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PRIVATIZING ICELAND'S GEOTHERMAL ENERGY SECTOR: A CRITICAL ANALYSIS

Nicholas J. Greybush



Introduction

The gallery of Reykjavík City Hall erupted in protest, and cries of “Unfit City Council!” rained down on the representatives. The votes had come in—the council had approved the decision to sell the city’s stake in the geothermal energy firm, HS Orka. Public assets had been bought and sold before, but this was different. For the first time, Icelandic geothermal interests were being transferred directly to the control of a foreign, private entity. (“Reykjavík City Council...”)

This episode was just one step in a controversial series of acquisitions from 2009 to 2011 that turned over ownership of HS Orka to the Canadian firm Magma Energy Corp. As Iceland struggled to recover from the banking collapse, its citizens were understandably wary of new private companies entering the scene, especially concerning one of the nation’s most prized natural resources. On the other hand, the infusion of such foreign investment held potential to bolster the weakened economy. While the debate polarized the nation, one thing was clear: the precedents set concerning the role of pri-

vate and foreign interests in the geothermal energy sector would affect the course of the nation for generations to come.

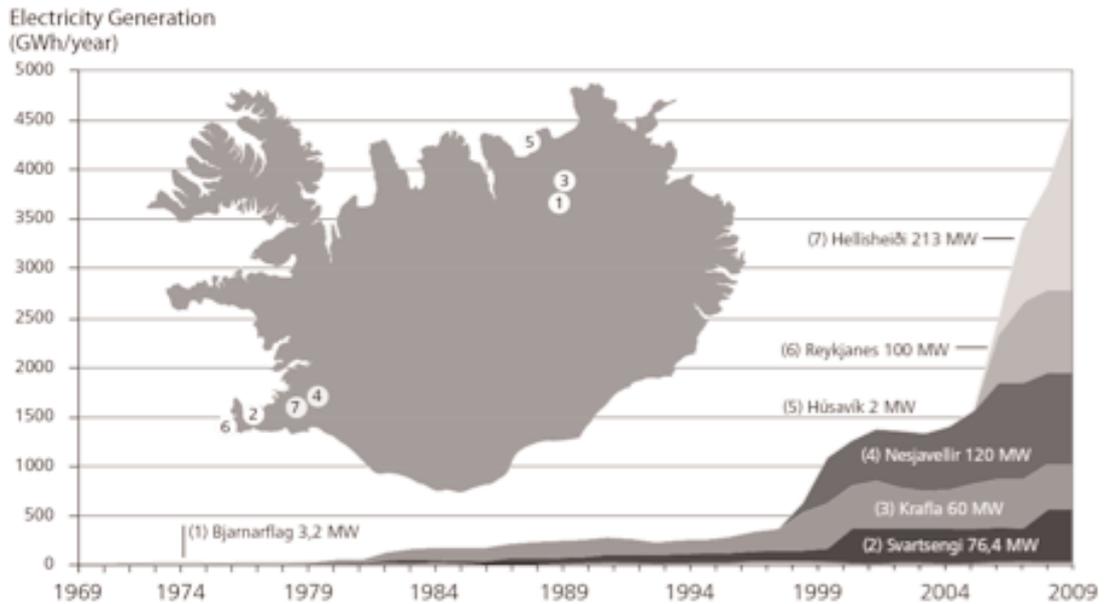
This article presents a critical evaluation of privatization in Iceland’s geothermal energy sector, arguing for limitations on the extent of private and foreign participation. After a discussion of the geothermal industry and the legal and regulatory framework within which it operates, the political environment and public response surrounding the issue are explored. Global comparisons that serve as historical indicators of the effects of energy privatization are also examined. Finally, the future outlook is considered along with steps that can be taken to ensure responsible stewardship of Iceland’s geothermal resources.

