Market snapshot – Smart Mobility Iceland

Business Sweden

December 2021

Iceland national policies aim to support the goal of carbon neutrality in 2040

Energy Fund 2016-2021
The fund include grants to be allocated to promote sustainable transport. The 2021 grants include ISK 320 million to boost sustainable vehichles and charging infrastrcuture.

2016

2017

Resolution on energy transition
The resolution defines national energy transition goals. Amongst other, the most important are:
The share of renewable energy sources in transport will be 10% by 2020; the share of renewable energy sources in transport will be 40% by 2030; the share of renewable energy sources in ocean-related activities 10% 2030. The act will be updated in 2021.

2018

Iceland's climate action plan for 2018 – 2030
The action plan stipulates efforts in cutting net emissions to meet the Paris Agreement targets for 2030 and reach the government's ambitious aim to make Iceland carbon neutral before 2040. The plan contains several initiatives to support a clean energy transfer in transport.

2020

Borgarlínan
The agreement between the state and six municipalities located in the capital area entails the establishment of Bus Rapid Transit system. The system will mostly drive in separate files and shorten travel time drastically.

New Iceland's climate action plan for 2018 – 2030
Enhanced ambitions for greenhouse gas emission reductions. The he Action Plan consists of 48 measures, including 15 new ones, which have been added since the first version of the plan was released in the autumn of 2018.

A majority of all cars sold in Iceland 2020 were EV or PHEV cars

Battery electric & plug-in hybrid passenger car market

National targets

- Climate neutrality from 2040.
- Ban of new fossil driven cars from 2030.

Car fleet

- About 6% of the 0.25 million passenger car fleet in Iceland are BEV or PHEV and the number of vehicles is growing at a GAGR of 62% between 2016-2021

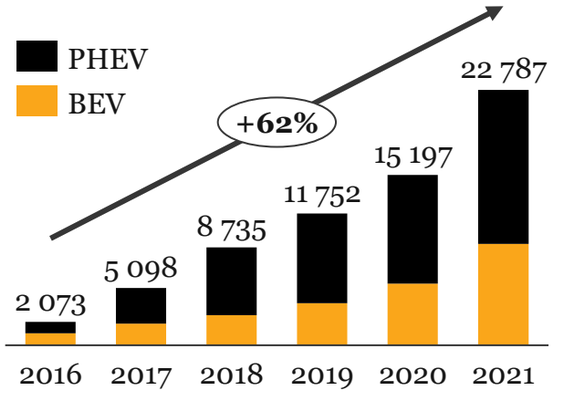
Current situation

- 64% newly registered cars in 2021 were BEV or PHEV

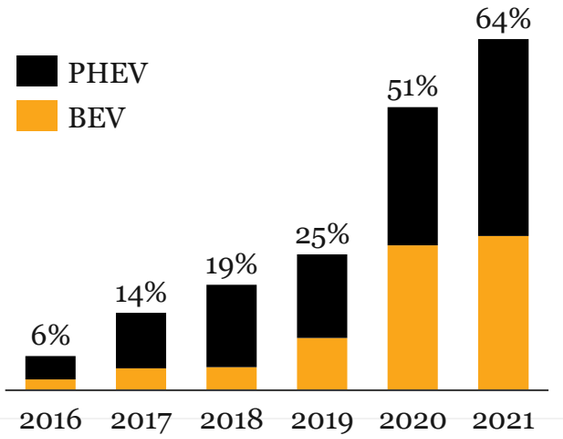
Incentives and Legislation

- Registration tax and ownership tax for passenger vehicles is based on CO_2 emission. Thus, BEVs, hydrogen and most PHEVs are taxed at a minimum rate.
- VAT refunds when installing charging stations at residential properties.
- The City of Reykjavik offers grants to multi-apartment buildings when installing charging facilities.

Nr. Of BEV & PHEV passenger cars



Yearly registration of BEV & PHEV



Source: European Alternative Fuels Observatory

Iceland has scaled up public charging points to meet strong EV demand

EV charging infrastructure

National target

- No specific goal for the number of charging stations.

