

A Strong Future Built on Solid Foundations

An aerial photograph showing a wooden walkway with metal railings crossing a river. The water is a vibrant turquoise color, and the riverbed is composed of numerous dark, jagged rocks of various sizes. The walkway is made of light-colored wooden planks and runs vertically through the center of the image. A person can be seen walking on the bridge. The overall scene is bright and clear, suggesting a well-maintained natural environment.



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No Need to Reinvent the Wheel

Practical solutions to the country’s energy challenges are already within reach. Iceland boasts an exceptional track record in developing an unparalleled energy system. This achievement has been pivotal in elevating the Icelandic people’s living standards to levels comparable to, or even surpassing, those of other industrialised nations.

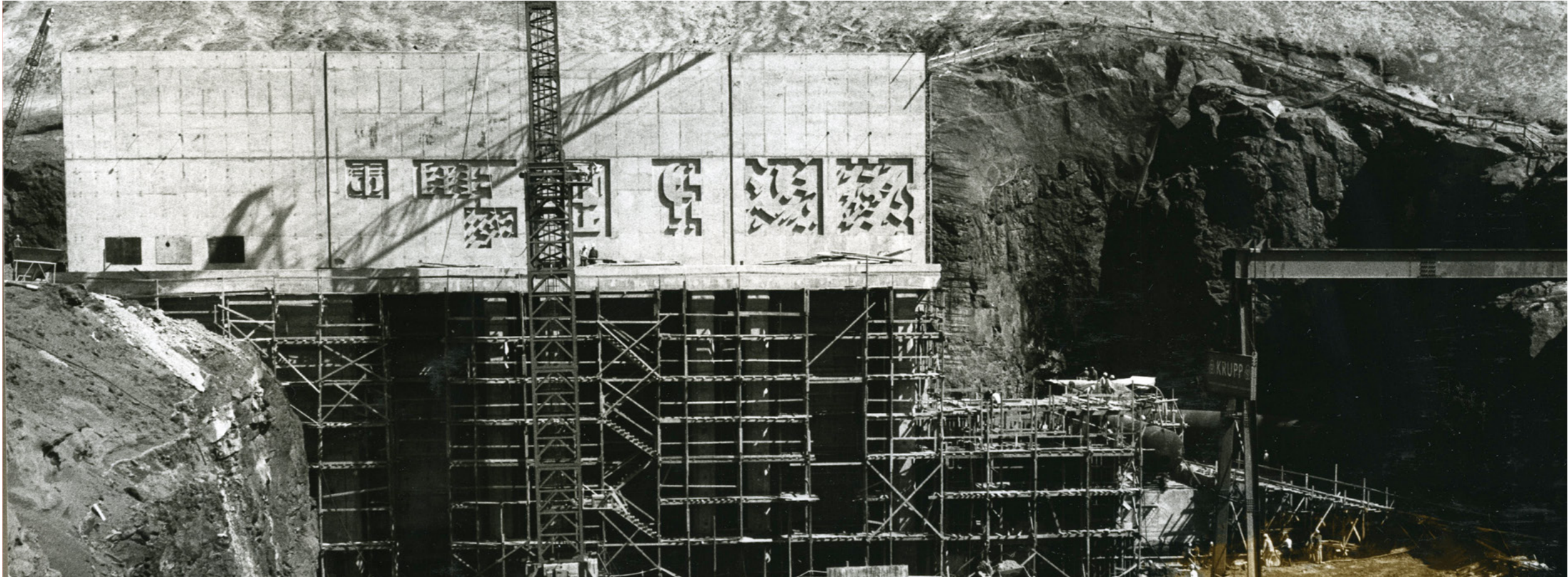
The challenge ahead is to build on that success, drawing on the lessons of past decades to meet society’s growing demand for electricity and support the transition to renewable energy.

Thanks to the foresight and wisdom of our ancestors, we successfully moved away from coal and oil for power generation and household heating over the last century. Today, 85% of our energy comes from renewable sources, compared with a global average of just 15%. In other words, we began this transformation long ago.

Landsvirkjun will celebrate its 60th anniversary on the 1st of July 2025. Opinion polls consistently show that the Icelandic people take pride in the Company and trust it to protect their most valuable asset, renewable natural resources.

The Company has played a pivotal role in shaping Iceland’s electricity system. It is well-equipped to drive its continued expansion and support the nation’s evolving energy needs in the years ahead.

↓ Construction at Búrfell Power Station.
Photo: Leifur Þorsteinsson





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A Crucial Juncture

Chairman's Statement



Jón Björn Hákonarson

It has been a great honour to serve as Chairman of Landsvirkjun over the past year. I know the Company well, having first been appointed to the board in 2014 and later serving as Vice Chairman before taking up my current role.

Through these years of close involvement, I can confidently say that Landsvirkjun is a Company like no other in Iceland's history, a true national treasure. It is run by outstanding professionals who take their responsibilities seriously, uphold the highest work standards, and let their actions speak for themselves. They recognise the immense trust placed in them to manage the nation's renewable energy resources. They also recognise that electricity is the lifeblood of society and the foundation of the quality of life we have come to expect in a modern nation.

Through prudent decision-making, Landsvirkjun has built a powerful electricity system, while strengthening its financial position to an unprecedented level. It has never been better placed to meet the growing energy demands of businesses and society. In recent years, its dividend payments have significantly boosted the state treasury, reinforcing the importance of ensuring that Landsvirkjun remains in public ownership. Like the resources it manages, the Company belongs to the people, and hopefully that will continue to be the case in the future, for the good of the Icelandic people.

There is broad consensus that we must break the deadlock that has stalled Iceland's energy sector in recent years. Yet, despite repeatedly highlighting the urgent need to accelerate energy development, Landsvirkjun has not been able to fulfil its role as it should. The reasons for this are varied, but our institutions must step up, act decisively, and work together to overcome the stagnation in energy affairs, which now poses a real threat to the well-being of the Icelandic people and will impede the necessary value-creation and economic development if no action is taken. The Company's development pipeline includes important energy generation projects that must not be further delayed due to unclear regulations.

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The Time to act is Now

CEO's Statement



Hörður Arnarson

Landsvirkjun delivered a strong performance in 2024 despite falling short of the record-breaking results of the previous year. The year presented significant challenges, including historically low water reserves, which impacted sales and reduced revenues. In addition, changes to the pricing structure of a major customer contract and a decline in realised hedging gains contributed to lower earnings.

Yet, given these conditions, our performance was more than satisfactory. Landsvirkjun's financial position is stronger than ever, providing us with the foundation to drive the energy developments essential for Iceland's future.

As the nation's leading energy Company, we have a clear mandate to maximise the value of Iceland's renewable energy resources, guided by the principles of sustainability and efficiency.

With this responsibility comes an obligation to operate our power stations and energy systems with the utmost care and accountability. We must also generate more energy. We need to anticipate and secure access to affordable, reliable energy that supports economic growth, enhances quality of life, and aids the transition from fossil fuels.

However, we are unable to fulfil this duty as we should. For years, we have stressed the need to accelerate energy development, yet progress has been hindered by an overly complex and bureaucratic regulatory framework. Less supply means higher prices, limiting opportunities for businesses and households. This is a challenge of our own making, and we must act swiftly to remove the barriers preventing Iceland from fully harnessing its renewable potential. The reality is that we cannot afford to wait.

This annual report offers a detailed account of Landsvirkjun's activities in 2024. It also serves as our progress report on the United Nations Global Compact (UNGC) commitments, reaffirming our unwavering dedication to the UN Sustainable Development Goals and its ten principles.

We remain committed to these principles.



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Landsvirkjun, at a glance

Landsvirkjun generates electricity using renewable energy sources, including hydropower, geothermal energy, and wind power. We produce most of Iceland’s electricity, which amounts to more than 70% of all electricity generated in the country, delivered to industries, the service sector, and homes. Approximately 85% is sold to energy-intensive industries and 15% on the wholesale market.

We operate 14 hydropower stations, three geothermal power stations and two wind turbines for research purposes in five operating areas. Our headquarters are in Reykjavík.

In 2024, we produced 14,171 GWh of electricity.

Landsvirkjun is a public partnership owned by the Icelandic government and the company Eignarhlutir, which the state treasury owns.

Construction is set to begin on the Búrfell Wind Farm near Vaðalda and the Hvammur Hydropower Station in the Þjórsá River. The extension of Sigalda Hydropower Station is scheduled to commence in the spring of 2025.

Multiple socioeconomic benefits are derived from Landsvirkjun’s renewable energy production in Iceland. They include employment and income generation in diverse industries, fees and taxes paid to the state and municipalities, dividends to our owners, and consumer purchases.

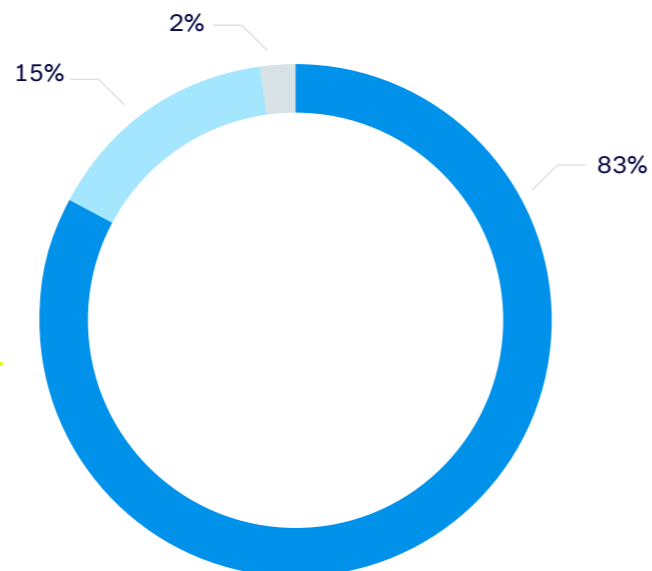
Our vision is a sustainable world powered by renewable energy. Our role is to maximise the potential yield and value of the natural resources we have been entrusted with in a sustainable, responsible, and efficient manner.

Our customers

Landsvirkjun’s customers are mostly international energy-intensive companies and domestic electricity wholesalers.



- Industry
- Wholesale & Landsnet
- Data centres



Key Figures

Electricity production

14.2 TWh ↓3.8%

Avoided emissions from electricity production

2,533,823 t CO₂-eq ↓4.1%

Operating revenue

561 m. USD ↓14.7%

Total assets

3,478 m. USD ↓3%

Net debt

667 m. USD ↓4.4%

Economic contribution

651 m. USD ↓2.2%

H-value*

0.84 ↓5.6%

Gender balance in the executive team

50 % Women 50 % Men

0 % Other

Profit before unrealised financial items

301 m. USD ↓19.9%

Carbon footprint per energy unit**

3.3 CO₂-eq/kWh ↑5.6%

Total emissions per energy unit**

4.9 CO₂-eq/kWh ↑3.9%

Carbon footprint**

32,396 t CO₂-eq ↓2.2%

Net assets

2,304 m. USD ↓2.5%

Number of employees

362 ↑10%

Gender balance among management

41 % Women 59 % Men

0 % Other

*The H value is the number of accidents leading to absence, divided by the total hours worked, times 200,000 hours.

**The methodology for calculating Scope 3 emissions has been revised from the previous year and now includes all relevant categories in accordance with the GHG Protocol corporate standard. Comparisons for 2023 have been adjusted accordingly.



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Annual Report 2024

Summary of Activities

About the Annual Report 2024

The Annual Report 2024 is published per the international standard Global Reporting Initiative (GRI-Core option). Because sustainability is a core principle in our operations, the report also serves as a sustainability report. Our climate accounts are included in the Annual Report.

The overview page can be accessed here:
landsvirkjun.com/annualreports/2024

The following documents are part of the Annual Report:

- › Annual Report
- › Climate Accounts (numerical information)
- › Financial Statement
- › GRI-reference table

Our role is to maximise the potential yield and value of the natural resources we have been entrusted with in a sustainable, responsible, and efficient manner. Our vision is a sustainable world powered by renewable energy.

Our Annual Report is based on our five strategy targets:

- 1 Exemplifying resource utilisation and electricity production
- 2 Leading the way in climate and environmental affairs
- 3 Pursuing a diverse business and exceptional customer service
- 4 Providing a progressive and sought-after workplace
- 5 Exceeding expectations in open communication and cooperation

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- 2 Leading the way in climate and environmental affairs
- 3 Pursuing a diverse business and exceptional customer service

CHAPTER 1

A Remarkable History and a Unique Electricity System

Not our first energy transition

Iceland is at the forefront of utilising natural resources. The country began transitioning away from coal and oil for heating and electricity in the early 20th century. A fundamental transformation occurred between 1940 and 1970 as Iceland harnessed its geothermal and hydropower resources nationally. Extensive drilling, construction of new hydropower stations, and establishment of a nationwide electricity and district heating network reshaped the country's energy landscape.

Iceland has made firm commitments under international climate and energy agreements, recognising that climate change is a shared global challenge. Every nation has a role to play, and Iceland is no exception.

However, unlike many other countries, Iceland is not at the beginning of its energy transition. While much of the world is still working to phase in renewables, we are already well advanced. Our challenge is to replace the remaining 15% of our energy consumption with renewable sources. By comparison, in 2023, only 15% of the world's total energy use came from renewables.¹ In many ways, our transition is the reverse of the global challenge.

Though smaller in scale compared to the energy transitions of other nations, this final step presents a significant opportunity. Iceland has the potential to become the first country in the world to rely entirely on renewable energy. We can reduce emissions, improve air quality, and enhance energy security by eliminating the need to import over a million tonnes of oil annually, valued at approximately ISK 160 billion.² More broadly, this shift will strengthen Iceland's position as a leader in sustainable energy while bolstering long-term economic resilience.

→ **Cleaning of machinery at Ljósafoss Power Station in 1954. A metal piece is hoisted by a crane and transported out of the turbine hall.**
Photo: Bergur Jónsson



1 ourworldindata.org/renewable-energy
2 orkuskipti.is

Why do you work at Landsvirkjun?





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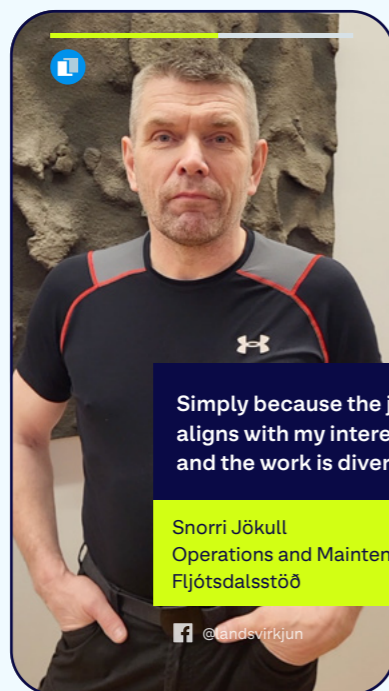


Because here, I get the opportunity to educate young people about energy matters

Bryndis Brynjúlfsdóttir
Corporate Communications



@landsvirkjun



Simply because the job aligns with my interests, and the work is diverse

Snorri Jökull
Operations and Maintenance Fljótsdalsstöð



@landsvirkjun

Development of Iceland's electricity system

Iceland's first hydropower stations were built in the early 20th century. These small-scale power stations were owned by individuals and municipalities, including one in Hafnarfjörður, where the country's first hydropower station was commissioned in 1904.

The launch of the Ljósafoss Power Station marked a turning point, quadrupling the electricity supply to the capital area. This expansion allowed households to replace coal stoves with electric cookers, significantly improving daily life. Until then, electricity generated by the power station in the Elliðaár region in Reykjavík had primarily been used for lighting.

The development of Iceland's electricity system gained significant momentum with the establishment of Landsvirkjun in 1965 and the construction of the Búrfell Hydropower Station. This project was closely tied to the arrival of energy-intensive industry, following an agreement with the Swiss company Alusuisse to construct and operate an aluminium smelter in Straumsvík, which the new station would power.

The 1970s marked a turning point, as geothermal power became a key part of Iceland's energy mix. Power stations at Krafla, Svartsengi, and Nesjavellir, among others, were developed, providing a cost-effective alternative to imported fossil fuels. This shift proved crucial, particularly in response to the global oil crisis, which drove energy prices to record highs.

Expansion continued through the 1980s and 1990s, with new hydropower stations built in the Þjórsá region, as well as at Laxá and Blanda. The country's largest power station, Fljótsdalur, was commissioned in 2007 to supply electricity to the Alcoa aluminium smelter in Reyðarfjörður. By the 2010s, Iceland's energy strategy had evolved. Rather than developing power stations for specific industrial customers, Landsvirkjun focused on strengthening the national network to support a broader range of energy needs. This approach led to the construction of new power stations at Búðarháls, Búrfell, and Þeistareykir.

Iceland's installed electricity capacity is about 3,000 megawatts, primarily from renewable sources. This reflects the vision of pioneers who established the energy system, making Iceland a global leader in sustainable energy.³



↑ A large crowd ice-skating on Reykjavík Pond in the 1930s. Thick coal smoke drifts over Þingholt. Photo: Sigurhans Vignir



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A truly unique electricity system

Iceland's electricity system is unique. As a closed system running entirely on renewable energy, it faces distinct challenges. Electricity generation is directly influenced by rainfall and reservoir levels, leading to natural fluctuations in supply from year to year.

To address this, Iceland has developed a system of curtailable power contracts, where energy-intensive customers take part in balancing the electricity system. This ensures that the wider population is mainly unaffected by fluctuations in supply. This approach keeps the system efficient, supports economic growth, and helps secure Iceland's long-term energy future by maximising our resources and maintaining flexibility during dry years or peak demand periods.

Hydropower gives the energy system the flexibility it needs to respond to changing demand. By adjusting the water flow from reservoirs, electricity production can be scaled up or down as needed, helping manage seasonal shifts and short-term fluctuations. Geothermal energy provides a steady and reliable power source, generating electricity around the clock, regardless of weather.

This robust foundation opens the door to incorporating more renewable energy sources, particularly wind power, which holds vast potential in Iceland. Winter is typically the windiest season, aligning with the period when hydropower reservoirs face the most significant stress. By optimising wind energy during these months, we can alleviate pressure on water reserves.

Iceland's electricity system is a leading example of sustainability, innovation and efficiency, setting the standard for countries transitioning to renewable energy and a greener future.



The waterfall Hverfandi forms when Háslón reservoir reaches spillover.



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Landsvirkjun's power stations

Landsvirkjun produces over 70% of Iceland's electricity, harnessing the country's natural resources through 14 hydropower stations, three geothermal power stations, and two wind turbines. With operations spanning five regions, we are committed to responsible energy generation, ensuring that our power stations operate harmoniously with the environment and the communities we serve.



Bjarnarflag Station **1969**

Geothermal

5 MW

42 GWh/ year

Bjarnarflag in Mývatnssveit is the country's oldest steam power station. It was commissioned in 1969 and refurbished in 2019.



Blanda Station **1991**

Hydropower

150 MW

990 GWh/ year

Designed entirely by Icelanders, Blanda Hydropower Station harnesses the power of the glacial river Blanda and is our only power station in the North-West.



Búðarháls Station **2014**

Hydropower

95 MW

585 GWh/ year

Búðarháls Hydropower Station is one of seven hydropower stations in the Þjórsá area.



Búrfell Station **1969**

Hydropower

270 MW

1.870 GWh/ year

The Búrfell Hydropower Station came online in 1969, after taking almost ten years to complete. It was the largest power station in the country until the inauguration of Kárahnjúkar Station in 2007.



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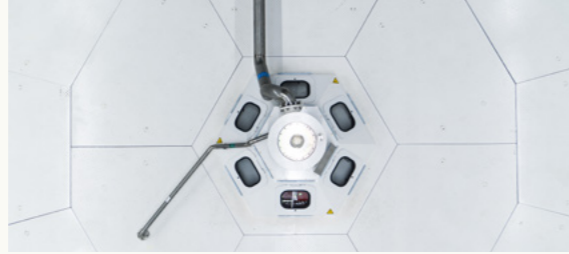
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Búrfell Station II **2018**

Hydropower

100 MW

850 GWh/ year

Búrfell Station II was built underground in Sámsstaðaklif Hill and houses one 100 MW Francis turbine.



Fljótsdalur Station **2007**

Hydropower

690 MW

4.800 GWh/ year

Fljótsdalur Hydropower Station is the largest power station in the country.



Hafið **2013**

Wind

1,8 MW

6,7 GWh/ year

We have built two wind turbines in the Hafið area for research, commissioned in 2013.



Hrauneyjafoss Station **1981**

Hydropower

210 MW

1.300 GWh/ year

Hrauneyjafoss Hydropower Station came online in 1981 and is Iceland's third-largest power station, with generation capacity of 210 MW.



Írafoss Station **1953**

Hydropower

48 MW

236 GWh/ year

Írafoss Hydropower Station harnesses two waterfalls in the lower part of the Sog River, Írafoss and Kistufoss.



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Krafla Station **1977**

Geothermal

60 MW

500 GWh/ year

Krafla became Landsvirkjun's property in 1985. Pilot boreholes were drilled in 1974, and regular operations began in February 1978.



Laxá Station II **1953**

Hydropower

9 MW

78 GWh/ year

Laxá Station II is the second oldest station in Laxá. Like Laxá III, it uses the river's natural flow to produce electricity.



Laxá Station III **1973**

Hydropower

14 MW

92 GWh/ year

Laxá Station III is the most recent power station in the Laxá River.



Ljósafoss Station **1937**

Hydropower

15 MW

105 GWh/ year

The oldest power station in the Sog River is located near Ljósafoss. The electricity supply in the capital area quadrupled when the station came online.



Sigalda Station **1978**

Hydropower

150 MW

920 GWh/ year

Construction of the Sigalda Hydropower Station was a race against time due to the enormous demand for more energy in Iceland following energy-intensive industrial growth.



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Steingríms Station **1959**

Hydropower

26 MW

122 GWh/ year

The Steingríms Hydropower Station is the third station built in the Sog River area. The station harnesses the head where the Upper Sog drains from Lake Þingvallavatn into Lake Úlfjótavatn.



Sultartangi Station **1999**

Hydropower

134 MW

1.020 GWh/ year

The Sultartangi Hydropower Station is located 15 km northeast of the Búrfell Station.



Vatnsfell Station **2001**

Hydropower

90 MW

490 GWh/ year

Vatnsfell Hydropower Station utilises the head in the diversion canal between the Þórislón Reservoir and Sigalda Station's reservoir Krókslón. Unlike the other stations, it only produces electricity during winter.



Þeistareykir Station **2017**

Geothermal

90 MW

738 GWh/ year

Þeistareykir Station was the first geothermal power station Landsvirkjun constructed from scratch.



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CHAPTER 2

The Destination

Future energy needs

Iceland consumes over a million tonnes of oil and petrol each year, costing the economy between ISK 100–160 billion in foreign currency. Reducing this reliance on fossil fuels is a clear priority, but achieving this goal requires practical and scalable solutions. That doesn't mean we'll stop driving, sailing, or flying, though we must strive to use energy as efficiently as possible and minimise consumption where possible.