Iceland’s Geothermal Sector

Situated on the mid-Atlantic ridge between the North American and Eurasian plates, Iceland lies in one of the most tectonically active regions on Earth. (“Geothermal Development...”) Although Iceland’s abundance of more

Figure 1

Generation of Electricity Using Geothermal Energy, 1969-2009



Source: "Geothermal Development...", p. 20.

than 200 volcanoes has occasionally proved disruptive (as with Eyjafjallajökull in 2010), the energy coursing beneath the surface has been a critical asset for decades. The development of its native energy resources is often cited as a primary factor in the transformation of Iceland from one of the poorest countries in Europe to one of the most affluent in the world. (Grimsson) As nations across the globe look with apprehension toward rising energy demand and the environmental impact of fossil fuel use, Icelanders can boast of already deriving 82 percent of their primary energy from indigenous renewable sources (Eggertsson et al.); 62 percent of Iceland's energy demand is met with geothermal resources, through district heating and hot water and with geothermally generated electricity. Although the growth of geothermal heating leveled off in the 1980s, geothermal electricity generation has increased since that time, especially since 1998. As shown in Figure 1, generation of electricity from geothermal energy expanded more than seven-fold from 1998 to

2008. Energy-intensive industry, such as aluminum smelting, represents the largest use of geothermal electricity, and growth in that sector could create additional demand in coming years. The geothermal energy industry occupies a prominent and expanding role in the Icelandic economy and holds strategic value that justifies careful and effective management.

The five major companies of the geothermal energy sector exhibit a substantial diversity in size, range of operations, and ownership. By their nature, geothermal resources facilitate the coupling of heating, water, and electrical utilities, and firms engage in combinations of these three activities to varying degrees. The largest, Reykjavík Energy, is a municipally owned service company that maintains Iceland's largest geothermal district heating system (capacity 1150 MWt¹) (Ragnarsson) and operates two cogeneration (heat and electricity) geothermal plants (total capacity 333 MWe). ("Geothermal Development...") In northeastern Iceland, state-owned Landsvirkjun provides 63.2 MWe and municipally owned Húsavík Energy supplies 2.0 MWe. (Richter) Finally, formed

¹1 MWt = 1 million watts thermal output; 1 MWe = 1 million watts electrical output.

from the demerger of Hitaveita Sudernesja (HS), HS Orka operates geothermal plants (150 MWT, 176.4 MWe), and HS Veita provides heating, electricity, and water utilities. HS Orka is the first energy company in Iceland to have been privatized, and, at the time of this writing, is 75 percent owned by Magma Energy Sweden A.B. (“HS Orka...”) Because there are few market participants, each major firm has a relatively large impact on the overall market; for instance, by acquiring HS Orka, Magma Energy gained control over nearly one third of Iceland’s total geothermal generation capacity.

Legal and Regulatory Framework

The legal and regulatory structure of the Icelandic energy sector defines the balance of public, corporate, and government interests and is thus critical to understanding the role of newly privatized and foreign-owned energy firms. Legislation enacted from 1998 to 2008 introduced a number of changes codifying law relating to the ownership and utilization of natural resources. In addition, the shift within the EU toward energy deregulation prompted Iceland to deregulate its electricity sector, leading to restructuring and paving the way for privatization.

Act on Survey and Utilization of Ground Resources

Act 57/1998: Act on Survey and Utilization of Ground Resources established the means by which geothermal resources can be sought and exploited. Prospecting and surveying of geothermal resources are supervised by the Ministry of Industry, Energy, and Tourism and its subdivision, the National Energy Authority. (“Geothermal Development...”) Utilization of geothermal resources, whether on public or private land, is subject to licensing from the Minister of Industry, who has the authority to revoke licenses if conditions are not fulfilled by the holders. Through these measures, the Icelandic government is able to manage and direct the extent of geothermal development.

²The legal term, usufruct, refers to “the right of temporary possession, use, or enjoyment of the advantages of property belonging to another, so far as may be had without causing damage or prejudice to this.” (Oxford English Dictionary)

Electricity Act

As a member of the European Economic Area (EEA), Iceland was bound by EU Directive 96/92/EC on internal electricity markets to deregulate its power system. (Hreinsson, “Deregulation...”) The Icelandic Electricity Act No. 65/2003 is based on the framework provided by this directive (succeeded by 2003/54/EC). (Steinsdóttir et al.) The operations of major electrical utilities were unbundled, calling for the creation of legally separate entities to handle generation (the production of electricity from energy sources), transmission (the long distance transportation of electricity at high voltage), and distribution (the local delivery of electricity to customers). For example, the National Power Company was separated into a generation company, Landsvirkjun, and the monopoly transmission company, Landsnet. The Act established that generation companies compete on an open market, whereas there is only one transmission company and local monopolies for distributors. It was later established that transmission and distribution are to remain in majority public ownership.

