



## Gap Resolution Report

**Project Name:** Hvalárvirkjun

**Installed Capacity:** 55 MW

**Country:** Iceland



**Project Sponsor:** VesturVerk

**Report Author:** Dr Bernt Rydgren, Mr Pelle  
Bågesund

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Assessment overview	<p>The Hvalárvirkjun Project underwent an assessment in September 2024 using the Hydropower Sustainability Standard (HSS). The project met all the minimum-level requirements while the assessment identified a total of 17 advanced-level requirements of the HSS which were not met.</p> <p>VesturVerk has worked, since the draft assessment report was delivered on 16/10/2024, to address some of the advanced-level issues, as well as strengthening its management structure to support a slightly changed wording for the scoring of some additional requirements, using the designated timeframe available to address gaps under the <a href="#">HS Assurance System</a>.</p> <p>This report presents the Assessment Team’s assessment of whether the project has met additional requirements. The review has been conducted in June 2025, in accordance with the time frame for gap closure as stipulated in the HS Assurance System. Findings are presented below according to the actions and indicators of achievement set out in the October 2024 assessment report.</p> <p>The assessment identified no significant gaps at the minimum-requirement level and the project meets all except 10 advanced-level requirements. However, for both the minimum-level and the advanced-level requirement many are met only conditionally – depending on successful implementation of the ongoing preparation of a Framework Environmental and Social Management Plan and its implementation into detailed management plans by the chosen contractor(s) well before construction starts. The most important concern is the strong opposition against the project among some local residents. However, the project is the prime candidate to address the lack of a satisfactory electricity supply in the whole Vestfjords region, so more information and consultations can hopefully alleviate this problem.</p> <p><b>This shows that 7 of the 17 gaps have been closed. The final assessment report has been revised, with a recommendation of Gold certification.</b></p>
Purpose of Gap Resolution Report	<p>In accordance with the HS Assurance System, the Gap Resolution Report documents the resolution of gaps identified during the on-site assessment. Project Proponents have eight months to implement the Minimum Requirements Action Plan and close all gaps. If unresolved, a new assessment is required. If resolved, the Accredited Assessor verifies the corrective actions and submits the revised Preliminary Assessment Report and Gap Resolution Report to the HS Secretariat within ten months of the on-site assessment.</p> <p>The HS Secretariat processes the reports and supporting evidence, initiating the public comment period within 12 months of the on-site assessment. The Gap Resolution Report is published online alongside the Initial Assessment Report, after which Project Proponents may apply for HS certification.</p> <p>This report represents compliance with Section 3.4 of the <a href="#">HS Assurance System</a>.</p>

Revised assessment report	The revised assessment report can be found on the HSA website <a href="http://www.hs-alliance.org">www.hs-alliance.org</a> . This gap resolution report will be published online alongside the revised assessment report.
Layout of Gap Resolution Report	The Gap Resolution Report provides a comprehensive summary of the significant gaps identified during the September 2024 onsite assessment, the corrective actions undertaken by the Project Proponent, and the Accredited Lead Assessor's evaluation of whether these gaps have been effectively resolved.

## Gap Resolution Findings

Environmental and Social Action Plan, October 2024					Gap Resolution Assessment, June 2025	
Section	Advanced-level requirement	Action(s)	Responsibility	Indicator of achievement	Findings	Met?
1.	The assessment shows a strong emphasis on social and environmental needs, policies and plans, including the need for sustainable development of the river basin and integrated water resource management	Continued communication and consultation with local stakeholders and actions addressed according to potential issues raised. This in order to mitigate the effects of the project on the local stakeholders (and consequently the opposition to the project).	VesturVerk / HS Orka	Reduced level of opposition in the local community, resulting in continued support for the project by the Municipal Board.	The attention paid by the developers in trying to address the concerns of some of the local stakeholders and the ongoing development of a Framework ESMP does prove the developer's strong emphasis on resolving the situation, meaning that this requirement is considered to be met.	✓
4.	The assessment takes broad considerations into account, and both risks and opportunities relating to public health				The ongoing communication and consultation process that aims to address the concerns and wishes of the community has assessed and started to address some of the community's concerns but not all. Noise and dust caused by construction-related traffic is the key one in terms of public health. Work is ongoing in conjunction with applications for pre-construction work permits, which will address these concerns and alleviate the risks. The requirement is, hence, considered as conditionally met but will change to "not met" if the health concerns associated with noise and dust are not addressed well before the start of road construction.	
4.	Processes are in place to anticipate and respond to emerging risks and opportunities relating to project-affected				The improved overall management processes put in place at VesturVerk/HS Orka combine to close this gap.	

Environmental and Social Action Plan, October 2024					Gap Resolution Assessment, June 2025	
Section	Advanced-level requirement	Action(s)	Responsibility	Indicator of achievement	Findings	Met?
	communities and project benefits					
9.	Sustainability and anti-corruption criteria are specified in the pre-qualification screening	Develop a routine in the management system that requires anti-corruption criteria to be part of pre-qualification.	Procurement Officer VesturVerk/HS Orka	Evidence of a routine implemented in the management system	The evidence has been provided.	✓
9.	Anti-corruption measures are strongly emphasised in procurement planning processes					
12.	Assessment of resilience incorporates sensitivity analysis and project-specific hydrological modelling using recognised climate models	A sensitivity analysis based on the three RCPs used for climate modelling by the Met Office	External consultant	A report with a minimum of three scenarios tested.	Evidence provided proves that the action is on track to be resolved.	✓
12.	Resilience measures take account of a broad range of risks and inter-relationships	Adding dam-safety scenarios informed by climate modelling	External consultant	A report with the scenarios tested.	Evidence provided proves that the action is on track to be resolved.	✓