Analyses indicate that improved energy efficiency could reduce electricity consumption by 5–6% over the next decade. This represents a significant contribution but doesn't provide a complete solution. Enhancing efficiency must go hand in hand with expanding energy supply- the figures are clear.

According to Landsnet (TSO), the country will require a minimum of 3,000 GWh of additional electricity over the next five to six years to support the energy transition and economic growth. Although improved energy efficiency could compensate for approximately 10% of this demand, it will not suffice. Landsvirkjun's most advanced projects, Búrfell Wind Farm, Hvammur, and the planned extensions of Þeistareykir and Sigalda, are expected to generate around 1,750 GWh. That still leaves over 1,000 GWh unaccounted for, with no apparent source to bridge the gap.

The challenge becomes even greater looking ahead to 2035. If the right incentives are in place, Iceland could be halfway through its land and sea transport energy transition by then. Combined with general economic and population growth, forecasts suggest an additional 3,600 GWh will be needed between 2030 and 2035. By then, Landsnet expects to have eliminated all transmission bottlenecks, allowing electricity to flow freely between northern and southern Iceland. This could help stabilise supply during dry years and add up to 300 GWh annually through improved efficiency.

Supporting economic growth and the energy transition will require approximately 6,000 GWh of additional electricity by 2035, without factoring in the potential for domestic production of sustainable aviation fuel, an emerging technology area whose feasibility remains uncertain.

Energy demand forecasts from Landsnet, the National Energy Authority, and Samorka are broadly aligned. Iceland's electricity generation capacity has grown by 15% over the past decade. During that time, Landsvirkjun commissioned three new power stations, Búðarháls (2014), Þeistareykir (2017), and Búrfell II (2018), collectively contributing 2,000 GWh per year to the grid.



↑ **Búrfell Station II**
Landsvirkjun's newest power station, Búrfell Power Station II, started operations in 2018.

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What can we do in the next 10-12 years?

Powering prosperity

The next 10 to 12 years will be crucial in shaping Iceland's energy future. Meeting the growing demand for electricity while driving economic growth and completing the transition from fossil fuels is a significant challenge but entirely achievable. There is no need for drastic measures or to harness every river and gust of wind. The solutions are within reach and built on proven resources and expertise.

Thanks to Iceland's geography, hydropower, geothermal energy, and onshore wind remain the most practical and cost-effective options. While new technologies may reshape the energy landscape in the future, these three sources will continue to be the backbone of Iceland's electricity system for at least the next decade. Solar, tidal, and offshore wind energy are not viable in Icelandic conditions.

Projects classified under the utilisation and on-hold categories in the Master Plan could provide the electricity needed to support economic growth and accelerate the transition from fossil fuels. However, some projects remain delayed despite recommendations to move forward. What happens next will shape Iceland's future. We all aim to reduce emissions and ensure a high quality of life for future generations. But without new energy production, shortages could become a real constraint, limiting progress when we can least afford it.



Enhancing energy efficiency

A report commissioned by the National Energy Authority, the Ministry of Environment, Energy and Climate, and Landsvirkjun, carried out by the Danish consultancy company Implement, was published in November 2023.

Iceland's wealth of renewable energy has long shaped its approach to electricity. With a stable supply and reliable access, efficiency has rarely been a primary concern. In contrast, much of Europe has spent years refining energy conservation strategies guided by extensive research and data. Until recently, Iceland had little groundwork in this area.

The report shows that Iceland could reduce electricity consumption by up to 360 GWh in the next five years by making more intelligent use of existing energy. The most significant savings would come from small businesses and institutions, where relatively minor upgrades such as switching to LED lighting or improving cooling systems could have an immediate impact with little upfront investment. A more ambitious approach could achieve nearly 800 GWh in additional savings over the next decade. However, realising this full potential will require significant funding, and without government incentives, many of these projects will remain financially unviable.

We should remember that this assessment is not entirely precise, and further research is required to explore the opportunities within each industry in greater depth. Even so, these findings are highly encouraging. Although an implementation plan has not yet been established, there is every reason to encourage the government to develop a clear strategy. This transition will not happen independently, and the most promising opportunities will require public support, as they are unlikely to be economically viable otherwise.



Hvammur is Landsvirkjun's next hydropower project.



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Moving in the right direction- electrifying transport

Transport electrification has advanced rapidly. A decade ago, widespread electric vehicle adoption seemed distant, but today, EVs comprise a growing share of Iceland's vehicle fleet. Battery technology advancements have made direct electrification viable for previously unlikely industries. Iceland should electrify as many vehicles as possible, as battery-powered transport is the most feasible option.

This shift presents infrastructure challenges. As electric vehicles increase, charging networks must expand. Quick, convenient, and affordable charging will influence the transition's success. Local utilities and distributors must ensure Iceland's electricity system supports this growth, especially by reinforcing distribution where needed.

Yet electrification alone will not be enough. Heavy-duty trucks, large ships, aircraft, and industrial processes still rely on fossil fuels, and battery technology is not yet advanced enough to replace them. In Iceland's harsh conditions, electric trucks often achieve only half their advertised range, making long-haul transport especially difficult. That's where alternative fuels such as hydrogen, biofuels, and synthetic e-fuels come into play.

Landsvirkjun is already laying the groundwork for Iceland's next energy shift. Two key projects are in development: one focused on hydrogen production and the other on methanol. The hydrogen project, developed in partnership with Linde, is part of the Icelandic Hydrogen Valley initiative, which brings together leading companies to create a complete hydrogen value chain from production to distribution and end-use.

The first step is launching a 5–10 MW electrolyser and building the necessary hydrogen storage and refuelling infrastructure. Initially, the focus will be on industrial use and heavy transport. The project will also invest in education and research, focusing on the next generation of technicians and engineers, ensuring Iceland builds the expertise needed to scale up when demand increases.

Over the next 3–5 years, hydrogen is expected to become a viable option for the most challenging heavy transport and industrial processes, sectors where direct electrification is not feasible. The impact could be significant because a single long-haul freight truck carrying heavy loads emits as much as several dozen passenger cars.

Looking ahead, the next 10–12 years could see domestic aviation begin its transition, whether through battery-powered aircraft or hydrogen. Hydrogen may also play a role in producing biofuels and e-fuels for maritime transport and aviation. While land and sea transport solutions are already emerging, the path forward for aviation, mainly international flights, remains less certain. Rather than focusing solely on long-term targets like full decarbonisation by 2040 or 2050, the priority should be taking practical, well-planned steps. The key is to start with smaller-scale projects, building the knowledge and infrastructure needed for more significant transitions in the future.

Iceland has already seen the consequences of falling behind on emissions reductions. After the Kyoto Agreement, the country was required to purchase carbon allowances for ISK 350 million. If Iceland fails to achieve a 40% reduction in emissions by 2030, the financial penalties will be counted in billions every year until commitments are met.

We can move quickly toward the third energy transition. Just as the shift to renewable home heating transformed the energy landscape, the same is possible for land and sea transport. Still, collective action must be taken from the government, industry, and the public.

There is no single, perfect solution to Iceland's energy transition. The path forward must be multifaceted, combining energy efficiency improvements, the right conditions for large-scale energy transition projects, and investments in transmission networks and infrastructure. At the same time, energy production must increase in line with the framework established in the Master Plan, our democratically agreed-upon roadmap for responsible energy development.



↑ A transformer being transported to Írafoss Power Station.

Hydrogen is expected to become a viable option for the most challenging heavy transport applications within the next 3–5 years.



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Power projects under development

All permits secured for Búrfell Wind Fram

Landsvirkjun is expanding its renewable energy portfolio with its first wind farm, Búrfell Wind Farm. Situated near Vaðalda, the project will consist of 28 wind turbines, generating over 440 GWh of electricity annually, with a total capacity of up to 120 MW.

The site is ideally suited for wind power and is nestled between Búrfell and Sultartangi, close to Landsvirkjun's existing operations at Búrfell Power Station. The strong, steady winds, easy infrastructure access, and connection to the national grid make it an optimal location.

Essential infrastructure work will begin at Vaðalda in 2025, preparing for wind turbines arriving in early 2026. Installation will start that summer, with 14 turbines operational by year's end and full production beginning in 2027.

In September, the National Energy Authority granted the power generation license, and local authorities in Rangárþing ytra approved the necessary permits for road construction and temporary work camp facilities.

In November, Enercon GmbH agreed to design, manufacture, and install wind turbines and a long-term service contract for at least 15 years.

During the year, tenders were initiated for consultancy services related to infrastructure, wind turbines, transformers, and geotechnical studies.

- › The consulting firms Verkís and Ramboll were contracted for structures and electrical equipment.
- › Collaboration continued with the engineering firm Afry and the law firm Kromann Reumert.
- › The contractors Alma Verk and Bergborun were engaged for geotechnical investigations, which took place during the summer and autumn.
- › Tenders for road construction and project supervision were announced.
- › Contracts were signed with Borgarverk for road construction and Cowi Iceland for project supervision.
- › An agreement was made with Efacec for the production of a transformer.

Other major contractors are also involved in the planned wind farm project. Landsnet will construct a new substation at Ferjuft, connecting the wind farm to the Sigöldulína 3 transmission line. The connection agreement was finalised in August.

At the same time, Landsvirkjun has been collaborating with the Icelandic Road Administration to evaluate necessary enhancements to South Iceland's road network to facilitate turbine transport. One priority is the reinforcement of Landvegur, a project scheduled for 2025. Furthermore, Landsvirkjun has partnered with Orkufjarskipti to bolster the region's electricity and fibre optic infrastructure.

Alongside ongoing preparations, significant progress was made in permitting and planning throughout the year. In May, the master plan amendment and detailed development plan for Vaðalda were published in the Official Government Gazette, officially bringing the new land-use plan into effect. In June, Parliament approved amendments to the Public Land Act, and by August, a land-use agreement had been finalised with the Prime Minister's Office.

Meanwhile, the Environmental and Natural Resources Board of Appeal received appeals challenging the power generation license and construction permit. Although the committee dismissed a request to halt construction, a final ruling on the appeals is expected in the first quarter of 2025.



Jón G. Valgeirsson, Mayor of Rangárþing ytra, Hörður Arnarson, CEO of Landsvirkjun, and Guðlaugur Þór Þórðarson, Minister for the Environment, Energy, and Climate, on-site at Vaðalda as construction commenced.





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Hvammur Hydropower Station

Hvammur Power Station will be the first hydroelectric station in the lower Þjórsá River and the eighth in the Þjórsá-Tungnaá system, with a capacity of 95 MW and an expected annual production of 740 GWh.

After years of preparation and a lengthy permitting process, the Reykjavík District Court ruled in January 2025 to annul the power generation license for the Hvammur Power Project. The court determined that the Environmental Agency of Iceland lacked legal authority to approve changes to the water body, rendering the license invalid. The National Energy Authority reissued the permit in September 2024 after it was previously revoked more than a year earlier.

The ruling has generated uncertainty regarding the project timeline. Before the licence was overturned, the plans were to finalise turbine procurement in 2025 and issue significant tenders. The project was also set to progress to Phase 5 in September 2025, when the Board would decide whether to move forward with full-scale construction.

Hvammur had already passed Phase 4 in December 2022, initiating the procurement phase. Throughout 2024, project efforts were focused on preparing tender documents, issuing the first tenders, site preparations at Hvammur 3, and securing necessary permits.

By early 2024, approvals had been granted by the Cultural Heritage Agency of Iceland and the Directorate of Fisheries. In April, the Environmental Agency of Iceland authorised the project, and in September, the National Energy Authority reissued the power generation license, which was later annulled. In October, both municipalities involved granted the necessary construction

permits. The master plans for both municipalities had long included Hvammsvirkjun, and the detailed development plan had been in place for several years.

Construction at Hvammur 3, located on land owned by Landsvirkjun and not subject to the Hvammur construction permit, continued throughout the year. As soon as conditions permitted, work commenced within the main project site.

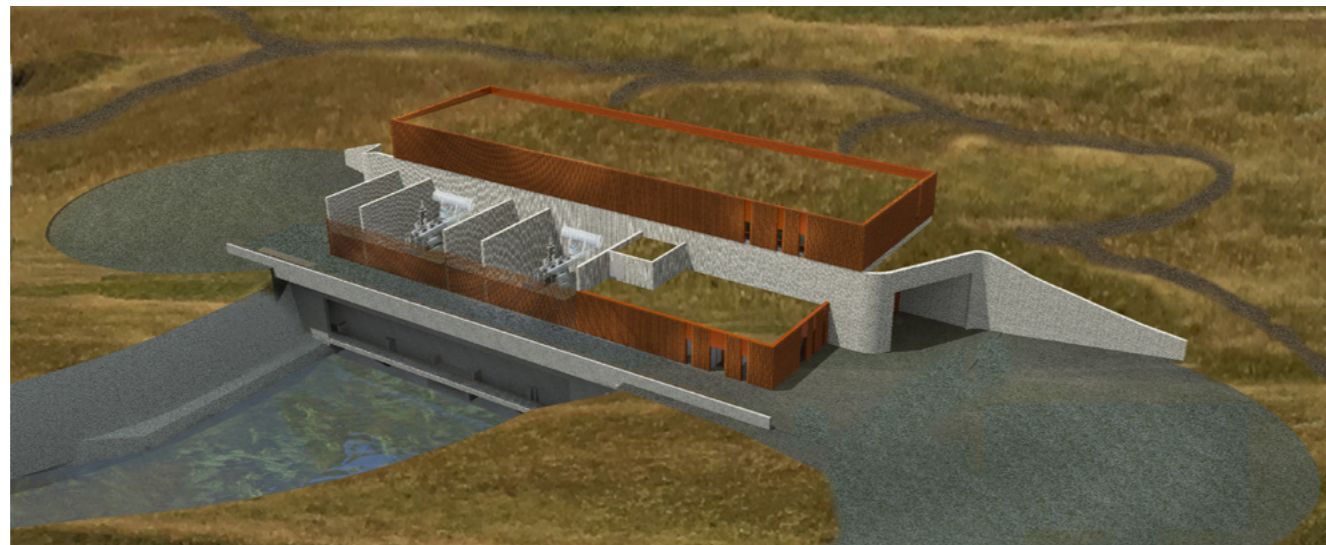
Most institutional decisions related to Hvammur in 2024 were appealed. By year-end, outstanding appeals remained for all permits and authorisations except the Cultural Heritage Agency’s approval. Rulings were pending from the Environmental and Natural Resources Board of Appeal and the Minister, while the EFTA Surveillance Authority received a complaint regarding the licensing process.

The contractor, Foss (COWI and Verkis), is responsible for the design of the Hvammur Hydropower Project.

Several key tenders were launched in 2024:

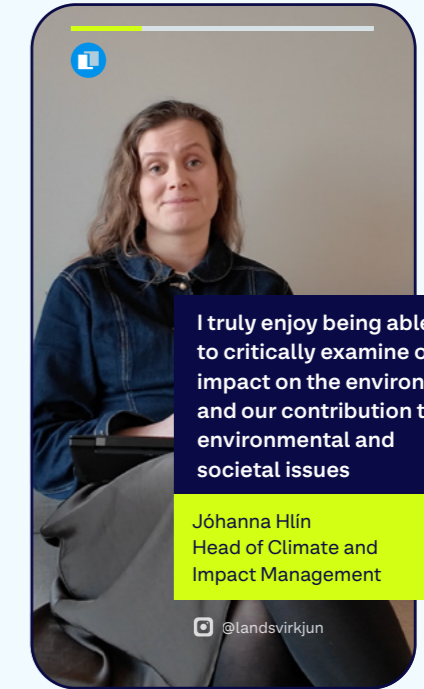
- Demolition and site clearance at Hvammur 3.
- › Upgrades to Hvammsvegur Road.
- › Water supply contract (Berg ehf.).
- › Office facilities at Hvammur 3: Completed in December.
- › Work camp installation: Announced in December; completion expected by December 2025.
- › Prequalification for turbine procurement: Bids opened in February 2025.
- › Groundwork and construction: Tendering scheduled for Q1–Q2 2025.
- ›

In November, Fossvélar signed a contract for road construction, work camp preparations, and fish ladder infrastructure. Completion is expected by November 2025.



← A computer-generated image of the Hvammur Power Station.

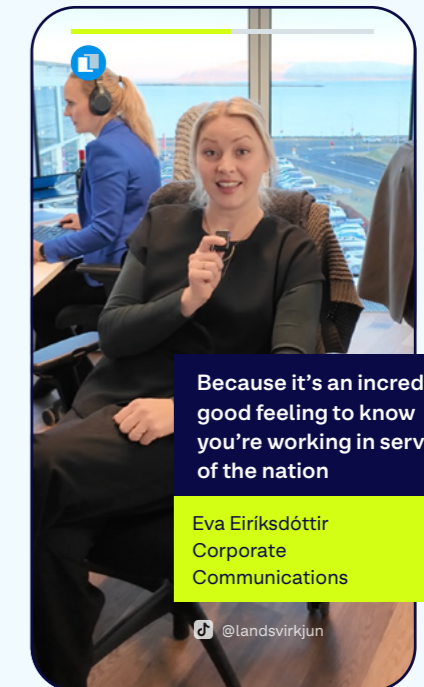
Why do you work at Landsvirkjun?



I truly enjoy being able to critically examine our impact on the environment and our contribution to environmental and societal issues

Jóhanna Hlín
Head of Climate and Impact Management

@landsvirkjun



Because it’s an incredibly good feeling to know you’re working in service of the nation

Eva Eiríksdóttir
Corporate Communications

@landsvirkjun





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Sigalda extension

Construction on the Sigalda extension is set to begin in spring 2025, following the issuance of a power generation license by the National Energy Authority in September 2024. The extension involves adding a fourth turbine, increasing the station's installed capacity by 65 MW to 215 MW. The project is expected to boost annual generation by 10 GWh, with the new turbine scheduled for commissioning by late 2027 or early 2028.

The year marked the start of the procurement and preparation phase. The municipal master and zoning plans have been approved, an updated connection agreement with Landsnet has been finalised, and the required grid contribution fee has been settled.

No appeals were filed against the power generation license. The application process for construction permits is underway, with approvals from the relevant municipalities expected soon. Once municipal approval of the architectural blueprints is secured, construction permits are anticipated in May or June 2025.

COWI (engineering), Plan Studio (architectural design), and Landform (landscape architecture) have signed consultancy agreements for final design and tender preparation.

Preparations for simultaneous improvement projects alongside the extension are progressing. Work is underway on defining and designing preparatory projects, with transformer and electromechanical equipment tenders scheduled for the first half of 2025, as well as tenders for construction supervision.



Other power projects

Landsvirkjun is actively developing multiple renewable energy projects at various stages of preparation. The projects classified under the utilisation category of the Master Plan are all located in North Iceland, including geothermal developments at Peistareykir, Krafla, and Bjarnarflag, as well as hydropower and wind energy projects near Blanda Power Station.

However, electricity demand is increasing rapidly in Southwest Iceland, where Landsnet's transmission capacity from North Iceland to the southwest region is fully utilised. These grid limitations impact the timeline for advancing these projects.

Planned Renewable Energy Projects.

- › The expansion of the Peistareykir Geothermal Power Station is classified under the utilisation category in the framework plan, and work is currently underway on project design. The installed capacity for the next phase is 45 MW, with an estimated annual generation capacity of 370 GWh. Additionally, preparations are being made to install a so-called topping unit, incorporating a 25 MW back-pressure turbine with an annual generation capacity of 210 GWh.
- › Blanda Wind Farm is a wind power project located near the Blanda Hydropower Station and is also classified under the utilisation category in the Master Plan. Wind resource assessments have been ongoing, alongside further environmental studies. The planned installed capacity is 100 MW, with an estimated annual generation capacity of 350 GWh.
- › New hydropower stations in the Blanda catchment area with a total installed capacity of 30 MW and an estimated annual generation of 190 GWh. These projects fall within the utilisation category of the framework plan; however, limitations in Landsnet's transmission system currently prevent their implementation.

The Master Plan Steering Committee has recommended that three hydropower projects in South Iceland—the Holta, Skrokkalda, and Urriðafoss projects be classified under the utilisation category. However, final approval from the Icelandic government and Parliament remains pending. Landsvirkjun is optimistic that a decision will be reached during the spring 2025 parliamentary session.

Beyond these projects, Landsvirkjun is exploring ways to enhance capacity in existing hydropower stations to increase system flexibility in response to the energy transition and the future expansion of wind power. The primary focus is on capacity upgrades and expansions in the Þjórsá region. Additionally, in 2024, Landsvirkjun initiated studies to evaluate potential wind power sites on Fljótsdalsheiði and north of Húsavíkurfjall Mountain, further strengthening Iceland's renewable energy portfolio.



Sigalda Station.



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Business development and innovation

Landsvirkjun drives diverse and innovative business development projects forward, turning years of groundwork and strategic partnerships into reality.

Iceland remains an attractive destination for domestic and international investors, with renewable energy and robust infrastructure playing a key role. Opportunities are expanding, particularly in food production sectors such as seaweed farming, land-based aquaculture, high-tech greenhouses, and data centre development. These industries are growing rapidly worldwide and can contribute to economic growth and global climate efforts by leveraging Iceland's renewable energy resources.

Wind power balancing services

New business development opportunities arise as Iceland plans to expand its wind energy. We have developed a wind power balancing service introduced in November. This service enables the integration of variable wind energy by storing water in reservoirs during periods of high wind generation and supplying energy back to wind power producers when wind speeds drop. This approach ensures a stable and predictable power supply for wind energy providers. However, the service depends on available capacity, regulatory developments, and the capability of the transmission system.

Landsvirkjun aims to sell up to 100 MW of curtailable power, which could stabilise energy delivery from 250 MW of installed wind capacity. The plan includes the option for bilateral long-term agreements, which would provide a foundation for wind energy investments by enabling the sale of reliable electricity, independent of weather conditions. As the service will likely be partially interruptible, it may require flexibility from power consumers to accommodate fluctuations in supply.



Laxey and Landsvirkjun representatives inside one of the tanks where market-size fish will be farmed.

The first phase includes the construction of eight such tanks.

From left: Hrafn Sævaldsson, Head of Finance and Administration at Laxey; Hörður Arnarson, CEO of Landsvirkjun; Lárus Ásgeirsson, Chairman of Laxey; Halldór Kári Sigurðarson, Key Account Manager at Landsvirkjun; Ríkarður Ríkarðsson, Executive Vice President of Business Development and Innovation at Landsvirkjun; Conor Byrne, Business Development Manager at Landsvirkjun; Steinunn Pálmadóttir, Legal Counsel at Landsvirkjun; and Hallgrímur Steinsson, Head of Technical Affairs at Laxey.

Power contract with Laxey

Landsvirkjun has signed a green power contract with Laxey for its new land-based salmon farming facility in the Westman Islands. This agreement reflects Landsvirkjun's focus on supplying renewable energy to innovative industries that align with Iceland's natural strengths and resources.

As part of the agreement, Laxey will purchase Guarantees of Origin for its entire electricity consumption, ensuring full traceability of its clean energy use. This is an important factor for marketing farmed salmon internationally.

Laxey will be Landsvirkjun's first major energy customer in the Westman Islands, marking an important milestone in supporting local economic growth and value creation. This project also contributes to strengthening the island's electricity transmission infrastructure.