Amendments to the Law (2008)

A 2008 act amending laws relating to natural resources and energy (58/2008) introduced several changes to the geothermal energy legal framework. (Alþing) Comments from the drafter, the Minister of Industry, indicate that the changes were intended to “set forth rules regarding ownership of state-owned resources” with the goal of ensuring that “all the most valuable water and geothermal entitlements that are in state and municipalities’ ownership stay that way.” (Ketilsson et al., “Introducing the Concept...”) The Act establishes that ownership of resources (directly connected to land ownership for both private and public land) can no longer be sold by the Icelandic state, municipalities, and/or companies owned by them. (Ketilsson et al., “Legal Framework...”)

However, usufruct² of the resource may be granted for a period of up to 65 years at a time. These usage leases allow for the possibility of privatization without compromising public resource ownership, at least in principle. However, a lease with such a long term may,

in practice, approach ownership, subverting the declared goal of the legislation. Alternatively, if ownership and leasing can truly be considered distinct in practice, additional problems arise. As Steinsdóttir and colleagues argue, different utilization schemes tend to result based on whether a resource owner or a leaseholder is the one to utilize the resource. (Steinsdóttir et al., p. 19) They contend that an owner utilizes resources with long-term benefits in mind, whereas a leaseholder aims to extract as much profit as possible during the term of the lease. As a result, leaseholders are less likely to invest in maintaining safety or the long-term efficiency of the resource. A geothermal generation sector based on leasing to private firms may therefore present regulatory and public monitoring challenges.

Privatization of HS Orka

HS Orka is the only privately owned Icelandic geothermal generation company. The company's parent, HS, had been in public ownership until 2007, when the newly formed Icelandic investment firm Geysir Green Energy (GGE) acquired a 32 percent share, becoming the first private investor in the Icelandic geothermal sector. ("Geysir...", p. 3) After the demerger of HS in early 2009, GGE moved to increase its holdings to obtain a 66 percent majority ownership of HS Orka.

In July of 2009, the Canadian firm Magma Energy Corp. entered the Icelandic geothermal sector when its wholly owned subsidiary, Magma Energy Sweden, A.B., purchased from GGE a 10.8 percent share of HS Orka. Within the next month, Magma also acquired Reykjavík Energy's stake in HS Orka, bringing Magma's ownership of HS Orka to 43.1 percent. Magma continued its acquisition of HS Orka by purchasing GGE's remaining shares in May 2010. As of December 2010, Magma officially held 98.5 percent of HS Orka, with the rest in municipal ownership. Magma's total investment in HS Orka had amounted to more than 33 billion krónur (\$250 million). ("Canadian Magma Acquires...") Under the terms of the purchase agreements, Magma secured the rights to exploit geothermal resources in certain areas of southwest Iceland for 65 years, with the possibility of an additional 65-year renewal. However,

as stipulated by Icelandic law, ownership of the resources remained with the landowners. The annual price to be paid by HS Orka to these landowners for use of their resources is estimated at 72 million krónur (\$566,000). ("Magma Energy and...")

Magma sold 25 percent of its shares back to Icelandic hands in June 2011 to Jarðvarmi slhf, a company set up specifically for the deal by 14 Icelandic pension funds. ("Icelandic Pension...") The sale also granted Jarðvarmi minority shareholder rights enabling the pension funds to play an active role in running HS Orka and the ability to own up to 50 percent of HS Orka when future shares are offered. This agreement resulted only after a period of intense public and political pressure.

Political Environment

The political response to the Magma acquisitions portrays Icelanders' diverse attitudes toward privatization and foreign ownership. The debate highlights a variety of arguments, both ideological and practical, concerning the specifics of the Magma deal as well as a potentially broader shift away from public ownership in the future.