Current infrastructure

- Due to the low temperature, Icelandic electric cars have the smallest range throughout the OECD region. Therefore, Iceland requires a higher share of charging points per car than other countries.
- 305 high-power public recharging points per 100 km highway
- 34 PEVS per public recharging point

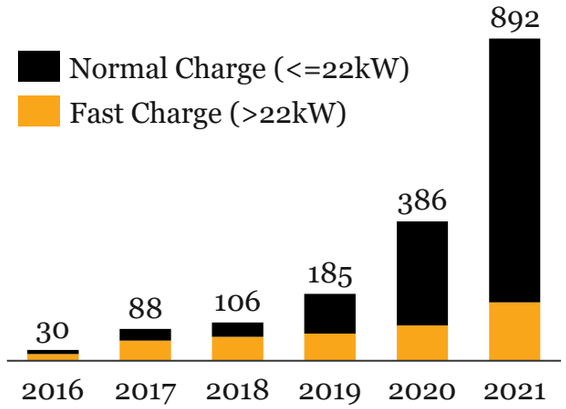
Planned investments in public infrastructure

- Iceland is committed to rapidly extend the public charging network to meet the high demand for electric cars.
- Icelandic government will in 2021 do a national mapping of all charging stations to help car owners plan their route.

Investments in private infrastructure

- The Energy Fund supports up to 50% of the installation of charging stations (standard 22kW) at tourist accommodation or popular destinations.

Total number of public charging points



Main infrastructure providers

TESLA

ON

ABB

EVBOX GROUP

Icelandic electrification of public transport is concentrated in the greater capital region

Sustainable public bus transport

National targets

- Iceland is committed to ensure that the share of renewable energy sources in transport will be 40% by 2030.
- No specific goal for the number of green buses.

Local bus service market structure

- The main public bus network is operated by Strætó and is co-owned by the municipalities in the greater capital region.

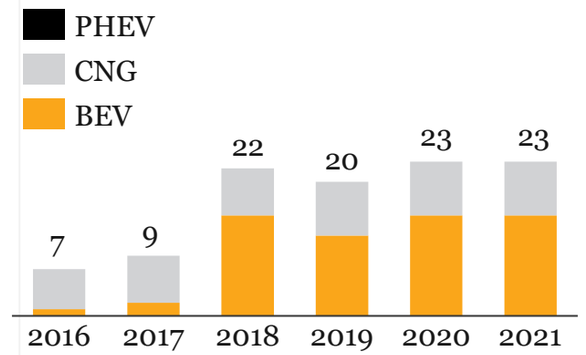
Current situation

- The number of electric buses in Iceland are few. Partly due to the relative size of the country, but also since buses are expected to drive long distances.
- Thus, the electrification of Iceland public transport system is mainly concentrated in the greater capital region.

Planned investments

- Written agreement between the municipalities surrounding the city of Reykjavik to strengthen public transport through implementation of a Bus Rapid Transit (BRT) system.

Total nr. of green buses 2016-2021



Local transport authorities

Compressed natural gas is still the dominant alternative fuel in the logistics sector

Heavy-duty & light commercial vehicles

National targets

- Iceland is committed to ensure that the share of renewable energy sources in transport will be 40% by 2030.
- No specific goals for heavy-duty & light commercial vehicles.

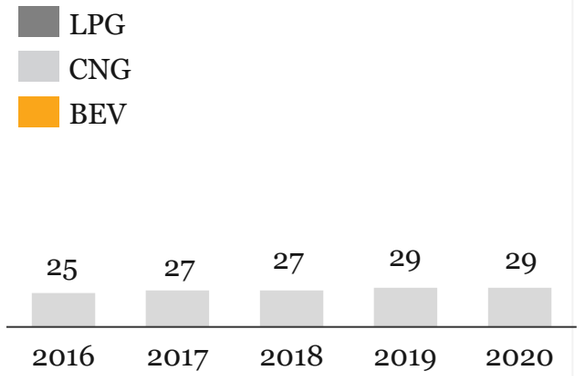
Current situation

- All green trucks in Iceland runs on compressed natural gas.
- BEV light commercial vehicles is picking up pace.
- Nation-wide transport companies such as Samskip, Eimskip and Rvkborg have recently invested in methane delivery vehicles.

Planned investments

- The energy fund offers subsidization of up to 33% for the purchase of lorries using environmentally friendly fuels or for the development of infrastructure that promotes the use of renewable fuels for such vehicles.

Total number of AF trucks



Total number of AF light commercial vehicles