The development will occur in phases over the coming years, with an estimated power demand of 22 MW once fully operational. Achieving this scale depends on Landsvirkjun's increased energy production.





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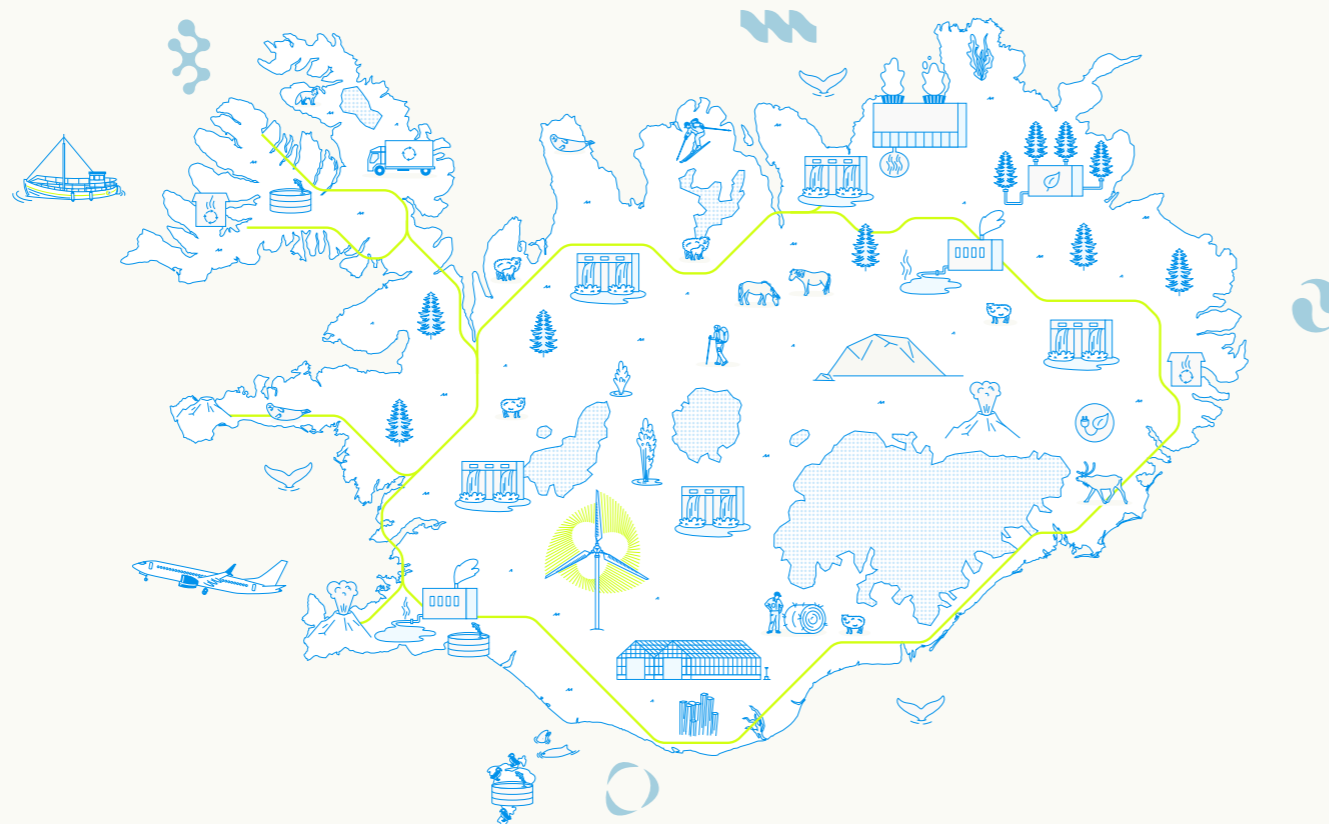
Collaboration on energy innovation across Iceland

Landsvirkjun remains committed to driving energy-related innovation in rural areas. It supports projects such as Blámi, Eimur, Eygló, and Orkídea in partnership with the Ministry for the Environment, Energy, and Climate, local municipalities, and key stakeholders.

These initiatives have exceeded financial expectations, securing more than 1.7 billion ISK in funding and grants over the past five years. Beyond financial returns, they contribute to knowledge sharing, the energy transition, and the creation of diverse job opportunities. By the end of 2024, these projects had 16 full-time positions, with professionals from various backgrounds working together to drive progress.

Collaboration is crucial in energy transition and various other projects within rural communities. We prioritise building robust partnerships and facilitating the free exchange of knowledge across multiple regions. Energy opportunities extend beyond specific locations; for instance, we identify potential in maritime energy transition initiatives in East Iceland and the Westfjords and biomass utilisation in South and North Iceland.

We engage in industry events and initiatives to enhance our collaborative efforts, including Iceland Innovation Week, international cluster conferences like TCI Global, and specialised strategy workshops. These meetings refine our focus and harmonise our goals.



Orkídea

Orkídea continued its work on two EU-funded projects awarded the previous year. Terraforming LIFE focuses on maximising organic waste from agriculture and aquaculture, converting it into fertiliser and biogas. Value4Farm aims to develop a sustainable value chain using local energy sources, addressing the needs of farmers in the rural Árnessýsla municipality by producing biogas and fertiliser from cattle manure and horticultural waste. A stakeholder meeting was held in the region to present the project, and a focus group was formed to assess farmers' energy production needs and gather their perspectives on biogas production. The partnership agreement for Orkídea was renewed through 2027, ensuring continued collaboration on these initiatives.

Eygló

Two project managers were hired at Eygló during the year as the organisation continues to define its key focus areas for the coming months. Its work will centre on the energy transition, energy efficiency, and circular solutions in East Iceland. Eygló collaborated with the consultancy firm Environice to create a carbon footprint report for East Iceland and supported local entrepreneurs with grant applications and energy-related outreach efforts. The Company also spent most of the year engaging with regional stakeholders, establishing connections with potential partners, and introducing Eygló's mission to local communities.

Blámi

Blámi continued its work on the energy transition for land and sea transport in the Westfjords throughout the year. One of its key focus areas has been exploring ways to reduce emissions and heating costs in cold regions. As part of this effort, Blámi has assessed the potential for repurposing decommissioned infrastructure to power magnetic heaters for water heating. The team has also been investigating geothermal energy opportunities in Gálmaströnd and Steingrímsfjörður, working closely with those responsible for infrastructure development in the Westfjords. In addition, Blámi secured funding from the Energy Fund on behalf of Trefjar Boatbuilders, which will be used to support the construction of Iceland's first electric boat. Beyond these projects, Blámi assisted several applicants in the Westfjords with Energy Fund grant applications, many of which received successful allocations. The organisation's partnership agreements were renewed, ensuring operations will continue at least until the end of 2026. A new project manager based in the southern Westfjords was also hired to further support local initiatives.

Eimur

Eimur expanded westwards as municipalities in Northwest Iceland joined the project under the umbrella of SSNV. Following this, two new project managers based in Northwest Iceland were appointed. Eimur has been actively supporting the establishment of a biogas facility at Dýsnes and the development of a methane production facility in the region. The team also provides project management, technical expertise, and market advisory services. A primary focus in 2024 was the RECET project (Rural Europe for the Clean Energy Transition), which secured ISK 225 million in EU funding in 2023. The project aims to enhance the capacity of municipalities and businesses across five European countries to prepare for and manage the energy transition. Eimur also led workshops on the energy transition for all municipalities in Northeast Iceland, compiled a nationwide summary of oil consumption, and organised conferences on the energy transition in North Iceland.

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Landsvirkjun has extensive and internationally acknowledged experience in developing and operating hydropower, wind, and geothermal energy projects, knowledge that is increasingly sought after internationally. Our overseas activities support our vision of a sustainable world powered by renewable energy, focusing on delivering positive climate, social, and economic benefits.

We aim to contribute to the energy transition in the Arctic by sharing our expertise and ensuring that our international operations meet the same high standards as those in Iceland in terms of profitability, risk management, sustainability, environmental responsibility, and ethics. However, our primary focus will always remain on Iceland.

New international strategy

Landsvirkjun introduced a new strategy for international operations this year, setting clear guidelines for its growth and scope. Expanding abroad presents an opportunity to enter new markets, increase company value, enhance future dividend potential, risk diversification, and gain expertise and connections that can benefit Iceland.

The focus will be on renewable energy development and investment in hydropower, wind, and geothermal projects, particularly in Canada and Greenland. Landsvirkjun aims to invest in up to 100 MW of installed renewable capacity abroad by 2035, with a long-term target of up to 350 MW by 2045.

Project development and investments

Project development is progressing in Greenland and Canada.

In Canada, we are working with Growler Energy to develop renewable energy generation. Alongside Growler Energy, we are also collaborating with Qalipu Holdings in Newfoundland, the investment arm of a First Nations organization in the province.

We have also participated in a pilot project with Nunavut Nukkiksautiit Corporation (NNC) in the Nunavut region of Canada. This project, funded by the Canadian government, aimed to reduce the use of diesel for electricity generation in the town of Sanikiluaq by integrating wind power with battery storage for energy generation and stabilization. Construction is underway and is expected to be completed in 2025. Landsvirkjun's participation and contribution to the project were primarily in the form of expertise rather than direct investment. At the end of 2024, Landsvirkjun and Growler Energy began selling their stake in the project to NNC, which plans to complete construction and operate the project long-term.

These initial steps in Canada have provided us with valuable insight into executing such projects in the region and have confirmed the relevance and potential value of our approach.

The Akhalkalaki hydropower plant in Georgia performed well throughout the year. The station has an installed capacity of nearly 10 MW. It is jointly owned by Caucasus Clean Energy Holding, which invests exclusively in hydropower projects in Georgia, LPV Co (owned by Landsvirkjun and the engineering firm Verkís), and Hydro Energy.

Consultancy

Landsvirkjun also participates in international consultancy projects, primarily focusing on projects under their ownership and development. In 2024, the most significant consultancy projects were related to large-scale pumped storage hydropower developments in Australia, designed to provide dispatchable electricity generation and balance the increasing share of wind power in the country's energy grid.





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Energy production

Renewable electricity production in 2024

Hydropower 12,859 GWh

Electricity generation from Landsvirkjun's hydropower stations totalled 12,859 GWh this year, compared to 13,480 GWh in 2023, accounting for 91% of the Company's total production in 2024.

Landsvirkjun operates 14 hydropower stations across four operational regions in Iceland. Further details can be found in the [Landsvirkjun Power Stations section](#).

Geothermal 1,306 GWh

Electricity generation from Landsvirkjun's geothermal power stations totalled 1,306 GWh in 2024, up from 1,248 GWh in 2023, accounting for 9% of total production.

Landsvirkjun operates three geothermal power stations, which house five generating units.

Wind energy 6.7 GWh

Landsvirkjun operates two research wind turbines at Hafíð, north of Búrfell. Each turbine has an installed capacity of 0.9 MW. In 2024, they generated 6.7 GWh of electricity, compared to 6.2 GWh in 2023.

Power station operations

Landsvirkjun's power stations operated efficiently and reliably throughout 2024, with monitoring, maintenance, and supervision procedures remaining stable over the year. Unscheduled disruptions were reduced to 60 incidents, down from 65 in 2023.

Landsvirkjun aims for 99% availability, excluding scheduled maintenance periods.

In 2024, turbines were available 99.8% of the time, exceeding this target.

The Company operates a certified, integrated management system covering quality, environmental, and occupational safety standards in compliance with ISO 9001, ISO 14001, and OHSAS 45001. Additionally, Landsvirkjun's internal electrical safety management system (RÖSK) meets the regulatory requirements set by the Housing and Construction Authority.

Landsvirkjun's electricity generation has been certified as green energy by the German certification body TÜV SÜD, and the Company's information security management system is certified under ISO 27001.

Why do you work at Landsvirkjun?



I work at Landsvirkjun because so many bright and fun people work here, doing diverse tasks

Ólöf Rós
Project Manager
Hvammsvirkjun

@landsvirkjun



Because I saw a job ad in Dagskráin while working at a district heating plant in Selfoss. I decided to apply and wanted to try it out

Grétar Lárus
Operations and Maintenance
Þjórsá Area

@landsvirkjun





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Extensive maintenance projects in 2024

Landsvirkjun carried out 177 infrastructure maintenance and refurbishment projects across its power assets in 2024. The most significant projects of the year involved extensive earthwork at Þórisvatn Reservoir in the Þjórsá region, consisting of embankment protection on the Þórisós Dam, including necessary quarrying and improvements in the Vatnsfell Canal below the gate structure.

Þórisós Dam

The refurbishment of Þórisós Dam began with extraction from a newly developed quarry on the banks of the Köldukvísl River, below the Sprengisandsvegur Road, in the summer of 2022. The quarry performed well, and final restoration and an environmental inspection by the Environment Agency were completed in October 2024. The wave protection reinforcement project took two years: the final wave protection and site restoration, including rock pile removal, was completed in October 2024. Contractor facilities were dismantled, and the Environment Agency approved the final inspection.

Vatnsfell canal

Improvements to the Vatnsfell Canal below the gate structure began in the spring of 2024 with the instalment of contractor facilities and excavation to create berms on both sides of the canal. The Vatnsfell Reservoir and its canal were drained, facilitating sediment removal from the canal bed. Concrete work on the erosion protection slab was completed by mid-July, after which the reservoir was refilled. The entire project was finalised in late July.

Large-scale projects in North Iceland

The two most significant refurbishment projects at the geothermal power stations in North Iceland focused on mitigating persistent corrosion in the vent/exhaust pipes from the steam valve house at Þeistareykir and replacing the wet floors in cooling tower two at Krafla Power Station. To address the corrosion issue, separated water from the separation station was redirected into the pipes, helping to reduce the acidity of the condensate. The load-bearing beams and wet floors in Krafla's cooling tower were also replaced. The beam design was modified, eliminating the use of birch plywood in favour of fibre-reinforced plastic, significantly extending their expected lifespan.

The largest refurbishment project at hydropower stations in North Iceland focused on upgrades to the bottom outlet channel at Blanda Power Station. Reinforced concrete support walls were constructed on top of the side walls of the outlet channel, and an erosion protection slab was cast behind the discharge channel, where bed erosion had advanced close to the structure. The project began in mid-summer and was fully completed by mid-September.

Rockfall protection at Kárahnjúkar

The rockfall protection project at Kárahnjúkar was finalised during the summer. The main task was to install protective netting over the eroded escarpment below the rockfall barrier to prevent further undercutting. Additionally, the remaining sections of the original rockfall barrier were dismantled.

Work on drainage improvements at Ufsarlón's bottom outlet tailrace canal began in early August. The foundation slab was cast in early September, after which the contractor proceeded with shotcrete reinforcement of the walls and formwork preparation. However, adverse weather conditions from the 20th of September onwards caused delays, leading to a halt in construction. The project is approximately half completed and is scheduled to resume in 2025.

Challenges in a sold-out system and difficult water year

Electricity demand remained high throughout the year, with the power system operating close to full capacity, as in previous years. Demand from large-scale consumers was robust, and wholesale market demand where suppliers purchase electricity for households and small businesses also increased. Total electricity sales in 2024 reached 14,118 GWh, reflecting a 4% decrease from the previous year.

Electricity demand is expected to remain high in the coming years, driven by the energy transition, continued growth among energy-intensive consumers, and new businesses entering the market. The Icelandic energy market has changed significantly and quickly, with demand exceeding supply. As a result, Landsvirkjun has prioritised energy sales for the years ahead.

Despite persistent predictions of increased demand, the electricity supply has remained stagnant in recent years. Landsvirkjun has repeatedly stressed the urgent need to expand power generation, but delays in the permitting process have postponed projects under development for decades. As detailed in the section [Power Projects Under Development](#), work is beginning on the Hvammur Power Project, provided there are no further delays following the district court's revocation of the power generation licence and the wind farm at Vaðalda. Additionally, work will commence on the extension of Sigalda Power Station in the new year.

If everything proceeds as planned, these new power stations will not supply electricity to the grid until 2027–28. Until then, operating a fully committed electricity system remains challenging. Landsvirkjun's strained hydrological conditions have further intensified the situation, and with insufficient supply, pressure on electricity prices has increased. The generation system is operating near full capacity, with resource utilisation in 2024 estimated at 93%. This issue was addressed in Landsvirkjun's December market analysis live-streamed meeting, "What's Happening with Electricity Prices?"





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Why do you work at Landsvirkjun?



I am trained in mechanical engineering and have a great interest in hydropower plants and power plants in general

Sindri Freyr
Operations and Maintenance Fjótisdalsstöð

@landsvirkjun



Landsvirkjun is, of course, an incredible place to be if you want to make an impact on society

Haraldur Hallgrímsson
Head of Business Development

@landsvirkjun

One of the worst water years in Landsvirkjun's history

The water year 2023-2024 was one of the most challenging in the Company's history. As of October the 1st, 2023, reservoir levels were approximately 350 GWh below capacity. The winter months were dry and cold, leading to significant reductions in reservoir levels. By early May, only about 10% of the reservoir capacity remained. As an immediate response to these conditions, Landsvirkjun curtailed the delivery of tertiary power to fishmeal plants and data centres in December. Following the New Year, further curtailments were applied to large consumers under interruptible contracts and district heating plants. These reductions remained in effect until May, except for tertiary power to data centres and fishmeal plants. Nearly 500 GWh of energy was curtailed during the winter period. Following a warm and wet May, the summer months were dry and cold, with inflows falling well below expectations.

As of the 1st of October, 2024, the energy in Landsvirkjun's reservoirs stood at only 87% of capacity, necessitating the limitation of energy deliveries to customers in the Southwestern region. This decision was communicated in October. Although warm and wet weather in early November brought some improvement, it did not warrant revising curtailment measures. However, Landsvirkjun has the necessary tools to conserve water in its reservoirs, ensuring the delivery of priority electricity in line with contractual commitments.

Record-low groundwater levels in the Tungnaá River

At the end of the year, groundwater levels in the Tungnaá River catchment area were at their lowest since measurements began. As groundwater is the primary driver of the river's base flow, these record-low levels significantly impacted flow rates.

The underlying cause of this situation is a prolonged precipitation deficit over the past 3-4 years, particularly during the 2020-21 and 2023-24 water years. This has gradually depleted the groundwater reservoir, pushing Tungnaá's flow to the lower limit of its historical inflow range, especially during winter. Additionally, the river has shown a reduced ability to sustain flow following precipitation events, meaning water levels drop rapidly once rainfall subsides.

Recent trends have demonstrated that Landsvirkjun's energy balance in the Þjórsá region is highly sensitive to variations in Tungnaá's flow. Any deficit in the river's natural discharge must be supplemented by releases from Þórisvatn, which reached its lowest recorded level on the 1st of October. There is a clear correlation between low flow conditions in Tungnaá and the need to curtail energy supply per contractual obligations.

Geothermal

Landsvirkjun generates electricity from high-temperature geothermal reservoirs in the Mývatn region, specifically at Þeistareykir, Krafla, and Námafjall (Bjarnarflag Geothermal Station). These power stations extract geothermal fluid from production wells at depths of approximately 2,000 metres. The geothermal fluid consists of a mixture of steam and geothermal water, with the steam containing various dissolved gases. The steam is separated from the fluid inside the geothermal power stations and utilised for power generation.

In 2023, a total of 10,282 thousand tons of steam were used to generate 1,305 GWh of electricity. The total mass extraction from the geothermal systems amounted to 22,099 thousand tonnes, including production and research-related utilisation. Of this, 10,169 thousand tonnes of condensate and separated geothermal water were reinjected into the reservoirs.

In 2023, 9.754 million tonnes of steam generated 1,248 GWh of electricity. The total mass extraction from the geothermal reservoirs, including production and research-related utilisation, was 20.234 million tonnes. Of this, 9.9 million tonnes of condensate and separated geothermal water were reinjected into the reservoirs. Meanwhile, surface discharge of effluent water (separated and condensed geothermal water) amounted to 6.074 million tonnes.

At Krafla and Þeistareykir Geothermal Stations, the geothermal water (separated water) is removed from the steam, which is directed to drive turbines for electricity generation. The power stations primarily use groundwater as cooling water, which is also used as potable water. The cooling water is required to cool lubrication oil coolers, generator cooling systems, and ventilation systems. Finally, it is combined with additional groundwater for use in the cooling end of the process, including condensers and cooling towers.

Landsvirkjun conducts ongoing groundwater research in monitoring wells, fissures, and springs to assess the potential impact of geothermal effluent discharge on Mývatn's surface water system. Regular measurements have been conducted since 1997, and no significant impacts on Mývatn have been detected. In recent years, efforts have also been made to reduce surface discharge in Dallæk, and this work will continue as efforts are made to increase reinjection capacity in the area.

Hydrogen sulfide emissions

Landsvirkjun assesses gas emissions from geothermal production based on gas concentrations in steam and water from production wells. Additionally, hydrogen sulfide (H₂S) levels in the air are continuously monitored near power stations. Air quality is measured using four monitoring stations in residential areas and two additional stations near geothermal power stations, specifically tracking hydrogen sulfide concentrations.

The 2024 results show that all stations remained within environmental and reporting thresholds. However, data from part of the year is missing from two monitors due to malfunctions, which were partly caused by widespread disruptions in the national power grid in October.

The results will be available on our website under Published Materials. Real-time measurements can also be accessed on our website, and air quality monitoring is available on the Environment and Energy Agency's website at loftgaedi.is.



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Financial performance 2024

Income Statement

Strong results despite operational challenges

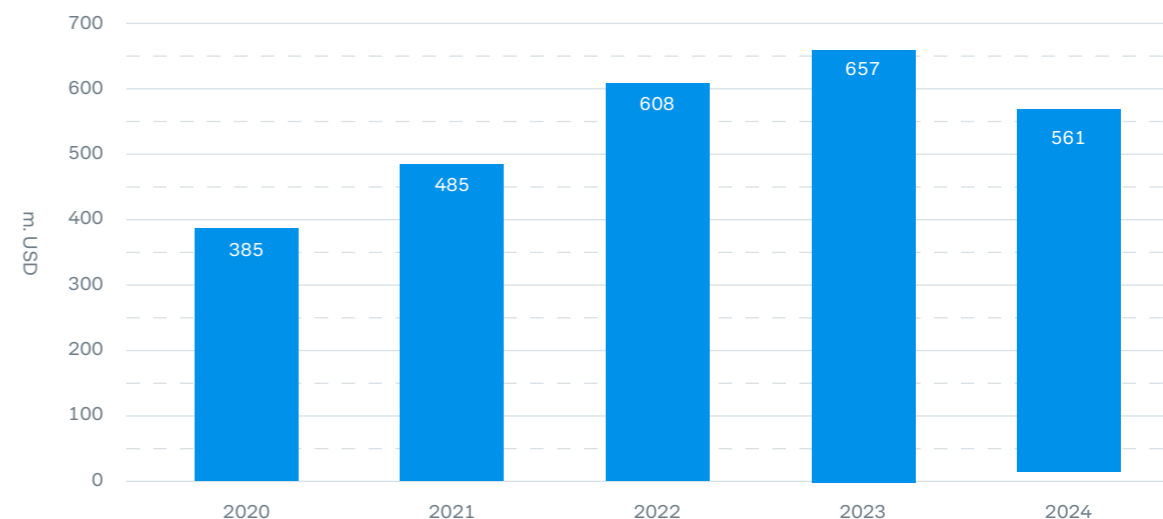
Landsvirkjun delivered strong financial results in 2024, maintaining stable operations in a fully committed electricity system. Profitability remained solid by historical standards but decreased compared to the record-breaking performance of 2023.