Left-Green Party

The Left-Green Party (which, along with the Social Democratic Alliance, forms the current coalition government) has been an active opponent of Magma Energy's position in the Icelandic geothermal sector. Soon after Magma's 2009 acquisitions, Minister of Finance Steingrímur Sigfússon (chair, Left-Green) stated that his ministry was considering whether the Icelandic state could acquire a stake in HS Orka in order to prevent increased ownership by Magma Energy. In early September 2009, the Ministries of Finance and Industry announced the formation of a discussion group with the goal of establishing an Icelandic investment fund, to be owned by the pension funds, that would invest in HS Orka in order to limit further privatization. The Ministry of Finance also entered into talks with Magma CEO Ross Beaty to negotiate a shorter rental period and a higher rental price, under the rationale that these changes would better ensure that Ice-

land was receiving the majority of profits from HS Orka's geothermal operations. ("Magma Energy and...") Left-Green Environment Minister Svandís Svavarsdóttir has conveyed her disapproval of the Magma acquisitions, affirming that she would seek legislation to revoke Magma's contract. She argued that the current legislation had not been discussed thoroughly in society before it was passed and encouraged the public to "make their voices heard if they don't want the profit from Icelandic resources to go to private overseas companies." ("Björk Criticizes...")

Social Democratic Alliance

The Social Democrats, chaired by Prime Minister Jóhanna Sigurðardóttir, have been less critical of Magma than the Left-Green Party. After Magma's 2009 purchase, Minister of Industry Katrín Júlíusdóttir (Social-Democrat) stated that it was a positive development to have foreign investors participate in the Icelandic energy market where it had been difficult to finance production. ("Canadian Magma Invests...") She also emphasized that Magma did not gain ownership of geothermal resources—it is only utilizing them. After Magma's 2010 acquisitions from GGE, she argued that the transfer of ownership from an Icelandic to a foreign private owner was not a major issue, as long as Icelanders continue to receive the profits from their energy resources. ("Canadian Magma Acquires...")

However, she also engaged in talks with Magma to shorten the lease period to 40 years and to establish the Icelandic state's preemptive right to purchase stock in HS Orka. With these measures in place, she argued, there would not be a need for the government to intervene in Magma's acquisition. ("MP Considers Suing...") The Social Democrats have expressed concern that disturbing the agreement with Magma may cost the company's investment in Iceland, repelling other potential investors. ("Magma Energy Sends...") Nonetheless, they affirmed the need to discuss and modify laws on foreign investment through parliamentary action.

Independence Party

The main opposition party to the coalition government is the Independence Party, which has historically supported privatization. The initial sale of the Icelandic state's share of HS Orka to GGE in 2007 was under Independence-Progressive coalition leadership. Party chair Bjarni Benediktsson has criticized the current government for creating uncertainty and delay in the Magma case, which in his opinion had been on the right track and been properly evaluated by the committee on foreign investment. ("Committee Concludes...")

Government Involvement

Because Reykjavík Energy's stake in HS Orka was owned by the City of Reykjavík, the decision to sell to Magma rested with the Reykjavík City Council. The Executive Committee within the council initially approved the first sale agreement, with the representatives from the Independence Party and Progressive Party in favor and the Social Democrats and Left-Greens in opposition. A vote by the entire council then narrowly accepted the acquisition, by eight votes to seven. The decision was subsequently approved by a committee on foreign investment.

After Magma obtained a majority share in HS Orka, pressure to reverse the acquisition led the Prime Minister to create a task force to reevaluate whether the purchase was conducted legally and to decide whether there was reason for the government to seek ways to interfere. After its review, the committee concluded that Magma acted in compliance with Icelandic and EEA regulations. While the Independence party supported the conclusion as predictable, the opposition affirmed that they would seek other ways to renegotiate the Magma situation. ("Committee Concludes...")

