

There is considerable untapped mitigation potential in the LULUCF sector, including in avoided deforestation and degradation of forests and other carbon stocks. This should lead to continued work in providing positive incentives to reduce emissions by halting deforestation and land degradation, and increase carbon sequestration in forests, other vegetation and soil.

The LULUCF sector is more complex than most others in terms of methodological issues, accounting rules etc. This means that increased effort should be made to improve accounting rules in LULUCF and address questions relating to permanence of gains, factoring out and other methodological issues. While caution should be employed in constructing new incentives for climate mitigation in the LULUCF sector, this should not deter Parties to proceed to develop such incentives. The experience gained from the implementation of the Kyoto Protocol with regard to LULUCF has led to much more robust science and methodology, which will help further work in this field. Iceland sees climate change mitigation achieved by LULUCF activities as complementary to mitigation achieved by cuts in greenhouse gas emissions, especially from the burning of fossil fuels, not as substitution to such cuts.

<u>Wetland restoration as a new activity</u>

Wetlands, especially peatlands, are the biggest store of carbon on land. The draining and degradation of wetlands turns them into a net source of greenhouse gas emissions, while the restoration of degraded wetlands can halt emissions of carbon dioxide and even reverse them. Wetland conservation and restoration also has significant co-benefits on biodiversity, water regulation etc. Iceland has made a proposal in the AWG-KP on wetland conservation and restoration as an eligible activity for Annex-I parties to meet their commitments in the next commitment period. The proposal would provide incentives for wetland restoration and disincentives for wetland degradation. Credits from wetland restoration (and debits for degradation) could be based on evaluation of change in GHG emissions due to anthropogenic activities.

Iceland has significant mitigation potential in wetland restoration, having drained much of its lowland wetlands in the 20th Century, mostly in order to convert them to agricultural use and less intensively managed grazing areas. Recent studies have showed considerable emissions of CO2 from these drained wetlands from underlying peat stocks. A project on restoration of wetlands has shown that blocking draining ditches and raising water levels can restore the biodiversity and functions of the original wetlands to large extent, and be a cost/effective measure to stop or significantly reduce CO2 emissions.

Iceland has in some ways more limited mitigation potential overall than most Annex-I countries, given the fact that almost all stationary energy for electricity and space heating comes from renewable sources. In contrast, Iceland has significant mitigation potential in the LULUCF-sector, and including wetland restoration would enhance that potential. The issue of wetlands and peatlands is, however, by no means only of interest to Iceland. There is a big potential climate change mitigation gain on a global scale to provide incentives for wetland conservation and reclamation. The technical mitigation potential for drained and damaged wetlands, including peatlands, is perhaps equivalent of up to 10% of global emissions. Feasible mitigation by wetland restoration would be a lot smaller, taking into account that much of degraded wetlands are used for food production, habitation and other use, but it would still be significant.