Challenging conditions marked the year, including a cold summer in the highlands and limited glacial melt, leading to historically weak hydrological conditions. As a result, electricity sales revenue declined, primarily due to curtailed energy deliveries. Additionally, the Nord Pool price linkage in a contract with a major customer expired at the end of 2023, reducing revenue potential. Furthermore, realised hedging gains were lower than the previous year, contributing to the overall decline in total revenue.

Operational Outlook

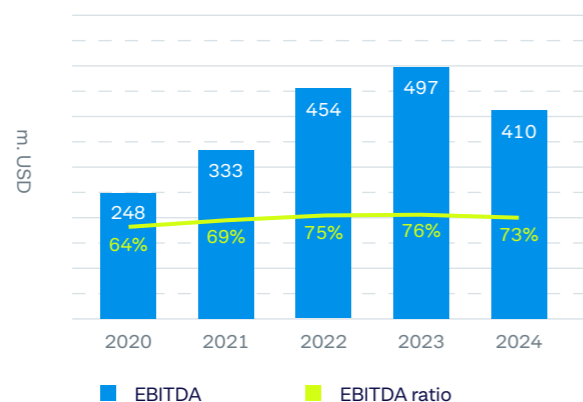
Operating a closed electricity system that relies entirely on renewable energy sources presents significant challenges, as natural conditions dictate annual generation capacity. However, the outlook for Landsvirkjun remains positive, with continued strong demand expected.

Development of operating revenue

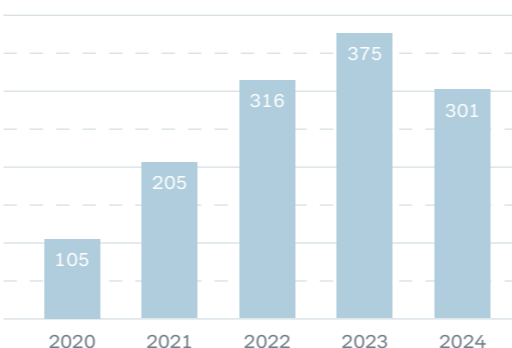


The Group's earnings before depreciation and amortisation (EBITDA) amounted to \$410 million, representing an 18% decrease compared to the previous year.

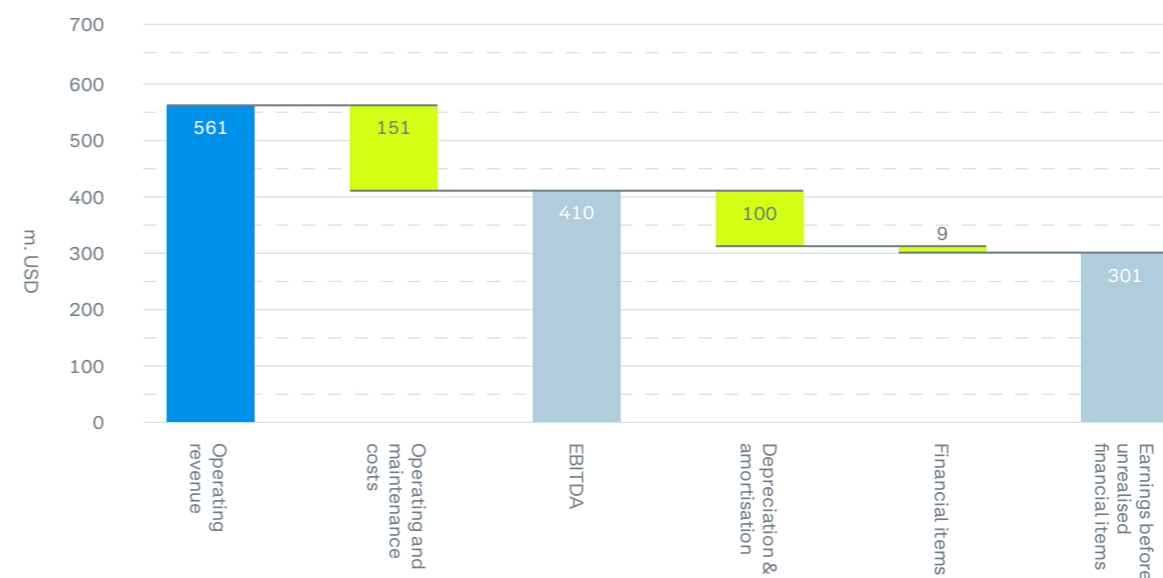
EBITDA & EBITDA ratio



Earnings before unrealised financial items



Profit before unrealised financial items, a key metric used by Landsvirkjun to assess core operations, decreased by \$75 million year-over-year.



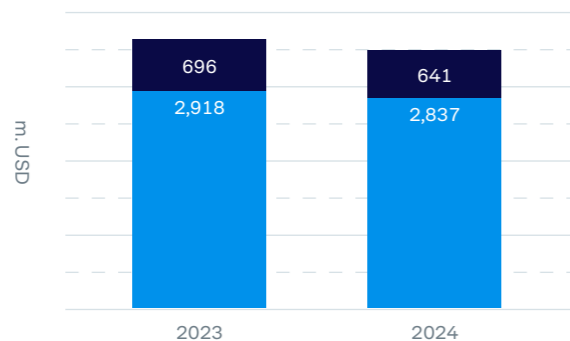


Financial position and key figures

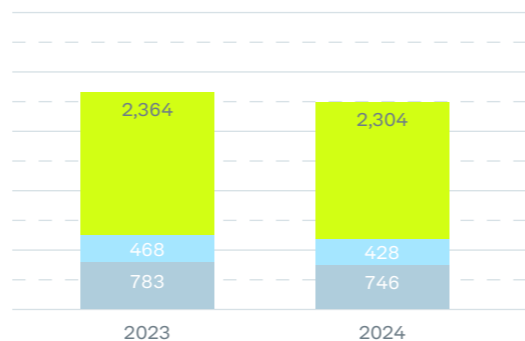
Balance Sheet

At year-end 2024, Landsvirkjun's total assets amounted to \$3,478 million, with cash and cash equivalents totalling \$79 million.

↓ Assets



↓ Debt & net assets



■ Operational assets ■ Other assets ■ Interest bearing debt ■ Other debts ■ Net assets

Interest-bearing debt amounted to \$746 million at year-end 2024, reflecting a \$37 million decrease from year-end 2023. Simultaneously, net assets declined by \$60 million, with the equity ratio rising to 66.2%, up from 65.4% at year-end 2023.

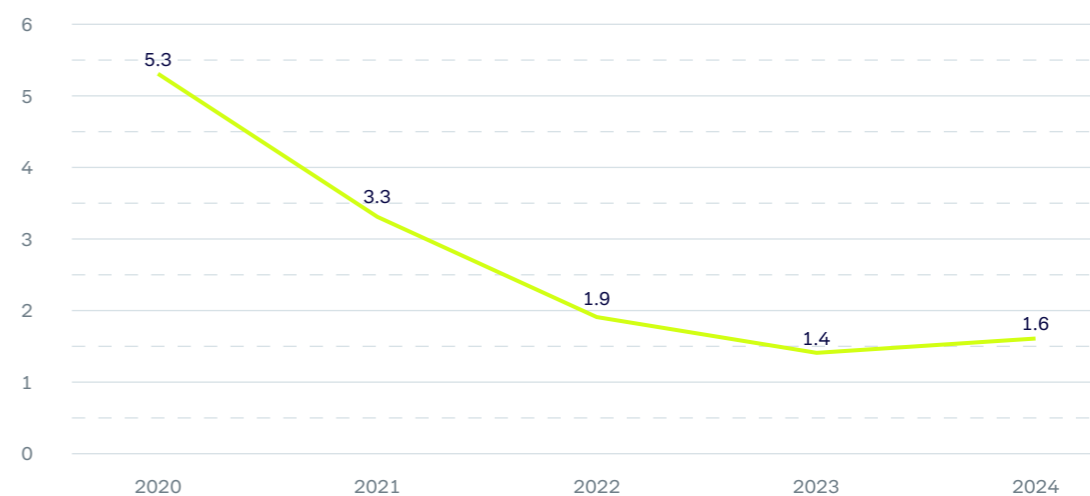
↓ Net debt & equity ratio



Net debt decreased by \$30 million compared to year-end 2023 (net debt is interest-bearing debt minus cash and cash equivalents). The equity ratio has steadily increased in recent years, reaching 66.2%, reflecting Landsvirkjun's strong financial position.

Debt relative to earnings before depreciation and amortisation (net debt/EBITDA) measures the Company's ability to service its interest-bearing debt in relation to its operating performance. At year-end 2024, this ratio stood at 1.6x.

↓ Net debt / EBITDA





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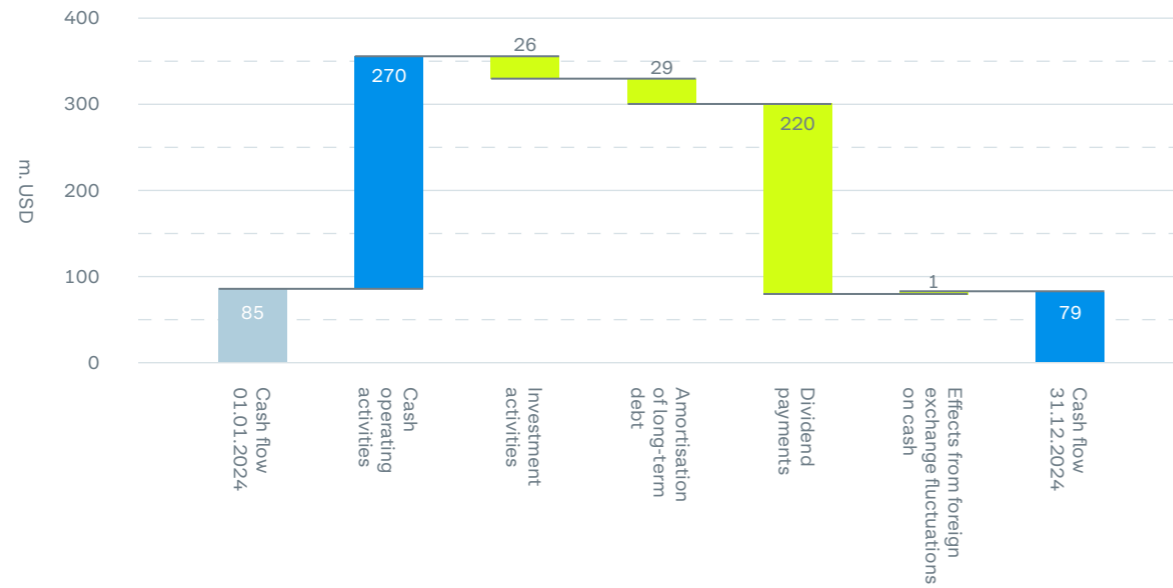
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Cash Flow Statement

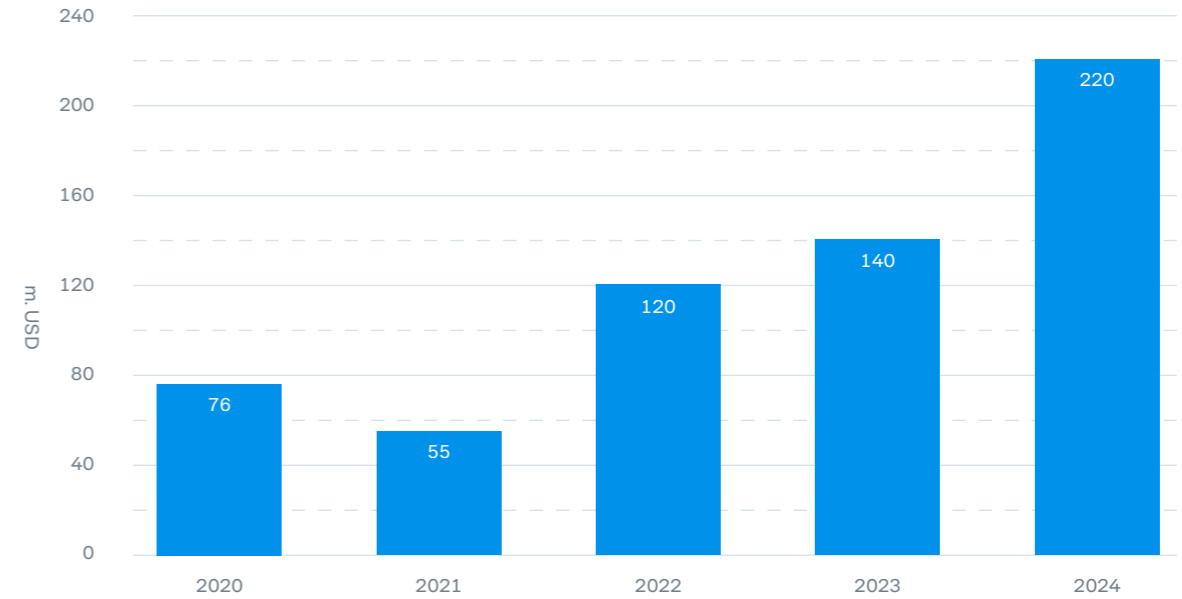
Fixed capital formation remained strong, though it declined from the record levels of 2023. Operating cash flow decreased by 35% year-over-year, amounting to \$270 million in 2024.

The Company's financial position continues to strengthen, alongside a significant reduction in debt and decreasing financial risk. In 2024, Landsvirkjun paid the state a dividend of ISK 30 billion, marking the largest dividend payment in the company's history.

↓ Cash flow



↓ Dividend payments





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Emphasis sustainability-linked financing

We prioritise secure and diverse financing options. Our funding comes from loans, bond issuances on international markets, and contractor financing, while we also maintain access to a credit facility from our commercial banks.

A strong commitment to green and sustainability-linked financing supports our strategy and vision for a sustainable future powered by renewable energy. Landsvirkjun has set clear goals to lead in climate and environmental matters, extending this approach to financial management. The Company’s policy is that all new financing must be sustainability-linked. At the end of 2024, 27% of Landsvirkjun’s total financing fell under this category.

Sustainability incentives

Green financing follows traditional funding principles but is exclusively allocated to projects or assets that generate positive environmental and climate benefits. Green bonds allow investors to direct their capital into environmentally responsible initiatives. We utilise green financing to fund assets supporting sustainable, responsible, and efficient use of Iceland’s natural resources for renewable energy production.

Sustainability-linked financing creates incentives to achieve ambitious, predefined sustainability targets. Our sustainability-linked loans are tied to key performance indicators in climate action, reflecting our commitment to the United Nations Sustainable Development Goals (SDGs) and broader sustainability objectives. A financial incentive is embedded in these agreements, as failure to meet sustainability targets results in higher loan interest rates.

Our green and sustainability-linked financing consists of the following:

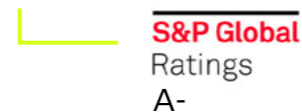
- » Four green bonds with a total value of \$200 million.
- » A sustainability-linked credit facility where interest rates are tied to our performance meeting specific sustainability targets. These targets include achieving carbon neutrality by the end of 2025 and eliminating fossil fuel purchases by 2030. The total value of the credit facility is \$125 million.

Active risk management

Risk management is part of the Company’s daily operations. Landsvirkjun has an active financial risk management strategy, protecting the Company against market risks, including fluctuations in revenue, exchange rates, and interest rates.

Financial Strength Reflected in A- Credit Rating from S&P Global Ratings

We have systematically worked to reduce debt in recent years, delivering significant results. Our leverage is historically low, and our financial strength has improved considerably. Our debt ratio ranks among the strongest in comparison to similar companies. Landsvirkjun holds a credit rating of A- from the credit rating agency S&P Global Ratings, which was confirmed in September. The company’s credit rating has steadily improved in recent years, reflecting Landsvirkjun’s strong financial position and positive outlook for the coming months



Economic impact of our operations in Iceland

Our electricity production fuels economic activity and value creation across Iceland. The impact extends beyond energy, generating business for local suppliers, tax contributions, dividends to the state, property tax revenues, and export income through energy-intensive industries.

As a state-owned Company, our success directly benefits the Icelandic people, with dividend payments contributing to public finances and national prosperity.

Economic Impact of the Parent Company (USD million)

Revenue 2024

Operating income	560.9
------------------	-------

Economic contribution

		2023	2024
Suppliers	Operating costs minus energy transportation	160.0	150.6
Employees	Wages & wage related expenses	50.4	55.6
Investments	Total investments	49.5	66.4
Owners and creditors	Dividends	140	220
	Net capital costs	11.2	11.2
	Repayments of long-term loans minus new loans	222.9	29.5
Public bodies	Income tax	200.5	117.8
Total economic contribution		651	

In 2024, over 80% of our procurement was sourced from domestic suppliers and contractors.

Much of our procurement is dedicated to our power stations’ ongoing maintenance and upgrades. We also invest in local infrastructure, strengthening the communities where we operate.

We actively support and participate in various innovation, research, and community projects, contributing to energy development, climate solutions, and broader societal benefits.



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Electricity markets and security of supply

Electricity markets are continuously evolving, and 2024 marked significant developments in market structure. In late 2023, Vonarskarð and Elma Orkuviðskipti were granted licenses to operate electricity trading platforms. Vonarskarð launched operations in the spring of 2024, with Landsvirkjun actively participating, while Elma is set to commence trading in early 2025. Establishing these market platforms aligns with Iceland's energy policy and electricity legislation, which has opened up electricity trading.

Introducing electricity trading platforms has led to structural changes in Landsvirkjun's electricity sales model. We operated a dedicated sales portal for several years, but following the abovementioned changes, sales have mostly shifted to the marketplace. These exchanges provide unprecedented transparency in supply, demand, and market pricing. However, competition law constraints linked to Landsvirkjun's dominant market position have resulted in more limited information disclosure than international markets. Over time, the platforms are expected to enhance market competition and transparency, delivering greater benefits to consumers and industry stakeholders.

Ensuring energy security a priority

Energy security was a pressing issue for the government in 2024. A proposal to amend the Electricity Act was introduced for public consultation, aiming to strengthen the reliability of the electricity supply. However, no formal bill was submitted to Parliament, and other key legislative proposals under discussion also remained unresolved.

Landsvirkjun believes the government must take firm action to safeguard electricity security for the public and ensure that legal responsibilities in this area are clearly defined.



Energy-intensive sales

The average electricity price for energy-intensive customers, excluding transmission costs, was \$29.9 per MWh in 2024, reflecting a 2% nominal decrease from the previous year. This reduction was primarily due to contractual pricing mechanisms.

Energy-intensive industrial operations performed well, with most customers operating at or near full capacity, supported by rising product prices. However, electricity sales to energy-intensive customers declined by 4% year-over-year, primarily due to a significant drop in demand from data centres. In addition, water shortages led Landsvirkjun to implement contractual curtailments, further contributing to the decline in electricity sales.

The data centre industry is transforming, shifting its focus towards high-performance computing, data storage, and artificial intelligence applications, replacing the previous emphasis on cryptocurrency mining.

Wholesale

The average price of prime energy in the wholesale market was ISK 7.5 per MWh during the year, reflecting a 13% nominal increase from the previous year. Inflation averaged 5.9% in 2024.

Landsvirkjun supplies electricity to wholesale market retailers, who sell to end users. Approximately 2 TWh, or 15% of Landsvirkjun's total electricity sales, are conducted through this wholesale market. The Company's nine wholesale customers are Atlantsorka, Fallorka, HS Orka, N1, Orka heimilanna, ON, Orkubú Vestfjarða, Orkusalan and Straumlind.

In 2024, Landsvirkjun entered the structured electricity market for the first time, participating in Vonarskarð's auction-based trading platform, where buyers submit purchase bids and sellers submit sales offers, with prices determined at the clearing point. Additionally, Landsvirkjun has engaged with Elma, a Landsnet subsidiary, regarding potential participation in a short-term electricity market set to launch in 2025. Until now, Landsvirkjun has operated its own sales platform, which supplies electricity to retailers.

Prime energy wholesale contracts come in two forms: long-term and short-term. Base energy is provided for a fixed load that lasts a year or more, monthly blocks for individual months, and short-term purchases for hourly trading. Landsvirkjun also offers capacity services to enhance flexibility, catering to customers with variable electricity demand within a given month.



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Guarantees of Origin

Guarantees of Origin (GOs) support the development of renewable energy sources and, in turn, facilitate the energy transition. A GO certifies that renewable energy sources have generated a specific amount of electricity. Consumers can contribute to the growth of renewable energy by purchasing these certificates, and Landsvirkjun’s GO sales enhance the return on the nation’s energy resources, enabling further investment in renewable energy production.

Electricity users who wish to demonstrate their commitment to renewable energy using internationally recognised certification can purchase Guarantees of Origin (GOs). The decision to pay a premium for GOs may be driven by corporate social responsibility considerations or customer demand to verify renewable energy usage.

In 2024, Landsvirkjun entered into green power agreements with large industrial customers in the data centre and aquaculture sectors, ensuring they receive electricity generated exclusively from renewable sources.

A successful conference

In early autumn, we hosted our first-ever conference on Guarantees of Origin (GOs) in collaboration with RECS, the international association for GOs. The event was highly successful, attracting around 150 energy sector experts from 20 countries to Reykjavik to discuss the state of the GO market in Europe. Among the attendees were representatives from most of Iceland’s energy-intensive consumers. As part of the conference, guests had the opportunity to visit Búrfell Power Station II and learn about our upcoming energy development projects, Hvammur and Búrfell Wind Farm.

The strong participation reflects the growing global interest in GOs and their increasing significance in the energy sector. The event also marked a milestone for RECS as the most prominent international conference in the organisation’s history.

Record revenue

Guarantees of Origin sales and management performed well, with 2024 marking a record year for revenue. This reflects the growing value of renewable energy production.

GO sales generated ISK 5.7 billion in revenue during the financial year, with proceeds used to fund new power projects and maintain and upgrade existing power stations.

International markets

Electricity prices in Europe have steadily decreased since their peak in 2020–2022, which was driven by market instability following Russia’s invasion of Ukraine. The European Union has prioritised reducing dependence on Russian fossil fuel imports, replacing supplies with imports from other countries. This shift has exerted downward pressure on prices. Factors such as improved reservoir levels in Norway, a growing share of renewable energy, lower industrial demand across Europe, and a decline in carbon prices have further supported the continued decline of electricity prices.

Aluminium prices were volatile throughout the year but increased on average compared to the previous year. Key factors driving price increases included expectations of rising demand in China, interest rate cuts in the U.S., tariffs and bans on Russian aluminium, and higher alumina prices. However, weak global demand had a stabilising effect. China had an oversupply of silicon metal throughout the year. However, weak global demand, particularly in Europe, led to a steady decline in silicon prices in 2024.