Public Reaction

Björk

Icelandic international pop star and environmentalist Björk Guðmundsdóttir has been a vocal critic of the Magma acquisitions, and her activism offers a visible reflection of some Icelanders' attitudes toward privatiza-

tion and foreign ownership. In May 2010, she published a declaration in the periodical Reykjavík Grapevine challenging the government of Iceland to stop the “selling off of Iceland’s nature” and do everything in its power to revoke Magma’s ownership of HS Orka. (“Björk Criticizes...”) A formal proposal orchestrated by Björk was submitted to the Icelandic parliament on July 13, 2010. It enumerated the foundation for Björk’s opposition and requested an investigation of the sale to determine whether public interest had been in any way compromised. Among the concerns were that Magma Energy Sweden was formed as a shell company to subvert Icelandic law, that Magma’s investment would fail to produce real capital, that the sale lacked transparency, and that public resources were being inappropriately gambled in a volatile private sector. (Guðmundsdóttir et al.)

Björk also organized an online petition to campaign against the Magma acquisitions. Publicizing the petition through numerous press conferences and a nationwide karaoke marathon, she raised nearly 50,000 signatures (approximately 1/6 of Iceland’s total population) by January 2011. Because Prime Minister Jóhanna Sigurðardóttir had agreed to seriously consider the petition if the support of 15 percent of voters (approximately 35,000 people) could be obtained, she and Finance Minister Steingrímur Sigfússon consequently met with Björk and fellow campaigners to discuss possible actions, which did not exclude the option of seizing Magma’s assets by eminent domain. (“Björk Hands...”)

Björk and Magma CEO Ross Beaty have exchanged several communications through the Icelandic press. In one passage, Beaty attempted to answer questions that Björk had raised in her proposal to parliament, offering figures to provide greater transparency and discussing Magma’s intentions. (Magnússon) He also expressed disappointment in the way that Magma had been received by Iceland, affirming Magma’s goals to tangibly benefit Iceland and be a responsible corporate citizen. He directly addressed the concern over Magma’s need to create a Swedish subsidiary, arguing that this approach was used to comply with Icelandic law rather than to subvert it.

Björk’s responses affirmed her belief that the selling price of HS Orka offered a poor deal for Icelanders, abusing Iceland’s weak financial position. She implied that Beaty operates predatory operations, pointing to allegedly exploitative management in Beaty’s Pan American Silver in Peru, and remarking that Beaty’s companies tend to show up in weakened countries when they have needed International Monetary Fund assistance. Björk also asserted that nationality was not the issue, saying that after the financial collapse, Icelanders distrust even their own people in risky private ventures. Finally, she informed Magma that Icelanders “are not ready for you... not ready to become an energy colony” and stressed that the nation must first be given a chance to decide as a whole whether to privatize. (Guðmundsdóttir)

Public Opinion Polls

Although Icelanders’ response to the Björk petition offers one indication of their attitude toward Magma Energy, foreign investment, and privatization, a Gallup poll from 2009 (by Nordic management consultancy firm Capacent) provides additional insight. (“Foreign Investment...”) In a sample of the general population, 81 percent responded that foreign investment was important for Iceland’s economy and 70 percent were generally in favor of foreign investment. However, when asked specifically about the energy sector, the response was less positive: 50.2 percent of the general public against, 29.3 percent in favor, and 20.5 percent undecided. Respondents were then asked whether their opinion differed if they were ensured that the resource was to remain in Icelandic hands with a fair fee paid for its utilization. Reactions improved slightly, with 44 percent of the general public opposed and 56 percent in favor. Results were similar for questions about investment in the fishing industry, demonstrating Icelanders’ reluctance to admit foreign investment in areas involving natural resources.

Evaluation

The principle of permanent sovereignty over natural resources (PSNR) is a recognized feature of international law³ that establishes a

nation's people as the ultimate owner and controller of the nation's natural resources. (Duruigbo) While often applied to cases involving resource abuse by kleptocratic rulers in developing countries, PSNR is also relevant to resource-rich developed nations such as Iceland. As Duruigbo argues, the people's sovereignty over resources imparts a duty on the state to manage these resources to the maximum benefit of the people. Furthermore, PSNR empowers a people to "reject or challenge agreements between foreign corporations and governments where the provisions or application of such contracts are inimical to their interests." The case of Magma Energy and the broader issue of energy privatization in Iceland ultimately represent a debate regarding sovereignty over natural resources. Indicators of public opinion, such as the Björk petition and poll results, suggest that a significant portion of the population disagrees with the government's current energy policy. PSNR, therefore, dictates that the Icelandic state, in its role as steward of the peoples' resources, reevaluate the structure of the energy sector to ensure that it functions for the maximum good of the people.

The sale of HS Orka represents more than just a business deal between two firms. It sets a critical precedent for how Iceland's resources will be managed for future generations. Considering its widespread implications, the decision whether to privatize and allow foreign ownership should be made with a strategic and unified outlook that takes into account not only reactions within Iceland but also the experiences of other nations where the consequences of privatization have had more time to be revealed.

Global Comparisons

The EU electricity directives of 1996 and 2003 aimed to create a cross-national European market for electricity in which consumers are free to choose among competitive firms in their own and neighboring countries. In response, reform strategies have consisted, in general

³The legal origin of PSNR lies in UN General Assembly Resolution 626 (VII) of December 21, 1952 (Right to Exploit Freely Natural Wealth and Resources), and the concept is more fully expressed in General Assembly Resolution 1803 (XVII) of 1962. (Duruigbo)

terms, of a three-fold approach: privatization of publicly owned firms, unbundling of vertically integrated companies (separation of generation, transmission, distribution, and retail), and liberalization⁴ to provide competition in generation and retail. The traditional argument is that private firms intrinsically have incentive to be more efficient than public companies in order to maximize profit in a competitive environment. (Fiorio et al., pp. 5-6) Unbundling enhances competition by isolating the potentially competitive stages of generation and retail from the natural monopolies of transmission and distribution. Then, liberalization allows competitive entrants into the market, fostering efficiency and driving down prices to end-users.

However, according to Jamasb and Politt, the three reform thrusts are not necessarily that closely intertwined. Privatization is not a prerequisite for liberalization, and competition and incentive regulation can be applied to publicly owned enterprises, as is the case in Norway. Furthermore, although privatization has often been attendant to energy reform, the EU directives do not specifically advocate it.

A 2007 study by Fiorio and colleagues explores the restructuring of the energy industry across the EU over the past 20 years, evaluating in particular the direct effects of privatization as part of a larger reform paradigm "based on increased confidence in market forces and private ownership against the decline in planning and public ownership." (Fiorio et al., p. 5) The study's empirical results reject the contention that privatization leads to lower electricity prices and establishes that customer satisfaction about prices and quality of services is higher with public ownership than with private. (Fiorio et al., p. 7) Supporting evidence includes studies showing that electricity prices in the highly privatized UK market are between 10 percent and 20 percent higher than they would have been without privatization. (Branston) In a broader review, the experiences of many Organisation for Economic Cooperation and Development countries indicate the failure of privatization reform to achieve its intended

⁴The use of the term liberalization in energy policy varies. Here, liberalization refers specifically to allowing entry and competition in generation and retail. (Fiorio et al., p. 4)

objectives; rather, the results have been “higher prices, lower or unchanged efficiency, less use of renewable energy, inadequate investment in generating capacity and network infrastructure, and a worse experience for consumers—including industrial consumers.” (Hall et al., p. 3) This evidence suggests that from an economic standpoint, Icelandic citizens and firms may not stand to benefit from a national policy that allows or encourages extensive privatization of the geothermal energy sector. Furthermore, a society’s debate over ownership structure is more about achieving the “desired balance of economic and political powers than about efficiency and competition.” (Fiorio et al., p. 40)

Nonetheless, public ownership does not preclude the existence of competition in the energy market. Already, geothermal electricity producers compete not only among themselves but also with hydroelectric generation firms. However, Iceland faces special challenges in fostering competition because of its small market size and geographic isolation from the European electricity market. (Hreinsson, “Requirements...”) Facing a similar lack of market participants, New Zealand was forced to reinstate regulation of its privatized power sector in 2003. (Meisen and Garzke, p. 13) Iceland must therefore focus on fostering an open and viable trading market that enables and encourages users (both residential and industrial) to freely choose among a range of competitive suppliers. A functional market also would enable Icelanders to vote with their money—if they oppose privatization, consumers could choose to purchase energy solely from public generators.