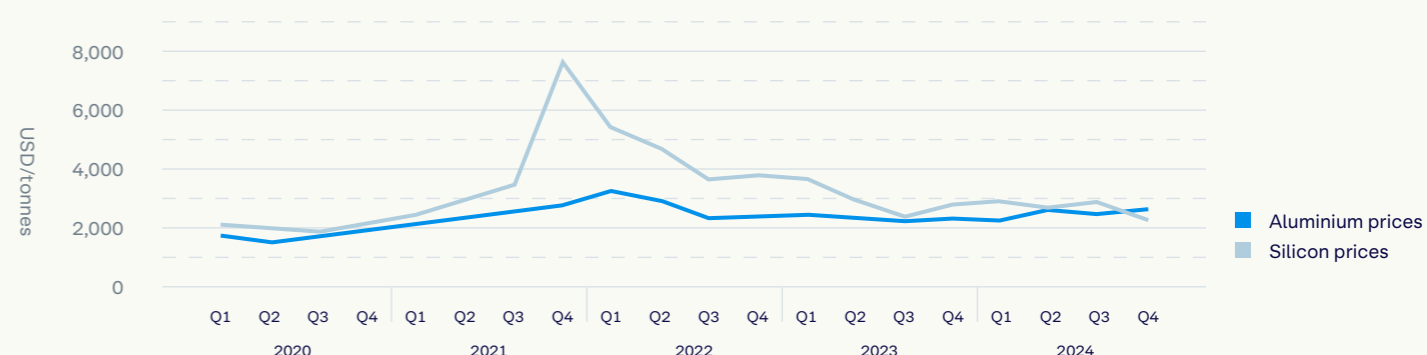
The average Nord Pool electricity price for the year was €36/MWh, representing a 35% decrease from the previous year. Forward prices for electricity until 2030 currently range between €32–39/MWh.

The average aluminium price in 2024 was \$2,457 per tonne, an 8% increase from the previous year. The average silicon metal price was \$2,467 per tonne, marking a 7% decrease year-over-year.

↓ Nord Pool Electricity Prices per Quarter (2020-2024)



↓ Aluminium and silicon metal prices per quarter from 2020-2024





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CHAPTER
STRATEGY TARGETS

1 Exemplifying resource utilisation and electricity production

CHAPTER 4

Utilising Resources Responsibly

Landsvirkjun contributes to a sustainable world through environmentally sustainable energy production, aligning with global targets to limit global warming to below 1.5°C.

We produce electricity from renewable energy sources: hydropower, geothermal energy, and wind.

Respect for nature is at the core of our work. We understand that harnessing natural resources involves some environmental impact, and we take that responsibility seriously. Whether through energy production, construction, or daily operations, we focus on minimising our footprint while operating within strict environmental laws and regulations. Our approach is based on science, clear targets, and continuous monitoring. But real progress isn't just about measuring impact; it's about taking the proper steps to achieve lasting results.

Renewable energy is crucial in tackling climate change, and we take pride in our contribution. Our energy production is recognised as essential for achieving a sustainable future and keeping global warming below 1.5°C. Our greenhouse gas emissions from electricity generation are among the lowest worldwide, at just 3.3 g CO₂-eq/kWh. This enables our customers to reduce their carbon footprint for their products and services. In 2024⁴, our operations prevented an estimated 2.6 million tonnes of CO₂ emissions, far exceeding our emissions. We play a key role in Iceland's energy transition and remain committed to contributing to a carbon-neutral future.

4 The calculation is based on the EU benchmark factor of 183 CO₂-eq/kWh. Further details on avoided emissions and the methodology behind the calculations can be found in the Green Finance Impact Report, which forms part of the disclosure requirements for green financing.



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Climate and Environmental Policy

Our work in climate and environmental matters is guided by our climate and environmental policy, which was revised in 2024 to align with legal definitions of environmentally sustainable business activities. The updated policy reflects our commitment to addressing climate change and our focus on biodiversity conservation, ensuring our ambitions are clearly defined and effectively implemented.

We promote a sustainable world through environmentally sustainable energy production that aligns with global goals to limit global warming below 1.5°C.

We respect the country's nature and landscape, continuously working to improve resource efficiency and prevent waste. Landsvirkjun safeguards biodiversity with an ecosystem-based approach. We focus on understanding the environmental impacts of our operations, reducing them, and preventing environmental incidents.

We actively participate in the global fight against climate change. Efforts are systematically focused on reducing greenhouse gas emissions from our operations, supporting Iceland's commitments to reduce ESR emissions, and responding to the challenges and opportunities presented by climate change.

Climate and Environmental Policy key indicators

- › Share of environmentally sustainable energy production
- › Percentage of sold energy relative to total capacity
- › Number of environmental incidents
- › Carbon footprint
- › Greenhouse gas emissions from energy production

Climate and Environmental Action Plan

Our Climate and Environmental Action Plan defines the goals and measures that help us implement our policy, aiming to

- › Ensure environmental sustainability⁵
- › Maximise the responsible use of resources entrusted to us
- › Protect biodiversity with an ecosystem-based approach
- › Contribute to keeping global warming below 1.5°C





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Environmentally Sustainable Economic Activities

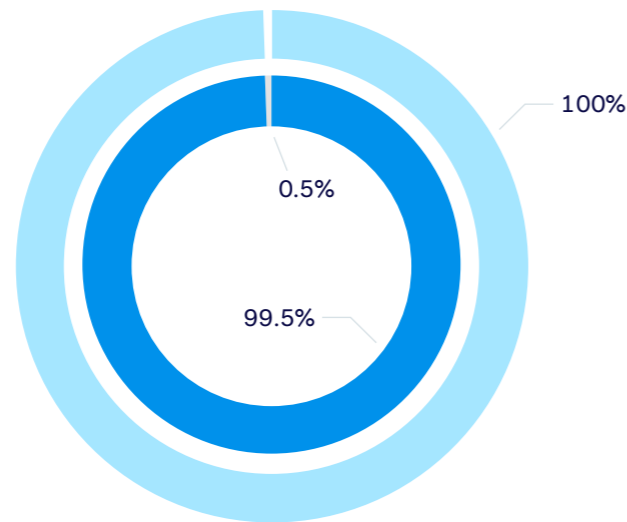
Landsvirkjun’s core operations—renewable electricity generation from hydropower, geothermal energy, and wind power—qualify as sustainable activities under Regulation No. 10/2024, on the Taxonomy for Sustainable Investments.

The regulation requires companies to disclose the proportion of revenues, investments, and operating expenses associated with activities that meet environmental sustainability criteria. To comply, an activity must be considered eligible and aligned. This means that the business activity must significantly contribute to one or more environmental objectives while not harming other objectives and adhering to technical screening criteria. Additionally, the activity must comply with minimum safeguards related to human rights and corporate governance.

All of Landsvirkjun’s electricity generation—hydropower, geothermal, and wind—is considered a significant contribution to climate change mitigation. Furthermore, it has been demonstrated that electricity generation does not cause significant harm to other environmental objectives, including climate change adaptation, biodiversity, resource circularity, water and marine resource sustainability, and pollution prevention.

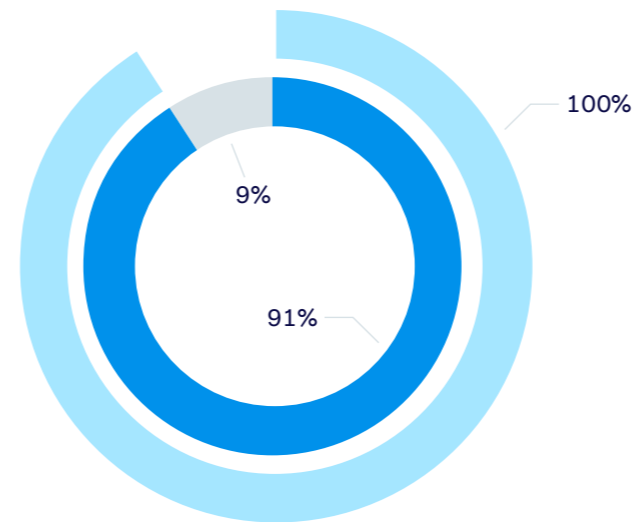
Further details on the eligibility and alignment of our activities regarding sustainable investment classification can be found in Annex II: *Non-Financial Information* in the Annual Report.

↓ Turnover



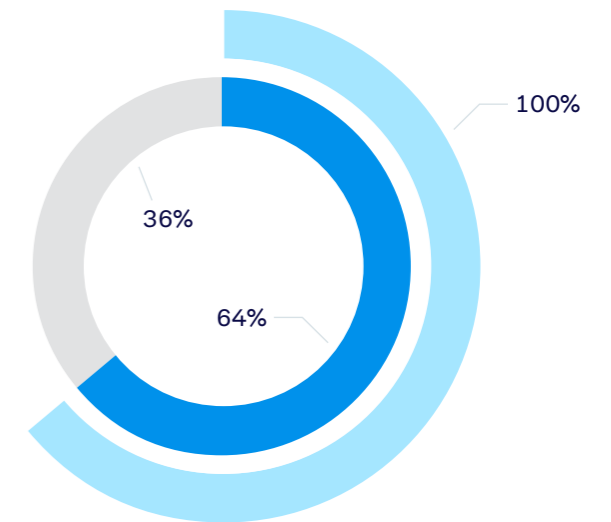
■ Eligible
■ Non-eligible
■ EU taxonomy aligned

↓ Investments



■ Eligible
■ Non-eligible
■ EU taxonomy aligned

↓ Operating expenses



■ Eligible
■ Non-eligible
■ EU taxonomy aligned



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Keeping warming below 1.5°C

The effects of climate change are real and human-induced. The international community has agreed to limit global warming to 1.5°C to prevent severe and irreversible consequences for ecosystems, societies, and economies. Concrete action is necessary, and expanding renewable energy use is a key part of the solution in Iceland and worldwide.

We take pride in our role in addressing climate change. Our energy production is recognised as part of the industries essential for achieving a sustainable world and keeping global warming below 1.5°C.

We actively support Iceland’s commitment to reducing Effort Sharing Emissions, as it is clear that renewable energy is crucial for implementing many of the government’s climate measures.

We have consistently aimed for carbon neutrality and have notably decreased our carbon footprint. Since 2008, emissions per unit of energy produced have decreased by 38%, leaving few remaining opportunities for further reductions. We remain committed to making climate-conscious decisions and will continue systematically reducing emissions from our operations.

The construction of new power stations in the coming years will temporarily increase emissions from our operations. As one of Iceland’s foremost infrastructure developers, we strongly emphasise incorporating climate considerations into every aspect of our projects. We have set a target to reduce emissions from power station construction by 60% by 2040 compared to previous levels. This goal aligns with international standards established for the construction sector.

We have structured our climate initiatives to maximise impact in the most cost-effective way:

- Preventing new emissions **Priority**
- Reducing existing emissions **Priority**
- Implementing offset measures

Our climate commitments align with global efforts to limit warming to 1.5°C.

We aim to

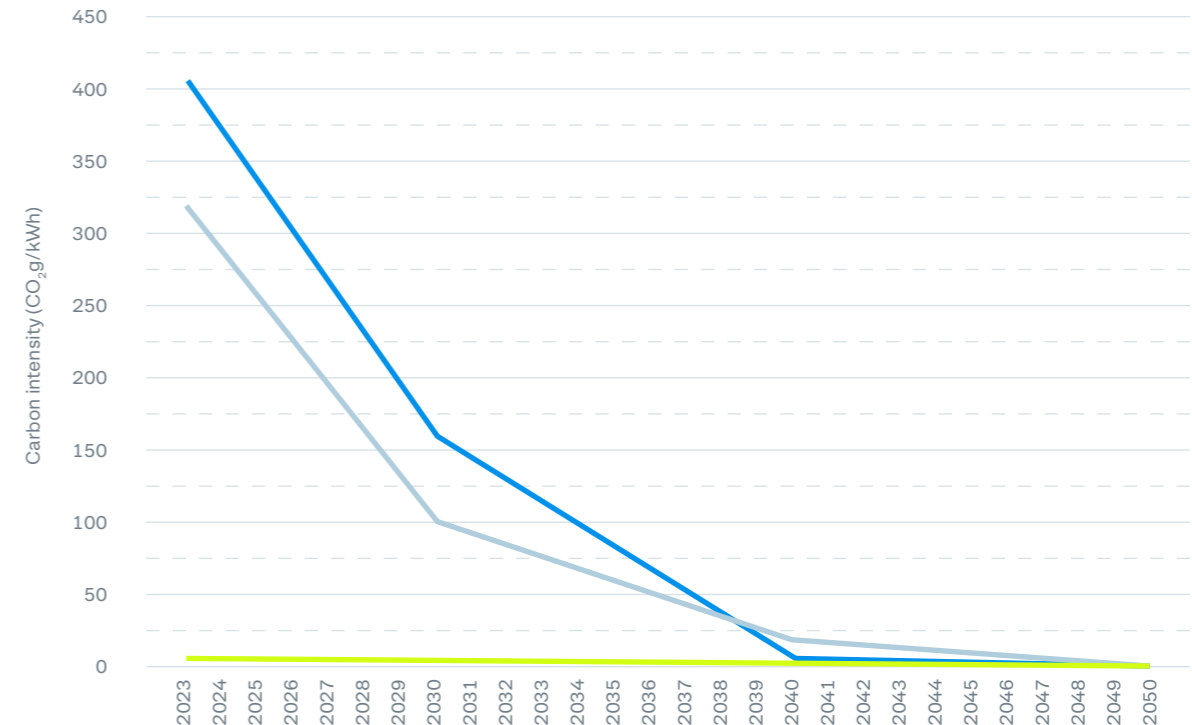
- › Expand renewable energy production to drive positive change
- › Maintain low emissions through continued climate action and improved resource and energy efficiency
- › Take significant steps towards more climate-friendly construction practices

For a more in-depth look at our climate and environmental targets and initiatives, refer to our [Climate and Environmental Action Plan](#).

↓ Energy production emissions

Landsvirkjun’s carbon intensity is, and will continue to be, below the benchmarks set by the Science Based Targets initiative (SBTi) for limiting global warming to 1.5°C, as well as the International Energy Agency (IEA) targets for a net-zero world, now and in the future.

- SBTi benchmark for power generation to keep global warming within 1.5°C (SBTi 1.5°C)
- IEA benchmark for emissions from energy production to achieve global net-zero by 2050 (IEA NZE without BECCS)
- Landsvirkjun’s energy production emissions





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Avoided emissions

Landsvirkjun’s role in addressing climate change is multifaceted, with renewable energy playing a key role in global decarbonisation efforts. Businesses seeking to reduce their carbon footprint rely on low-emission electricity, and renewable energy only reduces emissions when it replaces higher-emission energy sources. This impact is known as avoided emissions.

Avoided emissions- the emissions prevented by our operations are a core part of our climate contribution. In line with Landsvirkjun’s Green Financing Framework, we assess the climate impact and avoided emissions associated with our eligible green assets annually.⁶

In 2024, Landsvirkjun’s avoided emissions from electricity generation were estimated at approximately 2.6 million tonnes of CO₂ equivalents, representing a 1% decrease from the previous year despite an increase in total electricity production. This reduction is attributed to a notable decline in calculation benchmark factors.

Avoided emissions are assessed conservatively and are integral to our reporting for Landsvirkjun’s green financing framework.

The Green Finance Impact Report, part of our green financing disclosures, provides further details on avoided emissions and the calculation methodology.



6 Green Finance Framework, Landsvirkjun, 2020.

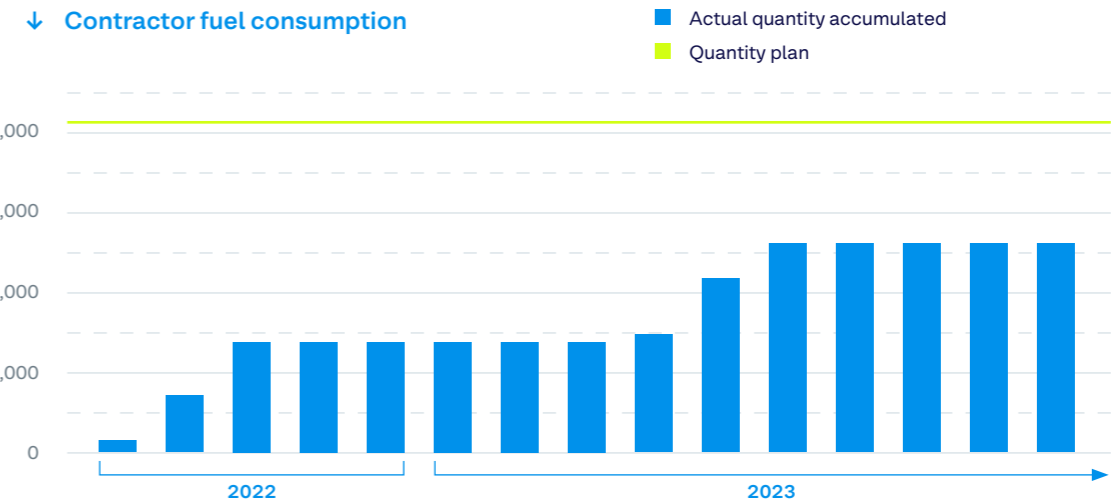
Internal carbon pricing for better decision-making

We take a practical, science-based approach to climate action, drawing on decades of experience in environmental management. Emissions from our operations and value chain are monitored throughout the year, allowing us to track progress and ensure that our climate initiatives deliver actual, measurable results. We recognise that measuring emissions is only helpful if it leads to better decisions.

To strengthen our decision-making, we use internal carbon pricing, incorporating the cost of emissions into major financial choices, from procurement to the planning and design of new power projects. In 2024, our internal carbon price was \$144 per tonne of CO₂ equivalent.

In 2024, we applied carbon pricing to fossil fuels, concrete, and steel in all major tenders for construction projects. Bidders must submit a plan for their planned/expected emissions from fossil fuels, steel, and concrete used in the project. We use the internal carbon price as a criterion when selecting a contractor. We evaluate climate impact when choosing contractors, not just cost-effectiveness. In tenders, we prioritise contractors who use low-carbon footprint building materials and clean energy sources for their work machines. We have used an internal carbon price of up to 500 USD per tonne of CO₂ equivalent. This is equivalent to about 170 ISK per litre of diesel.

We closely monitor the contractors’ actual emissions as they work on-site. If emissions exceed the planned amount, the responsible party must pay a penalty, but if the emissions are less than planned, they are rewarded.





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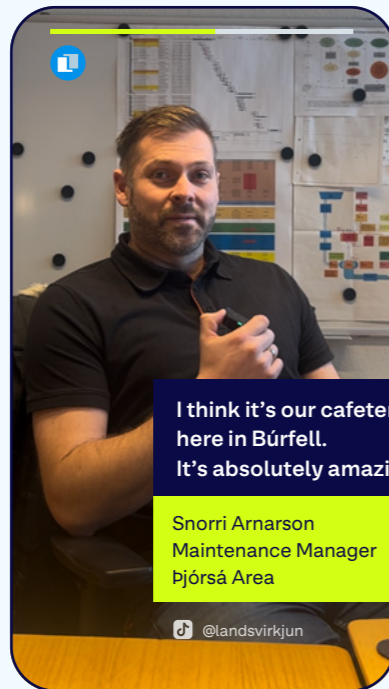
Why do you work at Landsvirkjun?



Working every day to promote economic growth in Iceland and prosperity for future generations—what could be better than that?

Rafnar Lárusson
Executive Director
Finance and Information
Technology

@landsvirkjun



I think it's our cafeteria here in Búrfell. It's absolutely amazing

Snorri Arnarson
Maintenance Manager
Þjórsá Area

@landsvirkjun

A leader in climate action

In 2023, Landsvirkjun received the highest rating from the CDP (formerly known as the Carbon Disclosure Project) for its leadership in environmental transparency and performance on climate change, demonstrating best practices in strategy and action. As a result, Landsvirkjun was included on the CDP A-List for the second consecutive year, recognising the Company as a global leader in climate action. At the time of writing, CDP has not yet published 2024's ratings.

The CDP promotes consistent and professional reporting on environmental issues, provides feedback, and encourages continuous improvement. Comprehensive information is provided on companies' climate management. Among the factors influencing the CDP's rating are governance, business models and custody of funds, management of climate-related risks, and achievements of climate-related targets.

Leading in Europe

Landsvirkjun has again been recognised on the Financial Times list of Europe's top emission-reducing companies, marking its third consecutive year of recognition. Between 2017 and 2022, the Company achieved an 8.7% reduction in emissions per production unit. The list of European Climate Leaders includes 500 companies, with Landsvirkjun and Arion Banki being the only representatives from Iceland.

The list includes direct emissions and emissions from energy use. In addition, profits' emissions are considered, as are reductions in total emissions and the Company's rating by CDP.

The list also excludes companies that cause significant environmental damage despite meeting the requirements for reducing emissions.

The Financial Times list confirms Landsvirkjun's strong performance in climate action.





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Climate Accounts 2024

Our Climate Accounts provide quantitative information regarding the Company's carbon footprint, greenhouse gas emissions, and carbon sequestration for 2023, as well as information regarding its climate targets. We are committed to fair and transparent disclosure.

According to ISO-14064-3, Bureau Veritas, one of the world's leading certification bodies, inspected and verified the Company's climate accounts based on the Greenhouse Gas Protocol's (GHGP) methodology.

↓ Greenhouse gas emissions (t CO₂-eq)**

	2020	2021	2022	2023	2024	Change since 2023
Scope 1	38,726	4,354	42,132	44,348	45,139	1.8%
Scope 2	30	20	25	26	25	-2.1%
Scope 3	5,237	4,256	3,442	23,824	22,970	-3.6%
Outside Scopes	645	610	697	708	699	-1.2%
Total emission	44,639	45,239	46,295	68,905	68,834	-0.1%
Carbon Sequestration	-33,000	-34,400	-35,151	-35,794	-36,438	1.8%
Net emissions	11,639	10,839	11,144	33,111	32,396	-2.2%

↓ Carbon intensity (CO₂-eq/kWh)

	2020	2021	2022	2023	2024	Change since 2023
Geothermal energy (Scope 1)	32	31	27	29	28	-0.66%
Hydropower (Scope 1)	0.62	0.58	0.55	0.60	0.58	-4.0%
Emissions from electricity generation (Scope 1)	2.9	2.8	2.8	3.0	3.1	5.7%
Other emissions	0.42	0.34	0.27	1.7	1.7	3.6%
Carbon intensity	3.3	3.2	3.1	4.7	4.9	3.9%
Net carbon intensity	0.87	0.77	0.76	2.2	2.3	1.7%
Generation-related carbon intensity*	3.1	3.0	3.0	3.1	3.3	5.6%

*Generation-related carbon intensity includes emissions from Scope 1 and 2, in addition to emissions from electricity transmission in Scope 3.

**The methodology for calculating Scope 3 emissions has been revised from the previous year and now includes all relevant categories in accordance with the GHG Protocol corporate standard. Comparisons for 2023 have been adjusted accordingly.

Landsvirkjun's 2024 Climate Accounts can be [viewed in full here](#).

↓ Key Figures

Net emissions**

32,396 t CO₂-eq ↓2.2%

Total GHG emissions**

68,834 t CO₂-eq ↓0.1%

Carbon Sequestration

36,438 t CO₂-eq ↑1.8%

Electricity generation

14,171 GWh ↓3.8%

Generation-related carbon intensity

3.3 g CO₂-eq/kWh ↑5.6%

Carbon intensity**

4.9 g CO₂-eq/kWh ↑3.9%

Net carbon intensity**

2.3 CO₂-eq/kWh ↑1.7%

Avoided emissions

2,533,823 t CO₂-eq ↓4.1%

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Nature and utilisation

The utilisation of renewable resources can affect nature and ecosystems, which is why we study and monitor the environment before, during, and after construction and our operations. The scientific knowledge we acquire helps us assess how and if our actions affect the environment and whether mitigation measures are needed.

Throughout the Company's history of energy use in Iceland and elsewhere, we have learned much about the delicate interplay between utilisation and nature. Our mission is to protect and restore natural environments, and we continue to seek new ways to improve our knowledge.

We conduct extensive environmental monitoring and detailed research within areas affected by our operations and more specific research as needed. The results assist us in assessing how and if our operations impact the environment and what action is necessary.

We monitor river and reservoir biota and life on land. These include ichthyology, microscopic aquatic organism research, vegetation, birdlife, and reindeer research. We also study how reservoirs and water channels affect aeolian deposition and bank erosion. Consequently, we can assess and monitor the ecosystem and our impact on it. We also undertake the required mitigation measures, such as restoring the natural quality of the environment disturbed by our activities and supporting existing ecosystems. Monitoring and mitigation measures are implemented in collaboration with universities, research institutes, and consultancy firms specialising in these fields and in close cooperation with close communities.

Our focus is on strengthening research and the local community. We participate in research in the territories of angling/hunting associations in Landsvirkjun's operational areas to support their work. Our projects support knowledge acquisition and basic research relevant to various fields.

Conservation areas

Landsvirkjun operates in the vicinity of several conservation areas. The areas are in various conservation categories, ranging from municipal district protection to national parks. They are protected for multiple reasons, such as their unique landscape, geological formations, ecosystems, or cultural and archaeological heritage. We have acquired extensive knowledge of these areas and work closely with the authorities and stakeholders to meet the various protection requirements.

Red list species

Landsvirkjun monitors and studies animals and plants on the Red List of the Iceland Institute of Natural History to assess any adverse effects of construction projects per the International Union for Conservation of Nature's (IUCN) standard. Species that fall under the criteria of endangered species are specifically monitored.

The spread of the fern adders-tongue (*Ophioglossum azoricum*), which only grows in geothermal areas, is monitored in the Mývatn area, which is affected by the Company's operations. The spread of the Nootka lupine (*Lupinus nootkatensis*), a non-native and invasive plant, is being controlled in adders-tongue habitat in collaboration with the Icelandic Environment Agency.

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Inevitably, our operations can disrupt animal and plant habitats. The formation of reservoirs can cause sedimentation, aeolian deposition, and bank erosion. We have implemented various mitigation measures to reduce the impact on ecosystems and to restore and protect habitats.

Aeolian deposition fences

The impact of aeolian deposition on vegetation is particularly noticeable along the coastlines of the Háslón and Blöndulón Reservoirs. As a prevention measure, we strengthen vegetation with fertilisers, fence off overgrown areas, use sand traps, and remove sand accumulated in specific areas. Aeolian deposition distribution varies between years. The levels at Háslón have been under control, but the total surface area of aeolian deposition in Blöndulón has increased recently.

Riverbank erosion control and repairs

In 2024, a 200-metre-long bank protection structure was built on the south bank of the Jökulsár á Dal River in Skeggjastaðir to protect an outhouse on the north bank. The area is used for salmon fishing, so approvals were sought from the Fisheries Authority, Múlaþing municipality, and the landowner before the project began. The plan was to ensure the structure harmonised with the river's natural banks.

Vegetation reclamation

Land reclamation to restore disturbed land was carried out in the Blanda, Mývatn, Fljótsdalur, and Þjórsá areas throughout the year. Native trees were planted near the Blanda, Búrfell, and Sog stations. In addition, we continued to work on collaborative projects with the Soil Conservation Service of Iceland (SCSI) and the Icelandic Forestry Service, where the primary objective is carbon sequestration, and the projects in Skarfanæs in Rangárþing ytra and Laxaborg in Dalabyggð have now been completed.

Environmental incidents

Our activities have the potential to impact the environment negatively. We document environmental incidents, analyse their causes, and monitor improvements.

In 2024, no incidents were classified as causing danger or unacceptable risks (with widespread and irreversible impacts) in Landsvirkjun's operations. However, one serious incident (localised impact, mostly reversible) occurred when sand was blown from the Blanda reservoir bed (in Botnlangavík) during strong southeast winds between the 7th of July and the 4th of August. The sand covered approximately 0.04 hectares of vegetated land, forming layers 5–10 cm thick, burying vegetation in the affected area. While removing the sand was not feasible, fertiliser was applied as a mitigation measure to support regrowth. Additionally, five minor incidents (localised and reversible impact) were recorded. A total of 12 notifications, including both commendations and complaints, were also logged, bringing the total number of recorded incidents and notifications for the year to 18.





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Sustainable utilisation

Our goal is to use the natural resources we are entrusted with in a sustainable, responsible, and efficient manner. We want to improve resource use, reduce waste, and maximise the use of already harnessed resources.

We emphasise minimising resource use in our operations and maximising the lifespan of our resources. We have identified key areas where our activities intersect with the circular economy. In 2024, we reviewed our goals and initiatives to enhance resource efficiency and increase circularity in operations and projects. These measures are outlined in our Climate and Environmental Action Plan.

Research and monitoring

We conduct extensive research and monitoring of the resources we use for energy production. We measure glacial ablation, river flow and temperature, the chemical composition and flow of groundwater, sedimentation load, water levels and reservoir volume, and study meteorological conditions and land changes. We monitor the overall condition of the geothermal areas through extensive research in geology, geochemistry, and reservoir engineering, utilising the best available data at any given time to ensure their sustainable operation. We also monitor groundwater flows and composition and measure atmospheric gas emissions. These factors and other key indicators enable us to anticipate future developments better and optimise resource utilisation, with sustainability as our guiding principle.

Water use and water source monitoring

Local municipalities supply Landsvirkjun's offices in Reykjavik and Akureyri with potable water. Cold groundwater is extracted from water supply areas owned or operated by the Company to provide power stations. Landsvirkjun's power station licences specify water supply area conditions and potable water quality. The local public health authority issues these licences and monitors any potential effects from utilisation. Monitoring shows that Landsvirkjun's operations have had no impact on water areas. All effluent (sewage) from Company operations goes through the local municipality's sewage system or a two-tier cleaning process operated by Landsvirkjun and monitored by the local municipality's public health authority.

Green operations

We focus on running a sustainable operation while increasing environmental awareness among our employees. All five of our operational sites have adopted the Green Steps programme, and we continuously monitor progress and seek opportunities for improvement. Employee engagement plays a key role in these efforts. Our internal platform provides practical guidance on environmental initiatives, resource management, and sustainable procurement. Upholding high standards in environmental management is a priority, and we are committed to maintaining and strengthening our Green Steps initiatives.

Waste recycling and disposal

The total waste generated by our operations in 2024 amounted to 287 tonnes, representing a 17% increase from the previous year. The proportion of sorted waste declined from 81% in 2023 to 80% in 2024. General unsorted waste totalled 59 tonnes, marking a 426% increase year-on-year. Variations in bulky waste, metals, and timber volume largely reflect ongoing maintenance and refurbishment projects. Emissions from waste management in 2024 amounted to 34 tonnes of CO₂ equivalents, a 13% reduction from the previous year.

↓ Amount of Waste (tonnes)

	2020	2021	2022	2023	2024	Change from 2023
General unsorted waste	30	38	33	47	59	26%
Paper	23	18	19	22	20	-8.9%
Plastic	1.2	1.4	1.5	1.3	1.0	-36%
Coarse waste	4	12	18	23	15	-37%
Organic waste	1.1	3.6	4.2	3.1	3.4	9.5%
Metals and scrap metal	45	41	49	41	38	-8.4%
Hazardous waste	5	4	6	8	8	0%
Batteries	4.3	3.8	4.3	4.8	4.3	-10%
Batteries (small)	0.037	0.07	0.031	0.086	0.088	3%
Oil waste	28	19	21	19	66	248%
Timber (painted)	5	2	3	3	8	171%
Timber (unpainted)	28	19	22	29	28	-7%
Total	235	270	299	212	208	-2.0%
Recyclable waste*	-	-	-	35	80	131%

*Tracking of recyclable waste separately began in 2023. Work is ongoing to obtain information on the disposal of recyclable waste from collection facilities.

↓ Waste Treatment Pathways 2024 (tonnes)

Treatment Method	Quantity
Recycling	44
Reprocessing	43
Incineration with energy recovery	37
Incineration without energy recovery	29
Landfilling	31
Composting	24
Total	208

The waste originates from the operation of power plants, office activities, and construction projects.

We sort waste generated by our operations and ensure its recycling or disposal through certified partners. In compliance with laws and regulations, all hazardous materials are delivered to authorised collection facilities to guarantee proper handling. Waste management and disposal companies working with us hold operating licenses from the Public Health Authority and the Environment Agency of Iceland.

Our sites sort waste according to the options available from local waste management services and municipalities. In areas with fewer sorting facilities, such as smaller municipalities, we have collaborated with waste management providers to improve services, benefiting the surrounding communities.



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CHAPTER STRATEGY TARGETS

4 Providing a progressive and sought-after workplace

CHAPTER 5

A Progressive and Sought-after Workplace



Teamwork and culture

Our Human Resources and Equality strategy encompasses elements such as culture, equality, cooperation, and well-being, creating a dynamic work environment that fosters teamwork, success, and a motivating work ethic. Our culture is defined by diversity, well-being, equality, growth opportunities, and employee commitment. Through our strategic approach, we strive to create a progressive and desirable workplace environment that promotes positivity and professional development.

Equality and diversity

Equality and diversity are essential components supporting the Company’s success and overall appeal as a favourable workplace. We respect human rights and seek solutions to support equal opportunities and gender participation, diversity, inclusivity, and a zero-tolerance approach to discrimination. Employees are judged based on their unique strengths, greatly valued, and given equal chances for growth and success. We focus on fair hiring, career development, training, and equal pay, showing our dedication to equal treatment and pay. Our top priorities are our equality policy and certified pay system.

Cooperation and communication

Our team thrives on collaboration and professional problem-solving. We work together to solve projects using professional methods, share information, actively listen to each other, share knowledge, and support one another. Trust, openness, and a solution-driven approach are at the core of our communication ethos. We value courteousness and respect and strive to foster a culture of mutual encouragement. Constructive feedback is offered to help us grow, and we celebrate achievements together.

Well-being and flexibility

We are dedicated to inspiring and empowering our employees to achieve their full potential personally and professionally. This drives our focus on health-related prevention strategies, safety, and occupational health and safety standards. We are dedicated to creating a culture that values ongoing learning and skill development. We allow our employees to improve their competencies and work on projects matching their strengths and interests. Additionally, we offer excellent amenities and flexible work schedules to support a healthy work-life balance. We maintain a zero-tolerance policy towards workplace misconduct, including bullying, sexual harassment, gender-based discrimination, and violence—our Reprehensible Conduct Response Plan analyses and processes such cases.



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Our team

Our team is our most vital asset. Promoting diversity and retaining skills and knowledge creates a positive, safe, and progressive work environment. Landsvirkjun adheres to collective agreements and respects all the rights and obligations therein.

Landsvirkjun complies with the law on mandatory pension insurance and pension fund activities.

At the end of 2024, there were 343 full-time equivalent positions. Men held 240 positions, and women held 103. The full-time equivalent of temporary positions was over 32. Of these, women held 14 positions and men 18. The number of permanent employees (100% employment rate) was 335: 237 men and 98 women. The number of permanent part-time staff was 13: 5 men and eight women. Our management team is based in Iceland and has a strong understanding of the local community.

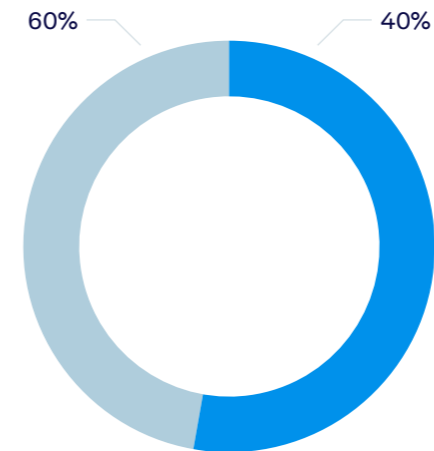
We operate under collective agreements and fully respect the rights and obligations outlined therein. We also comply with laws on mandatory insurance and pension rights and regulations governing pension funds.

We welcomed 46 new colleagues during the year, and employee turnover was 6%. Our workforce has grown significantly over the past two years, primarily due to the upcoming construction phase. The increased scope of operations has placed greater demands and pressure across all areas of our organisation.

↓ Full-time employees at year-end 2024 (full-time equivalent)

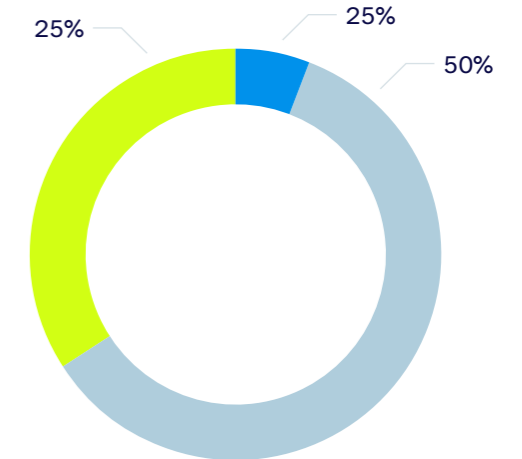
	Tradespeople	Experts & Project Managers	Specialised Office Roles	Management	Various positions
Women	1 (1%)	62.3 (34%)	9.8 (91%)	17 (41%)	12.8 (73%)
Men	91.4 (99%)	119 (66%)	1 (9%)	24 (59%)	4.8 (27%)
<30	5 (5%)	17 (9%)	1 (9%)	0 (0%)	1 (6%)
30-50	44 (48%)	72.1 (40%)	8.8 (82%)	23 (56%)	11.5 (66%)
>50	43.4 (47%)	92.2 (51%)	1 (9%)	18 (44%)	5 (29%)
Reykjavík	4 (5%)	122.7 (81%)	10.2 (82%)	34.2 (88%)	3 (17%)
Stations	80.6 (95%)	36.7 (19%)	2 (18%)	5 (12%)	14.5 (83%)
Total	92.4	181.3	10.8	41	17.5

↓ New recruitment - Gender balance



■ Women (16)
■ Men (24)

↓ New recruitment - Age distribution



■ <30 (10)
■ 30-50 (20)
■ >50 (10)



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Mental and physical health in the workplace

We prioritise the health and well-being of our employees in various ways. Collaborating with occupational health professionals, we offer health assessments focusing on psychosocial and physical factors. Emphasis is placed on professional, mental, social, and personal health. Employee training and education also highlight the importance of health and well-being, and staff have access to individual consultations with occupational health specialists.

The Company offers health-related preventive benefits, including fitness, transportation, and psychosocial grants. Most workspaces have fitness facilities, and healthy food is always available in our cafeterias. Both online and in-class education are available, covering topics ranging from social and mental health to workplace well-being.

Every employee is interviewed by a deputy manager twice a year. These conversations are part of regular performance feedback and career development discussions; each has a different approach. This aims to create a common platform for discussing essential aspects of our work so we can identify our challenges and successes individually and as an organisation.



Leading the way in health and safety

In early 2024, Landsvirkjun adopted a revised Health and Safety Policy. The goal is to prioritise employee safety and well-being by creating a secure, health-conscious work environment that supports overall well-being and fosters a positive workplace culture.

Risk management is a central focus of our strategy, and no project proceeds unless all risks are effectively managed. Our employees' health and safety always precede financial considerations, time, production, or any other operational factor.

We strive to lead in health and safety matters, with a clear commitment to creating an environment that prevents accidents and work-related illnesses that could result in permanent harm. All roles within the Company are risk-assessed, and physical and psychosocial risks are actively managed. Adequate safety measures are in place, and no unacceptable risks are tolerated.

Employees are made aware that safety is always the top priority, with clear lines of accountability for management. We encourage transparent and open communication regarding safety and health matters. The key performance indicators of the Health and Safety Policy are as follows:

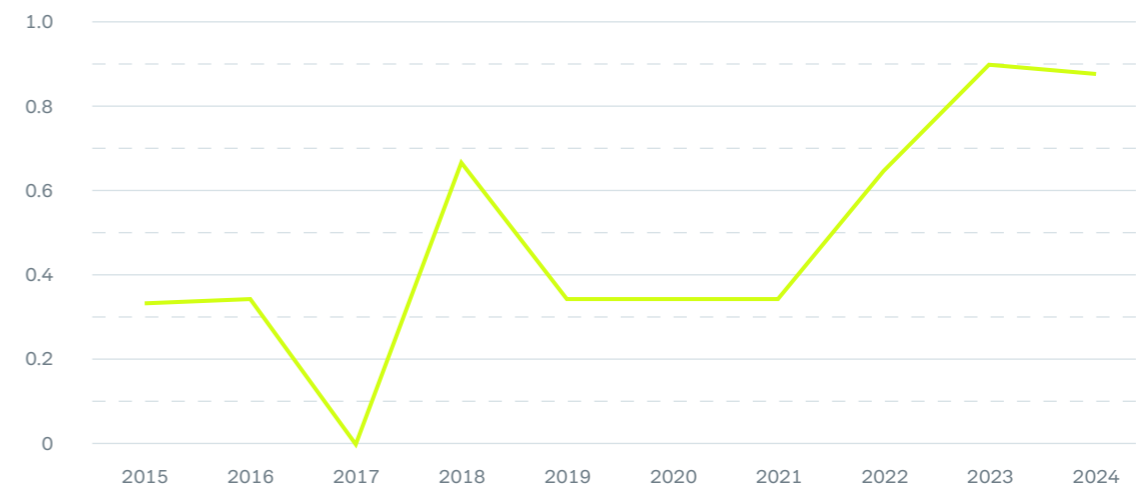
- H-200 for Landsvirkjun employees (target: 0)
- H-200 for contractors at Landsvirkjun worksites/operational areas (target: 0)

Three workplace incidents resulting in employee absence were reported during the year—one involving a summer worker and two involving contractor personnel. The lost-time injury frequency rate (H-rate) for 2024 is 0.84, calculated as the number of lost-time injuries divided by total working hours multiplied by 200,000 hours. No work-related illnesses were reported during the year.

No incidents resulted in unrecoverable harm during the year. However, three severe near-miss incidents and eight workplace accidents involving permanent employees were recorded. Additionally, one minor accident involving a summer worker was reported, while three incidents were recorded among contractors working for us.

↓ H-value- Landsvirkjun employees

The H value is the number of accidents leading to absence, divided by the total hours worked, times 200,000 hours.



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All new employees receive the necessary training and education. A Training portal provides training and appropriate guidance on tasks and roles. Our electronic training portal offers a wide range of optional and mandatory courses designed to increase the knowledge and skills of all our employees in their respective fields. Learning materials also support employee health, safety, and workplace skills.

Various other courses and education are available to employees, and we collaborate with many external providers, such as Iðan, the University of Iceland, the Technical College and Endurmenntun. Educational development involves conducting regular needs analyses among staff, preparing educational materials, and developing educational programs. Landsvirkjun is a leading knowledge-based company prioritising ongoing education through its dynamic strategy for all employees.

The Turning Point course is offered to those preparing for retirement. The course focuses on well-being, nutrition, finances, and mindset to highlight the opportunities and challenges that this central turning point brings.

In 2024, approximately 99.7% of employees participated in company-provided training, dedicating 13,714 paid hours to professional development.

Rights and benefits

Employees benefit from various workplace wellness initiatives, including annual health check-ups, hearing and vision assessments, fitness subsidies, transportation allowances, and access to psychosocial support services. The Company also covers eye examinations under agreements with ophthalmologists and the Social Insurance Institution, along with colorectal screenings for employees aged 50 and over.

Maternity and parental leave are legal rights in Iceland, and Landsvirkjun employees can apply for leave based on those rights. In 2024, six women took maternity leave, and twenty-nine took paternity leave. At year-end, two women and nine men were on maternity and paternity leave.

Equal opportunities

We follow an equality action plan. One of its goals is to increase the percentage of women managers at the Company to over 40%. We have achieved this goal within the executive board, and the ratio of women in other management positions at the end of 2024 was 41%. Landsvirkjun's Board of Directors is elected per the Act on Public Limited Companies No. 2/1995, with subsequent amendments on gender ratios. At the end of the year, 20% of the Board was female.

The Company operates an equality committee chaired by the CEO. A gender equality plan has been established and published, outlining objectives through 2027 per the Act on Equal Status and Equal Rights Irrespective of Gender.

Our objective is to ensure gender equality at all levels of the organisation. We are committed to fairness in career advancement, responsibilities, workgroup participation, and access to further education and training. We prioritise maintaining a family-friendly workplace and ensuring that no employee is subjected to harassment, discrimination, or violence of a gender-based or sexual nature. To support this, we have established response plans for bullying, sexual harassment, gender-based harassment, and violence (EKKO).

Equal pay for equal work

Landsvirkjun ensures equal pay for equal work or work of equal value. We operate by the equal pay standard ÍST 85:2012, and our equal pay system is certified. In 2024, the Company received PwC's Gold Standard Certification for the tenth consecutive year, an award for companies demonstrating strong performance in equal pay analysis. The annual salary review revealed an unexplained pay gap of 1.5% in favour of men for both base and total salaries.



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Board of Directors

Landsvirkjun’s board is appointed annually by the Minister of Finance, by the Act on Landsvirkjun, No. 42/1983, and has overall administrative control over the Company’s operations and finances.

The Board was elected at the Company’s general meeting on the 30th of April 2024. There were changes to the Board as Jens Garðar Helgason replaced Jónas Þór Guðmundsson, who had served as chairman for a decade. At the first board meeting following the annual general meeting, Jón Björn Hákonarson was elected chairman, with Jens Garðar as vice-chairman.

By year-end, 40% of the board members were women.

The board’s age distribution in 2024 was such that five members of the board and alternate board were over 50 years old, while five were between the ages of 31 and 50.



Jón Björn Hákonarson
Chairman of the Board



Jens Garðar Helgason
Vice Chairman of the Board



Álfheiður Ingadóttir
Board Member



Gunnar Tryggvason
Board Member



Soffía Björk Guðmundsdóttir
Board Member

- Reserve members**
- Halldór Karl Högnason
 - Ragnar Óskarsson
 - Guðveig Eyglóardóttir
 - Sigurjón Þórðarson
 - Albertína Friðbjörg Elíasdóttir



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Executive Board

The Board of Directors appoints the CEO, who, together with the CEO, oversees the Company's governance and strategic direction. The Deputy CEO manages corporate affairs and strategic planning while ensuring sound governance practices. At the end of the year, the executive management team comprised eight members, including seven executive directors, evenly split between four women and four men.