The Norwegian Example

Norway’s management of natural resources has been regarded positively in the international community (Duruigbo) and may serve as a fruitful example as Iceland considers changes to its energy sector. Norway’s extensive utilization of hydropower strengthens the comparison with Iceland not only because of Iceland’s large hydropower sector but also because hydropower and geothermal resources present similar usage schemes in that they must be exploited at the source rather than transported to the demand site. The hallmark of the Norwegian power sector is “the combination of large-

scale public ownership and a diversity of various participants.” (“Facts 2008...,” p. 76) For example, the generation sector is 88 percent publicly owned, with 174 different companies generating electricity, 21 of which are engaged solely in generation. The central grid is also largely public, with the central government owning 87 percent. The limited number of foreign-owned firms is concentrated mainly in trading.

The Norwegian government has established legislation to preserve public control over energy resources and to encourage restructuring from private to public sector ownership. (“Facts 2008...,” p. 64) Revisions in 2008 legally established that Norway’s hydropower resources belong to the general public and must be administered according to the public’s best interest and structured consistent with the principle of public ownership. One feature is the right of reversion (originally established in 1917), which means that the state assumes ownership of a waterfall and hydroelectric installations free of charge when a license expires. The acquisition of such reverted properties is then restricted to public entities. In addition, new licenses may only be granted to public-sector owners. The legislation also caps the overall extent of private ownership, preventing the sale of more than one third of publicly owned plants.

Norway’s example demonstrates that a highly competitive national market can be supported in an industry based on public ownership. (Fiorio et al., p. 36) In fact, Norway was the first country in the world to allow customers to freely choose their electricity supplier (“Facts 2008...,” p. 66) and is considered one of the most open electricity markets in the world. (Meisen and Garzke, p. 12) Norwegian legislation also presents a precedent on which Icelandic reforms can be built. For instance, a cap on private and foreign ownership could more clearly preserve national control over geothermal resources while still allowing for the possibility of economic benefits derived from foreign direct investment.

Outlook

Iceland stands at a crossroads. As energy-related concerns continue to command greater attention in the national and international consciousness, should private and foreign interests

be allowed to play a larger role in the Icelandic geothermal energy sector? Or should Iceland work to more firmly establish and preserve a system based on publicly managed energy resources? Global comparisons suggest that electricity privatization is detrimental, resulting in higher prices and lower customer value. Furthermore, the Norwegian example demonstrates that an electricity sector based on renewable resources and public ownership can thrive in a Nordic society. Given the sentiments expressed by a large proportion of Icelanders, reforms to ensure that the Icelandic people continue to own, control, and benefit from their geothermal resources are important to preserve the nation's prosperity.

Icelanders continue to recover from the unforeseen consequences of insufficiently managed financial deregulation. A parallel outcome in the geothermal sector can be avoided with a cautious approach that provides greater structure, control, and transparency to Iceland's energy policy. Limitations on the extent of private and foreign ownership would maintain public control while enabling investment. Shortening utilization lease terms (while stipulating

sustainable use practices) would promote accountability and competitiveness among generators. Fostering a more effective trading market would enhance the ability of market forces to promote efficiency and low prices. Finally, enforcing better transparency and bidding in future privatization transactions would ensure fair valuation of Iceland's geothermal resources.

Before the start of the 2010-2011 parliamentary session, the Prime Minister announced a list of the top 20 issues on which the legislature planned to focus. Second only to stabilizing the employment market was the goal of establishing a new and overall policy in matters concerning energy and natural resources. ("Iceland's PM...") It is imperative that the government hold true to its aim. Icelanders are a people determined to protect their nation's natural resources. They fought for their fisheries in the Cod Wars and will work with the same spirit to protect the valuable energy beneath their feet. With diligence in the democratic arena, Iceland can renew responsible stewardship of its geothermal energy resources for future generations.

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