In 2024, a key leadership change took place when Bjarni Pálsson was appointed Executive Director of Wind and Geothermal, replacing Einar Mathiesen.

Regarding age distribution, five executive management team members were between 31 and 50 years old, while four were over 50.



Hörður Arnarson
CEO of Landsvirkjun

In accordance with the Board of Directors' policies and instructions, the CEO oversees Landsvirkjun's daily operations. The CEO handles recruiting and ensures that the Company's accounting methods are by law and standard practice and that assets are handled safely and securely. Landsvirkjun's CEO is responsible for matters within his defined realm of responsibility.



Ásbjörg Kristinsdóttir
Executive Vice President of the Project Planning and Construction Division

The Division manages Landsvirkjun's power station developments, overseeing all phases from initial planning to project completion. The division ensures that construction projects meet quality standards, stay within budget, and progress according to schedule. By closely monitoring costs, execution, and overall project management, the division delivers fully operational power stations that align with the Company's strategic goals and operational needs.



Kristín Linda Árnadóttir
CEO Office, Deputy CEO of Landsvirkjun

The CEO's office is responsible for strategic planning and compiling key metrics. In addition to maintaining the Company's management systems and risk management, the department coordinates changes throughout the Company and creates channels for improvement. The Division manages the Company's communication and information sharing, human resources, compensation, and workplace development. It provides legal support to other divisions and works on developing high-quality governance and management practices.



Bjarni Pálsson
Executive Vice President of the Wind and Geothermal Division

The Wind and Geothermal Division is responsible for efficiently operating and optimising Landsvirkjun's geothermal power stations and wind farms. The division oversees maintenance, upgrades, and refurbishments, ensuring that these assets operate reliably and cost-effectively and comply with environmental and safety standards. Asset management is carried out per the ISO 55000 standard. The division is also responsible for identifying and developing new geothermal and wind energy projects and driving innovation to improve resource efficiency. Additionally, it conducts ongoing monitoring and research to ensure these resources' responsible and sustainable management.



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Gunnar Guðni Tómasson
Executive Vice President
of the Hydropower Division

The Hydropower Division manages and maintains Landsvirkjun's hydropower assets, ensuring efficient operations and maximising energy production. A key focus is safeguarding dam integrity and overseeing maintenance and upgrades to hydropower infrastructure, ensuring compliance with environmental and safety regulations. The division also monitors water resources, conducts research to support the development of new hydropower projects, and manages energy production and delivery in line with contractual commitments. Careful oversight and continuous improvement ensure hydropower generation's long-term sustainability and reliability.



Jóna Bjarnadóttir
Executive Vice President
of the Community and
Environment Division

The Community and Environment Division leads Landsvirkjun's efforts in social and environmental matters. It works collaboratively across all Company divisions to ensure responsible resource utilisation, guided by respect for nature and sustainability principles. The division implements targeted mitigation measures, actively contributes to climate action, fosters constructive engagement with local communities, and upholds corporate social responsibility. Through these initiatives, it seeks to balance energy development with environmental stewardship and positive societal impact.



Rafnar Lárusson
Executive Vice President
of the Finance and IT Division

The division is responsible for monitoring the budget process. Services include providing an overview of Company operations, overseeing resource acquisition and capital management, and providing comprehensive advice on purchasing and financing. The Division is also responsible for ensuring that IT and digital solutions always reflect the needs of Company operations and offer general internal services.



Ríkarður Ríkarðsson
Executive Vice President
of the Business Development
and Innovation Division

The Business Development and Innovation Division collaborates with partners to identify, develop, and market new business opportunities. It manages Landsvirkjun's participation in energy-related innovation. It explores potential investments in emerging energy markets, including renewable power generation abroad and producing electricity-based or biofuels in Iceland. The division oversees Landsvirkjun's market positioning and leads partnerships with industry clusters, municipalities, businesses, and other stakeholders to advance business development and innovation. Additionally, it formulates strategies to secure funding for energy-related business initiatives and innovation projects.



Tinna Traustadóttir
Executive Vice President of the
Sales and Services Division

The Division manages contracts with existing customers and ensures excellent service. It also maximises Landsvirkjun's long-term revenues, interacts with customers, manages business portals, and settles electricity sales. The division is also responsible for developing pricing policies in wholesale and energy-intensive user markets, handling demand forecasts, and analysing Landsvirkjun's business environment and competitive position in domestic and foreign markets.



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STRATEGY TARGETS

- 1 Exemplifying resource utilisation and electricity production
- 2 Leading the way in climate and environmental affairs
- 3 Pursuing a diverse business and exceptional customer service
- 4 Providing a progressive and sought-after workplace
- 5 Exceeding expectations in open communication and cooperation

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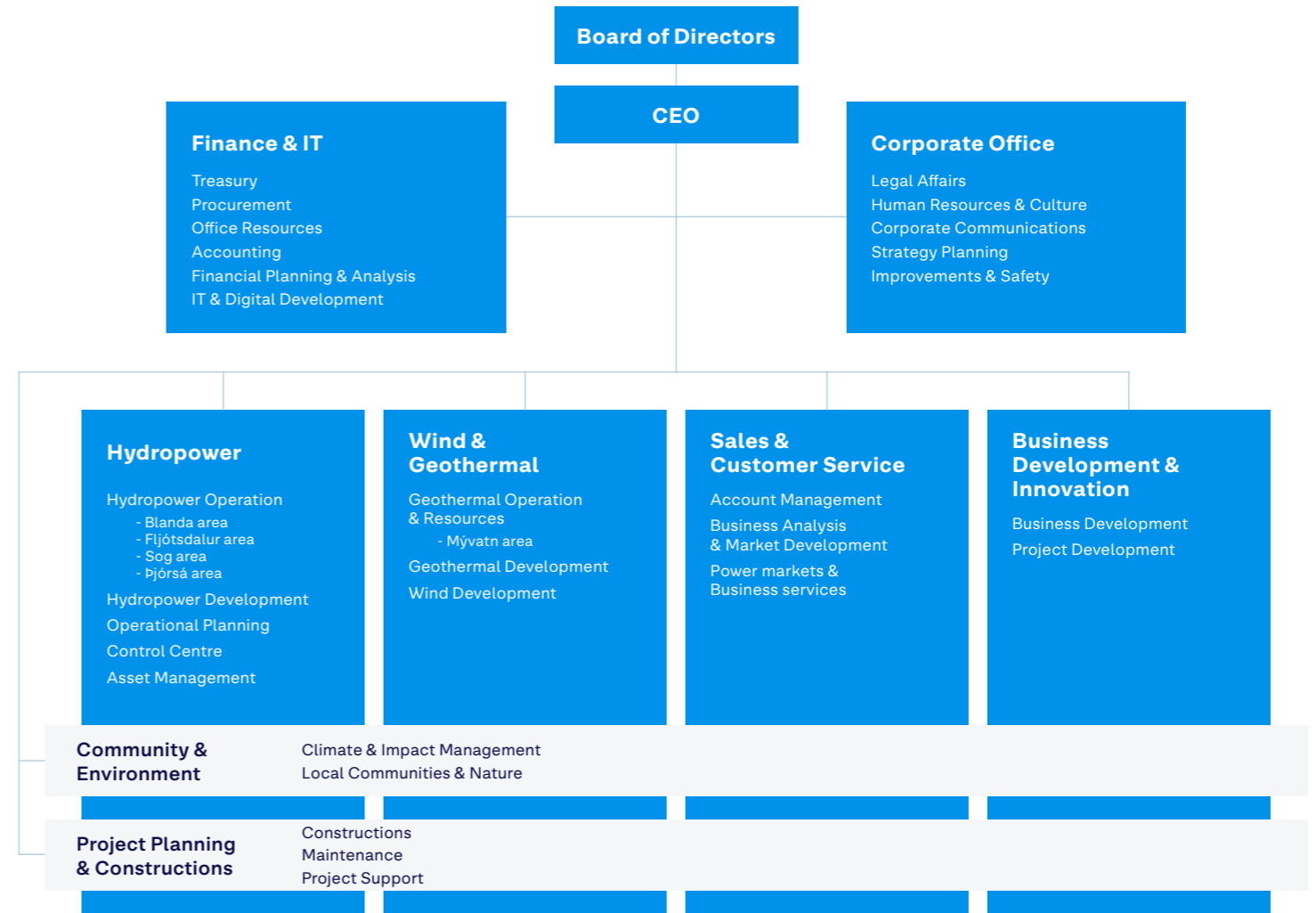
Our role is to maximise the value of the renewable energy resources we have been entrusted with, in a sustainable and efficient manner.

Our vision is a sustainable world, powered by renewable energy.

Our strategy supports our vision and mission and underpins this report.

Our values are progressiveness, prudence, and reliability.

Organisational Chart





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Strategy targets

Leading the way in climate and environmental affairs

Landsvirkjun respects the environment and plays a vital role in Iceland's transition to clean energy, contributing to global carbon neutrality.

Providing a progressive & sought-after workplace

We promote team unity, job satisfaction, and positive workplace culture by supporting employee health, well-being, and equal rights.

Operating exemplary resource utilisation & energy production

Landsvirkjun utilises hydropower, geothermal, and wind energy, focusing on sustainability, efficiency, and safety. We show foresight and develop opportunities for increased energy production to fulfil future needs.

Exceeding expectations in open Communication & cooperation

We foster effective and active communication with all our stakeholders and work closely with local communities. We are a good neighbour.

Pursuing a diverse business & exceptional customer service

Landsvirkjun works closely with its customers to increase value creation. We work to create a greener future by using innovative measures and identifying new business opportunities.



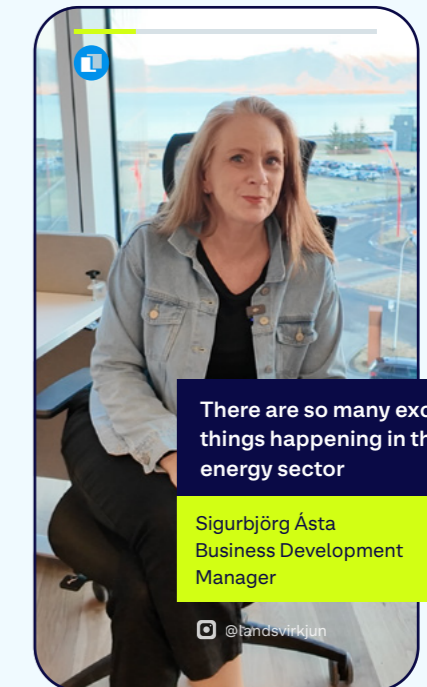
Why do you work at Landsvirkjun?



I work at Landsvirkjun because I believe the work we do here is very important

Guðmundur Finnbogason
Project Manager
Local Communities and Nature

@landsvirkjun



There are so many exciting things happening in the energy sector

Sigurbjörg Ásta
Business Development Manager

@landsvirkjun





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Sustainability Principles

We have followed our Corporate Social Responsibility Policy since 2012 and have published sustainability reports by the GRI standards since 2019. These reports reflect a comprehensive approach to growing sustainability in our operations.

The results of a materiality assessment, which forms the basis of this report, can be seen below. A diverse group of stakeholders, both internal and external, participated in its execution.

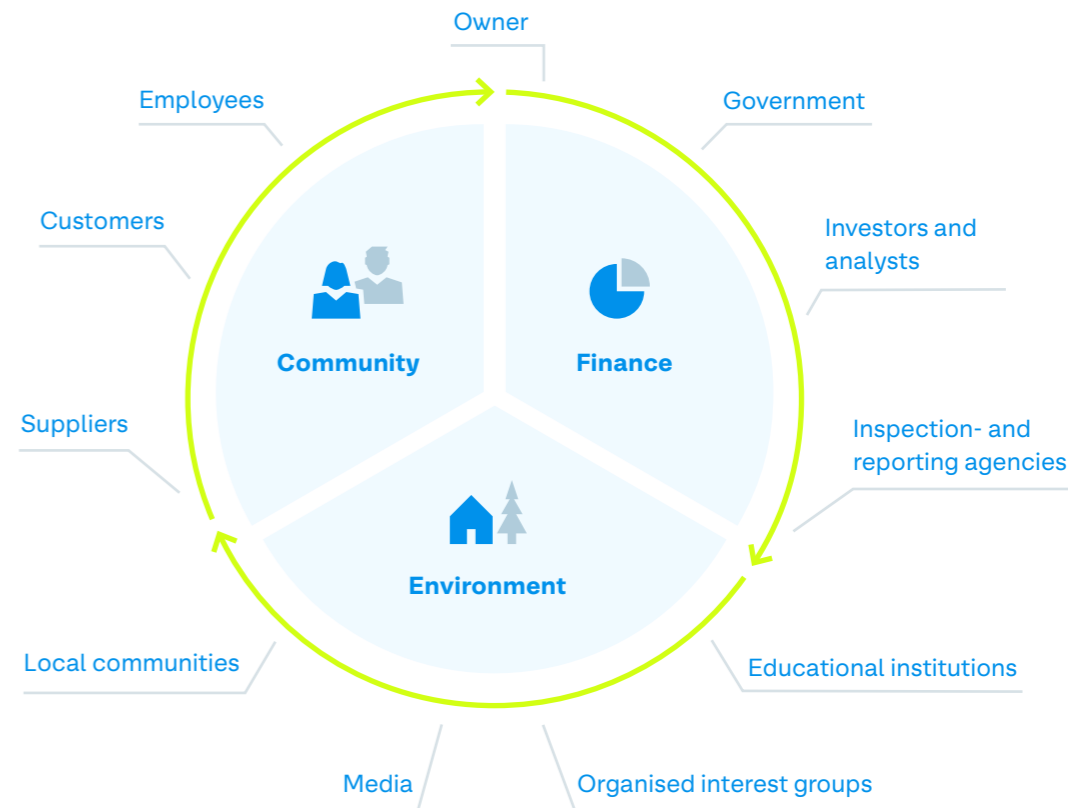
All departments and divisions within the company were involved, with the goal of identifying the most critical issues both within Landsvirkjun's operations and across its value chain.

The materiality assessment is currently being updated in line with new guidelines related to ESRS standards and the forthcoming implementation of the CSRD legislation. Therefore, the 2024 report is based on the previous materiality assessment, as in recent years.

The Company defined nine sustainability priorities based on the results of the assessment:

Finance and Governance	Environment	Community
A Code of ethics & responsible practices	Climate change action	Safety and well-being of employees and professional development
Value creation and dividends	Producing electricity in harmony with nature	Equality
Energy-related innovation	Maximising resources and less waste	Cooperation with local communities

↓ Groups of stakeholders



We have supported the UN Global Compact since 2013 and track our progress in environmental issues, employee rights, human rights, and corruption prevention. We also support the UN's Sustainable Development Goals, focusing specifically on Goals 13, 7 and 5.





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Governance

Management systems and certification

Landsvirkjun’s management system supports the Company’s obligations towards its customers, employees, and other stakeholders. Additionally, the system supports the Company’s plans for further development based on sustainability values.

Quality management, environmental management, security, health and safety, equal pay, and IT security are all part of Landsvirkjun’s management system, certified by international standards.

↓ Certifications



The Company’s electricity production is formally certified as 100% renewable. This certification confirms that the Company actively contributes to developing renewable energy production and that its operations comply with the strictest monitoring and regulatory standards.

During the year, work continued reviewing and updating the Company’s internal policies in line with harmonised guidelines. These guidelines require the Company to establish internal policies covering at least the following areas:

- › Dividends
- › Risk Management
- › Capital Structure
- › Procurement
- › Human Resources and Equality
- › Data Protection
- › Corporate Social Responsibility
- › Competition Compliance
- › Community Engagement
- › Employee Compensation and Benefits
- › Environmental Management
- › Information Security
- › Communication and Disclosure
- › Occupational Safety, Health, and Workplace Protection

Ethical standards and human rights

Our ethical standards are outlined in our quality management system, integrated with the appropriate procedures, and made available to employees in general information provided by the Company.

Landsvirkjun conducted a gap analysis in response to implementing the EU Taxonomy Regulation. This regulation outlines the minimum safeguards companies must meet concerning human rights and governance. The analysis found that Landsvirkjun was well-prepared, but a few suggestions for improvement were addressed this year.

Employees must report any reprehensible behaviour within the Company in accordance with a response plan for reprehensible conduct. The aim is to prevent and disclose offences and other possible misconduct immediately. Among the topics covered by the plan are anticorruption and anti-bribery. No corruption incidents were reported to the Company during the year, and no ongoing corruption cases were under review at Landsvirkjun.

The Landsvirkjun Board of Directors approved regulations on the corporate supply chain in 2016, intended to safeguard the rights of our workforce, including contractors, subcontractors, and temporary work agency employees. Among other things, it covers wages, employment terms, and health- and accident insurance. As such, a separate human rights regulation was not deemed necessary in addition to the existing laws already in place to protect the rights of all parties involved in our operations. These include Landsvirkjun’s Code of Ethics, Supplier Code of Ethics, and the Reprehensible Conduct Response Plan discussed above.

We operate in accordance with Landsvirkjun’s privacy policy, which was updated during the year to ensure the reliability, confidentiality, and security of personal data. Special emphasis is placed on personal information processed within the Company, such as data on employees and applicants. Two inquiries were received during the year, and no complaints were filed regarding customer or employee privacy breaches. We train our employees on Landsvirkjun’s Code of Conduct, the law protecting whistleblowers, the Company’s response plan and preventing reprehensible behaviour.



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Competition

Landsvirkjun's Competition Policy was reviewed this year. The Policy is part of our management system and outlines our plans for promoting competition in the markets we operate and how we should be guided by its provisions in our work. It also helps us resolve any disputes professionally. Our employees are provided with online education, and the Policy is updated regularly.

The Icelandic Competition Authority received a complaint from N1 about the Vonarskarð sales process and launched an investigation into specific provisions in Landsvirkjun's power contracts.

Value chain

Our business activities span various areas, and we are committed to maintaining our standards at every stage of the value chain. Our suppliers and business partners must comply with our occupational health and safety, environmental protection, and corporate social responsibility standards.

Landsvirkjun's procurement activities adhere to Directive 2014/25/EU and Regulation 340/2017 when purchases exceed specific financial thresholds. We have established a code of conduct for suppliers and service providers based on our employee code of conduct and the UN Global Compact on responsible business practices. Suppliers must comply with these rules when dealing with us.

Chain of responsibility provisions are included in all procurement contracts. They ensure compliance with labour laws and collective pay agreements for everyone working indirectly for Landsvirkjun, including subcontractors, contractors, and temporary work agency employees.

In December 2021, Landsvirkjun's Board approved the Company's revised Procurement Policy. This policy outlines the principles of responsible procurement in our supply chain, including coordination, transparency, traceability, and efficiency.

We place a high priority on the following:

- › Ensuring compliance with the appropriate Company laws and regulations
- › Managing procurement and contracts in accordance with other Company policies and objectives, especially those related to;
 - The environment, climate change and green procurement
 - Occupational health and safety issues
 - Community issues
- › Maintaining healthy business ethics, enforcing supply chain codes of conduct in cooperation with suppliers, and ensuring chain responsibility in purchasing agreements.

Management closely monitors the procurement policy and its execution through regular status meetings, where objectives and criteria are discussed. Management also evaluates suppliers as part of the annual management system review.

Our foreign suppliers are primarily located in Europe or North America, with substantial human rights and environmental laws. As a result, no specific assessment of the Company's suppliers regarding human rights or environmental issues was deemed necessary.

Our website contains information about tenders, tender results, and supplier and service provider codes of conduct. The Company's supply chain did not significantly change in 2024.

Risk assessment in an ever-changing environment

We follow a formal risk management process to identify and control our financial and non-financial risks. As part of this process, the Company's principal risk factors are mapped, and appropriate steps are taken to minimise their likelihood and impact on our image, finances, health and safety, and the environment.

The purpose is to support the Company's objectives and ensure stable, responsible, and successful operations.

Landsvirkjun's Board of Directors sets a comprehensive risk management strategy based on the following criteria:

- › Company policies, goals and plans are successful
- › Company assets are protected appropriately
- › Serious accidents are prevented
- › Company operations without environmental incident
- › Information is accessible, relevant and correct
- › Staff should adhere to policies, rules, procedures and plans while respecting applicable laws and regulations and relevant recommendations

We take climate change very seriously and know its impact on our operations and the measures we can take. Analysing how climate change will affect our operations is integral to our risk analysis. As part of our monitoring activities, we analyse meteorological and market changes, monitor changes to the legal and regulatory environment, assess technological developments, and participate in the general discussion on climate change. This gives us the predictability needed for continued safe operations in a rapidly changing world.



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Commentary on Key Issues

The development of laws and regulations is highly significant for the interests and future of Landsvirkjun, as well as the energy sector as a whole. We closely monitor and actively participate in discussions with government authorities and institutions regarding potential changes that affect our operating environment.

We develop an informed position on matters relevant to our interests and communicate them as appropriate, for example, through formal consultation processes. Here, you can learn about Landsvirkjun's stance on the key issues that were most prominent during the year.

Electricity Security for Households and Small Businesses

Landsvirkjun stresses the need for government action to protect the electricity supply for households and small businesses, especially as demand continues to outpace supply. Ensuring they are not forced to compete with large industrial consumers is essential for a stable and fair energy system.

Three legislative bills on electricity security were introduced during the year.

We highlighted the following key points in our response:

- › In the event of rationing due to unforeseen circumstances, the public and smaller businesses must be a priority if other measures are insufficient.
- › Clear regulatory guidelines must be established for managing structural excess demand not caused by unforeseen events.

The bills were not passed before the government dissolved in October.

We urge future legislation to prioritise the following:

- › International best practices should be considered, ensuring that government interventions do not exceed what is necessary.
- › Regulatory frameworks should not disrupt market competition and must uphold principles of equal treatment.
- › Resources must be managed responsibly, with mechanisms in place to prevent waste of energy resources.
- › The unavoidable costs associated with ensuring energy security should be minimised.

Feasible power projects should be moved to the utilisation category.

Meeting the nation's electricity needs by 2035 requires urgent progress on power projects. We urge the government to approve the Master Plan's project steering committee recommendation to classify three hydropower projects in South Iceland—Holt, Urriðafoss, and Skrokkalda—under the utilisation category. Swift action is essential to ensure at least one of these projects is operational by 2035.

- › We encourage the government not to place three proposed hydropower projects in the north in the protection category, citing their importance for energy security and location outside volcanic zones. We also believe that discussions regarding these projects have been inadequate.
- › We reiterate the importance of ensuring that the Kjalalda Project undergoes the appropriate legal and regulatory process, with assessments conducted by expert groups as stipulated by law.

Regulatory Framework for Wind Energy Utilisation

Establishing clear regulations for wind energy utilisation is essential to ensuring energy security and achieving climate targets. In 2024, a parliamentary resolution and a bill to incorporate wind energy development under the Master Plan were proposed; however, neither was passed before the government dissolved.

We actively participated in all consultation processes and proposed the following:

- › A total ban on wind energy development within the central highlands boundary should not be imposed. Instead, we recommended that wind power projects within this area should not be eligible for an expedited approval process but could still be assessed through the Master Plan and parliamentary review.
- › Granting municipalities veto power after a project has been reviewed under the framework plan and by Parliament should not undermine public processes and parliamentary authority. However, we acknowledge that there are valid arguments for expanding municipal authority if a wind energy project undergoes an expedited process.
- › National electricity security should be a key consideration when assessing whether a wind energy project qualifies for the fast-track process. In our view, energy security is intrinsically linked to Iceland's goals for energy transition and carbon neutrality, and these objectives cannot be realistically achieved unless electricity security is assured.
- › We considered the discussion of applying Landsvirkjun's ownership policy to influence the sale of balancing power inappropriate and inconsistent with legal provisions. Therefore, we recommended that this discussion be removed.

Review of the Master Plan

A thorough review of the Master Plan is essential to ensure it remains a practical framework for determining where electricity generation is permitted. The current process is overly complex and time-consuming, with key factors missing. It does not adequately consider energy demand, and there have been ongoing debates over how energy projects and their impacts should be assessed.

- › Ensuring transparency in decision-making is essential, and companies must have the right to challenge the committee's procedures or rulings. There should be no ambiguity over its authority, and the legitimacy of the energy licensing process must remain beyond dispute.
- › The licensing framework must support future energy needs, ensuring that decisions do not rule out projects that could become critical over time.
- › The designated protected areas should be determined by nature conservation laws rather than the Master Plan, ensuring a clear distinction between energy development and environmental protection.
- › Adopting best practices from European and Nordic legislation—Recent EU legislation on renewable energy (EU 2023/2413), applicable under the EEA, establishes a maximum two-year timeframe for permitting renewable energy projects. Norway also serves as a valuable example of a more efficient licensing framework.

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Despite the growing demand for increased energy production, the licensing process for power projects can take years, even decades. Landsvirkjun has highlighted this issue for many years.

A project team was established in 2024 to simplify and shorten this process. The team includes representatives from the Ministry for the Environment, Energy and Climate, the National Energy Authority, and the Environment Agency, along with external consultants. Landsvirkjun engaged with the group's advisors and actively consulted with other stakeholders. As a result, a bill to streamline licensing procedures and harmonise case handling was added to the legislative agenda in autumn 2024.

In our discussions with the project team and other stakeholders, we emphasised the potential of adopting policies and methodologies recently developed by the European Union to accelerate the expansion of renewable energy. Specifically, we recommended an approach based on the EU Renewable Energy Directives, RED II and RED III. Implementing these measures could shorten the licensing process to two years, from when Parliament classifies a project under the energy utilisation category to the issuance of construction and operational permits.

Fairer Distribution of Benefits from Energy Production

Landsvirkjun considers it essential that local communities and those affected by energy production receive a fair share of the benefits. Two government-appointed working groups have been preparing legislative proposals to address this issue. We supported this work and actively participated in consultations alongside other stakeholders. However, a bill proposing changes to the tax framework for energy production was not introduced before the autumn elections.

Our views are as follows:

- › International comparisons should be approached with caution. Iceland's conditions differ significantly from those in other countries. Iceland's energy production profitability is considerably lower than comparable nations, while consumers benefit from relatively low electricity prices.
- › A balance must be struck – stakeholders must receive a fair share of the benefits without imposing burdensome taxes and fees that could discourage investment in energy development.
- › Power companies pay substantial taxes to the state and municipalities. However, disparities in tax distribution among municipalities and reductions in equalisation funds have caused dissatisfaction.
- › All policy changes must be carefully assessed. The impact on energy companies' competitiveness, Iceland's international economic position, electricity prices, and consumer affordability must be thoroughly evaluated.
- › Property taxes may not be the most effective solution. Alternative approaches, such as a tax on generated energy units, could be explored to achieve a fairer benefit distribution and foster stakeholder consensus.



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CHAPTER STRATEGY TARGETS

5 Exceeding expectations in open communication and cooperation

CHAPTER 7

A Good Neighbour and Strong Communication

Community Engagement Plan

Our Community Engagement Policy is committed to generating positive social impacts and benefits from the Company’s operations in conjunction with responsible resource utilisation.

We urge our employees to actively engage in the community, supporting initiatives with positive social implications while upholding honesty, respect, and constructive communication. We stress the importance of sharing knowledge about our operations to build mutual trust, positioning us as a leading force for energy-related innovation with sustainability as our guiding principle. Lastly, we are committed to being a good neighbour and ensuring local communities benefit from our operations.

Contributing to research and community affairs

Consultation

In 2024, various projects required consultation with stakeholders, including local authorities and government agencies, as well as numerous landowners, municipalities, and other stakeholders.

Monitoring nature and ecosystems, and various other measures related to licence conditions, require consultation and dialogue with multiple parties, including the Soil Conservation Service, the Iceland Forest Service, the Icelandic Forestry Association, the Icelandic Institute of Natural History, the Marine and Freshwater Institution, the University of Iceland Science Institute, Icelandic Meteorological Office, the Environment Agency of Iceland, the Northeast Iceland Nature Research Centre, the East Iceland Nature Research Centre, and landowners and angling associations nationwide.

Our visitor centres

Our visitor centres in Ljósafoss and Krafla were open during the summer, hosting 4,871 guests at Ljósafoss and 12,455 at Krafla. Various groups also visited Ljósafoss during the winter.

In addition to welcoming guests to our visitor centres, we offer guided tours in Kárahnjúkar during the summer in collaboration with Vatnajökull National Park.

During the year, work began installing Orkuslóð, an information and educational signage project designed to provide visitors to Landsvirkjun’s operational areas with insights into the Company’s activities and educational content about the surrounding regions. The first phase of the project was completed in the Þjórsá area.



Orkuslóð provides visitors with insight into Landsvirkjun’s activities.



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Cooperation and collaboration

We work closely with various associations and organisations both at home and abroad. Cooperation creates a platform to share knowledge, learn from others, and combine actions related to energy, the environment, society, and climate issues.

A few of the projects we are involved in or belong to are:

International projects

- International Hydropower Association
- International Geothermal Association
- European Geothermal Energy Council
- International Energy Agency - Geothermal Implementing Agreement (IEA Geothermal)
- UN Global Compact
- Nordisk Hydrologisk Forening - Nordic Association for Hydrology
- CEATI International (Centre for Energy Advancement through Technological Innovation)
- WindEurope

Domestic projects

- Blámi, Eimur and Orkidea – collaborative projects for energy-related innovation
- Festa – Centre for Sustainability
- Green Building Council in Iceland
- Green by Iceland
- Græna orkan – The Green Energy Partnership
- Krafla Magma Testbed
- Geothermal Research Cluster – GEORG
- Sustainability Institute and Forum
- Centre for Law on Climate Change and Sustainability
- Icelandic Tunnelling Society
- Iceland Glaciological Society
- LISA Organisation
- Icelandic Renewable Energy Cluster
- Samorka – Federation of Energy and Utility Companies in Iceland
- SA – Confederation of Icelandic Enterprise
- Excellence Iceland (Stjórnvísir)
- Iceland Chamber of Commerce
- Iceland Tourism Cluster
- Geothermal Association of Iceland
- Iceland Ocean Cluster
- Faculty of Environmental and Natural Resources Sciences at the University of Iceland
- The University of Iceland Science Centre
- Rafmagnsflug ehf. (Electric Flight)
- Icelandic Textile Centre

Sustainability Initiatives in the East and Northeast

We participate in two sustainability projects in the East and Northeast of Iceland. We work closely with our stakeholders to monitor how Landsvirkjun’s activities affect these regions’ society, environment, and economy. Data related to indicators defined by the projects are managed for both sustainability projects on-site. The sustainability projects are conducted collaboratively with local authorities and the Sustainability Project in the East is also run in collaboration with Alcoa.

Nearly One Billion ISK Allocated from the Energy Research Fund Over 17 Years

Each year, we allocate grants from Landsvirkjun’s Energy Research Fund to support research projects in energy and environmental studies. The 2024 grants were awarded at a formal ceremony in March, where, as is tradition, three grant recipients presented their projects. This year’s presenters were Benedikt Halldórsson, with the project “New physics-based seismic hazard maps for the Tjörnes fracture zone in North Iceland”, Snædís Huld Björnsdóttir, with “A unique ecosystem in Icelandic geothermal water”, and Hlynur Stefánsson, with “Microplastics in Glaciers”.



This year, 41 recipients received ISK 72 million in funding. Over the past 17 years, the fund has supported 413 research projects, with total grants nearing ISK 1 billion.

Supporting Projects with a Positive Impact on Society

Established in 2010, Landsvirkjun’s Community Fund has allocated approximately ISK 155 million over the past 14 years to support projects that positively impact Icelandic society. In 2024, the fund distributed around ISK 15 million to various initiatives, including humanitarian projects, cultural and historical initiatives, support for non-profit organisations, public health efforts, and community-driven activities. Grant amounts ranged from ISK 100,000 to ISK 600,000. In addition, Landsvirkjun contributed ISK 2.3 million to 85 causes through dedicated funding lines, supporting various essential initiatives.

Landsvirkjun’s community support takes many forms, including the Many Hands Make Light Work initiative, which enables individuals and non-profit organisations to benefit from the labour of Landsvirkjun’s summer work teams. In the summer of 2024, these teams completed 36 projects within the local communities surrounding the Company’s power stations.



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Communication and education

Website and social media

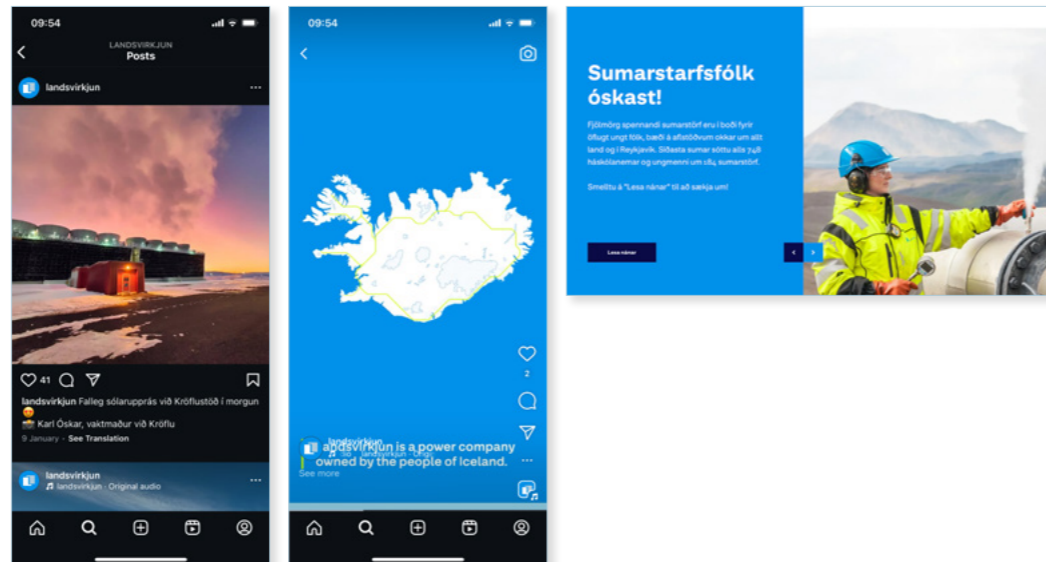
Our website and social media platforms were vital to our information dissemination efforts throughout the year.

Dedicated websites were developed for upcoming projects, including the construction of Hvammur and the Vaðalda Wind Farm.

Facebook remained our most influential platform, with just under 9,000 followers and the most engagement and shares. We also intensified our efforts on TikTok, successfully increasing our reach among the younger generation.

The total number of followers across our social media channels grew by 19.8% compared to the previous year, reaching 17,959 by the end of 2024.

We produced social media content aligned with key events and occasions throughout the year. This content performed well across platforms, achieving significant reach and engagement.



The Grænvarpið (Green)podcast

Nine Episodes of Grænvarpið, Landsvirkjun's Podcast, Released This Year:

- › **Hvammur Power Project**
Ólöf Rós Káradóttir, Project Manager on the Hvammur Power Project
- › **Wind Energy**
Unnur María Þorvaldsdóttir, Director of Wind Energy Development
- › **Energy Efficiency and Demand**
Jóna Bjarnadóttir, Executive Vice President of the Community and Environment Division
- › **The Demanding Role of a Station Manager**
Georg Þór Pálsson, Station Manager for the Þjórsá Region
- › **Women in Energy**
Selma Svavarsdóttir, Newly Elected Chair of Women in Energy, and Hildur Harðardóttir, Outgoing Chair
- › **Development of Electricity Markets**
Úlfar Linnet, Director of Business Services
- › **Being a Good Neighbour**
Guðmundur Finnbogason, Project Manager for Local Communities and Nature
- › **The Circular Economy**
Ívar Kristinn Jasonarson, Specialist in Climate and Impact Management
- › **A Doctorate in Salmon Research**
Sigurður Guðjónsson, Fisheries Scientist



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Open meetings

Annual Meeting: Energy for the Nation

Landsvirkjun's 2024 Annual Meeting was held under the theme Energy for the Nation at Harpa. The event attracted around 400 attendees, with an additional 1,300 people following the livestream. The meeting was moderated by Þóra Arnórsdóttir, Director of Communications at Landsvirkjun.

The Most Important State-Owned Company

Minister of Finance and Economic Affairs Þórdís Kolbrún Reykfjörð Gylfadóttir, who oversees the Icelandic nation's ownership stake in Landsvirkjun, addressed the annual meeting. She congratulated the Company, its employees, and all stakeholders on the outstanding financial results achieved by the country's leading energy provider. She emphasised how sound decision-making and effective energy resource development have created significant value for Icelandic society, reinforcing Landsvirkjun's role as a cornerstone of national prosperity and sustainable progress.

The Minister of Finance and Economic Affairs stressed that staying still is not viable; we risk falling behind if we don't advance. She pointed out that Iceland must keep moving forward to maintain its strong and peaceful society, where economic and cultural prosperity rank among the best in the world. She warned that this position should never be taken for granted.

She highlighted the importance of considering national security in all electricity decisions, ensuring Iceland is prepared for unexpected challenges and disruptions. She described Landsvirkjun as the country's most important state-owned company, crucial in securing energy independence and stability.

The Minister also reaffirmed her support for a National Fund, a financial reserve designed to provide security in times of crisis. She reiterated that the fund would be partly financed by dividends from Landsvirkjun's operations, helping to strengthen Iceland's resilience in uncertain times.

Three new power stations in a decade

Chairman of the Board, Jónas Þór Guðmundsson, welcomed Landsvirkjun's strong financial performance, highlighting that last year's record had been surpassed by a significant margin. He noted that the Company now stands on par with leading energy firms across the Nordic region.

He emphasised that this achievement was no coincidence but the result of two key factors: strategic investments in new, high-yield power stations and the renegotiation of contracts with the Company's largest customers. As a result, these customers now pay energy prices comparable to those in the countries Iceland most frequently benchmarks itself against. Reflecting on the Company's progress over the past decade, Jónas Þór underscored the commissioning of three power stations—Búðarháls, Þeistareykir, and Búrfell II. These developments, he pointed out, played a vital role in Iceland's economic recovery following the financial crisis, which had left a lasting impact on the nation.

Now, however, Iceland faces a familiar challenge- surging electricity demand. Unlike a decade ago, Landsvirkjun lacks the flexibility to meet this rising need. The electricity system is nearing full capacity, and projections indicate that supply will not catch up until at least 2027–2028, when Búrfell Wind Farm and Hvammur are expected to connect to the grid, assuming all goes according to plan.

Jónas Þór stressed that Landsvirkjun was not responsible for this situation, having repeatedly warned of potential energy shortages if the licensing process remained inefficient. He pointed out that the permitting process for Hvammur began in 1999, and a 25-year approval timeline was, in his words, clearly unacceptable.



↑ Þórdís Kolbrún stated that Landsvirkjun is the most important publicly owned company in Iceland.



↑ Jónas Þór stated that, unfortunately, Landsvirkjun has not been given the flexibility to respond to the increased demand for electricity.



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A Model for Renewable Energy System Management

In his address, Landsvirkjun’s CEO, Hörður Arnarson, reflected on the evolution and success of the Icelandic electricity market. He highlighted its unique position as a fully renewable, closed system, unparalleled globally while meeting all key objectives- stable and low electricity prices for the public, a secure energy supply, exceptional system efficiency, a competitive environment for energy-intensive users, and satisfactory financial returns.

He noted that countries across Europe are striving to achieve similar outcomes. As the share of renewable energy increases on the mainland, energy systems gradually evolve toward a model akin to Iceland’s.

Despite this strong performance, Hörður emphasised that significant challenges remain. He pointed out that ensuring energy security for households and small businesses now depends on policymakers. If Iceland is to meet its energy transition targets and support the natural growth of its industries, he urged the government to take responsibility and facilitate further energy production.

The Benefits of Improved Energy Efficiency

Jóna Bjarnadóttir, Executive Vice President of the Community and Environment Division, emphasised the crucial role of improved energy efficiency in the broader energy transition. She highlighted its significant potential in optimising energy use and meeting future demands.

Referencing an analysis conducted last year in collaboration with Landsvirkjun, the National Energy Authority, and the Ministry of the Environment, Energy, and Climate, she noted that energy efficiency improvements could yield 360 GWh over the next five years. With coordinated efforts from all stakeholders, an additional 800 GWh could be achieved within the next decade. However, she acknowledged that these improvements come with associated costs. Jóna emphasised that energy efficiency remains Landsvirkjun’s top priority across all its operations.

The analysis also made one point clear: while there are undeniable opportunities to enhance efficiency, additional energy production will still be necessary to meet rising demand. Electricity remains essential for both the energy transition and industrial growth. According to Landsnet’s projections, Iceland will need approximately 6.5 TWh of additional electricity by 2035, while even the most ambitious energy efficiency measures would only contribute 1.3 TWh—underscoring the need for further development in energy production.

Landsvirkjun’s Operational Success

The year 2023 was the most successful in Landsvirkjun’s history, marking a record-breaking operational performance since the Company’s founding in 1965.

Rafnar Lárusson, Executive Director of Finance and IT, expressed his satisfaction that Landsvirkjun is now meeting the profitability targets set by its owner. He highlighted that the Company’s debt had reached an all-time low, and its credit rating was upgraded to A- last year, acknowledging its strong financial position and positive outlook. Among Nordic energy companies, only Norway’s Statkraft holds a higher rating.

As previously announced, Landsvirkjun’s Board of Directors plans to propose a dividend payment of ISK 20 billion to the Icelandic nation for the 2023 financial year at the Company’s Annual General Meeting—matching the dividend paid the previous year.

A Period of Major Development Begins

If plans progress as expected, Landsvirkjun is set for an extensive construction period over the next decade. Ásbjörg Kristinsdóttir, Executive Vice President of the Project Planning and Construction Division, outlined the key projects in preparation.

One of the most significant developments is the Búrfell Wind Farm near Vaðalda, where up to 30 wind turbines will be erected. Additionally, Hvammur, a new hydropower station, will become the eighth station in the Þjórsá and Tungnaá region.

Landsvirkjun is also preparing for the extension of Sigalda Power Station, further strengthening power generation in the Þjórsá region. Concurrently, a major expansion of the Þeistareykir Geothermal Power Station is underway.



→
Approximately 400 guests attended the annual meeting, held under the theme “Energy for the Nation.”



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**Autumn Meeting:
Harnessing Energy for Prosperity**

Landsvirkjun’s 2024 Autumn Meeting was held at Hótel Selfoss on Wednesday, the 30th of October, with around 300 attendees. The event was themed *Harnessing Energy for Prosperity*.

The meeting covered the large-scale developments beginning in the Þjórsá region, including Hvammur, Búrfell, and the extension of Sigalda Power Station. Attendees were given an overview of what would be built, when, and in what order.

Additional discussions focused on the impact of these projects on neighbouring communities, their relationship with the tourism industry, and other key factors. Úlfar Linnet, Head of Energy Trading at Landsvirkjun, moderated the meeting.

A good neighbour is worth more than gold

Jóna Bjarnadóttir, Executive Vice President of the Community and Environment Division, spoke about Landsvirkjun’s operations’ benefits to neighbouring communities.

Tourism and energy production

Guðmundur Finnbogason, Project Manager for Local Communities and Nature, discussed the interaction between tourism and energy production.

Minister’s Address

Sigurður Ingi Jóhannsson, Minister of Finance and Economic Affairs, addressed the meeting.

Actions speak louder than words

Ásbjörg Kristinsdóttir, Executive Vice President of the Project Planning and Construction Division, outlined the background, scope, and planning of the major projects set to take place in the Þjórsá region over the coming years.

Electricity markets, for whom?

Landsvirkjun’s Business Analysis team hosted an open electricity market conference at Gróska, focusing on developments in the sector since the introduction of the current Electricity Act in 2003. The event aimed to explore the question: *Electricity Markets – For Whom?*

Discussions highlighted the changes that have taken place with the introduction of two new companies licensed to operate within the market. The uniqueness of Iceland’s electricity system was examined, along with ways to ensure long-term energy security in the country.

Orkuskipti.is

A new version of the website Orkuskipti went live in November. On the same day, a well-attended event was held in Kaldalón, Harpa, where key updates and changes since the site’s initial launch in 2022 were presented. The website is a collaborative project between Landsvirkjun, the Federation of Icelandic Industries, Samorka, EFLA, and Grænvangur. It aims to provide comprehensive information on Iceland’s energy transition.

Sofa chat

Jóna Bjarnadóttir, Guðmundur Finnbogason, and Sveinn Aðalsteinsson, CEO of Orkídea, sat down for a conversation with Dóra Björk Þrándardóttir, Innovation Director at Landsvirkjun.

Additionally, Ásbjörg Kristinsdóttir, Executive Vice President of the Project Planning and Construction Division, Hörður Arnarson, CEO of Landsvirkjun, Sigurður Ingi Jóhannsson, Minister of Finance and Economic Affairs, and Eggert Valur Guðmundsson, Mayor of Rangárþing ytra, took part in a panel discussion moderated by Vordís Eiríksdóttir, Director of Operations and Resources.



Electricity Security – For Whom?

Landsvirkjun’s Business Analysis team hosted an open electricity security conference at Gróska in November. The event explored various perspectives on electricity security and examined potential solutions to ensure a stable and reliable power supply.

What’s the latest on energy prices?

During the webinar “What is the latest update on electricity prices?”, the Company’s leading experts provided an overview of the key factors influencing electricity prices. The most significant of these is the efficient structure of the electricity system, which benefits from cost-effective generation options, reliable transmission capacity, and prudent investments.

Newspaper articles

Landsvirkjun actively contributes to public discussions on energy by regularly publishing articles in leading newspapers. In 2024 alone, we authored over 30 articles on energy issues, providing expert insights, promoting informed decision-making, and fostering a deeper understanding of the challenges and opportunities in the energy sector.



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2025



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S&P Global
Ratings
A-