



Registry Rules of Use

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What is the International Carbon Registry (ICR)?

The International Carbon Registry (ICR) ensures open and transparent project registration for Icelandic Forest Carbon Code projects, as well as Skógarkolefni - Forest Carbon Unit issuance, tracking and retirement. The service provided by ICR is a secure online application that tracks units generated by Icelandic Forest Carbon Code projects. The registry incorporates a range of services including:

- **A project register:** This accommodates both single projects and groups of projects.
- **A carbon unit register:** This enables projects to issue units, assign or transfer them to credit buyers, and for credit buyers to use/retire/report them once verified.
- **A public database:** This provides public stakeholders the ability to view the status of all Icelandic Forest Carbon Code activity. Please refer to Registry Public View

These rules of use refer to Icelandic Forest Carbon Code projects on the International Carbon Registry (ICR) not other projects that are registered with the ICR.

Accounts on the International Carbon Registry

There are four types of accounts. All accounts are public on the International Carbon Registry (ICR):

- **Project Developer accounts** for organisations/individuals that own or manage projects, issue Pending Issuance Units or Skógarkolefni - Forest Carbon Units and transfer units to corporate end users, retail aggregators or traders or assign/retire them on behalf of their clients
- **Project Proponent accounts** for organisations/ individuals that own projects but do not manage their own project or issue the Pending Issuance Units or Skógarkolefni - Forest Carbon Units in the registry. A project developer can transfer units to the project proponents of the projects they have listed or a project's units can be directly listed in the project proponent's account. Project proponents can transfer units to corporate end users, retail aggregators or traders or assign/retire them on behalf of buyers
- **Buyer accounts** for organisations which buy carbon credits from Icelandic Forest Carbon Code projects for their own use or for their clients; this includes
 - **Corporate End User accounts** for those who are 'buying to use' and can receive Pending Issuance Units (to use/retire once verified) or Skógarkolefni - Forest Carbon Units (which can be used/retired immediately). It is not possible to sell on any unused units
 - **Trading accounts** for those who are 'buying to sell on' and can receive Pending Issuance Units or Skógarkolefni - Forest Carbon Units and assign/retire them on behalf of their clients or transfer them upon sale to other market participants. However, trading account holders must be registered and authorised by the Ministry of Finance and Economic Affairs to carry out a regulated activity under the Article 40 Act no. 115/2021 on markets for financial instruments
- **Individuals account.** An individual can buy Skógarkolefni - Forest Carbon Units if he/she wants to invest in a carbon project. He could buy directly from the project owner or a broker who can retire the units on their behalf

Projects on the International Carbon Registry

The various project statuses and the documents required at each stage are outlined below:

- **Application** - When the project developer has started to enter the project on the registry but not submitted it. (Details entered at this stage do not appear on the public registry)
- **Under development** – The project developer has entered the project details and uploaded the draft carbon calculations and a map. The project is now 'pre-registered' and will appear on the public view
- **Registered** – The project has been validated and documents have been uploaded; the final PDD, map, carbon calculations and Validation Statement (*which will be public*), and group agreement and landowner/tenant commitment statement (*which will remain private*) if a group. Depending upon the project setup the project developer may also need to upload a document to show they own the right to the carbon units (*a 'proof of right'*) or that they have the right to represent the landowner in the registry (*a 'communications agreement'*). Standard content for these agreements is available from ICR or the Icelandic Forest Service
- **Issuance** – The project has requested to issue pending FCUs. and/or project has undertaken a verification and the documents have been uploaded: a Project Progress Report, Monitoring Report and a valid Verification Statement for that period
- **Closed**- A project which has been validated but for some reason is not verified, will be marked 'Not Delivered'

All projects will be shown on the public view of the International Carbon Registry (ICR) once they move from 'Draft' to the 'Under Development' stage. Project Documentation will be public unless indicated otherwise above.

Carbon Units on the International Carbon Registry

The register includes two types of carbon units, which have different purposes:

- **Pending Issuance Units (PIUs):** The purpose of these units is to demonstrate the quantity (tonnes CO₂e) of potential future sequestration. PIUs will help to keep track of up-front sales/purchases (by assigning them to a buyer or transferring them to a buyer's account) but they cannot be used/retired/reported. PIUs are not guaranteed. The registry identifies PIU as being „inactive“
- **Skógarkolefni - Forest Carbon Units (FCUs):** When a project has been verified, PIUs which have been confirmed as sequestered will be converted to FCUs. These units can be considered as full carbon 'credits', and as such can be used/retired/reported. FCUs are guaranteed. The registry identifies FCUs as being „active“

PIUs and FCUs only exist in the International Carbon Registry (ICR), and ownership can only be transferred between registry account holders. Units are assigned a 'vintage', which is the time period in which they are anticipated to be delivered (PIUs) or were actually delivered (FCUs). Each unit is allocated a unique serial number.

All units, PIUs and FCUs, will be visible on the public view of the International Carbon Registry (ICR).

Listing Pending Issuance Units on the International Carbon Registry

Once a project is validated, Pending Issuance Units may be issued, in time periods called vintages or monitoring periods for the lifetime of the project. For groups of projects, units can be issued to each project within the group, or to the groups as a whole, if the carbon is to be sold collectively.

For projects where predicting the carbon sequestration is more challenging, PIUs issuance is not permitted – these projects can only list verified Skógarkolefni - Forest Carbon Units once the actual amount sequestered is known. This includes:

- Natural regeneration projects which are very large-scale, or where there is little or no ‘baseline’ evidence of seedlings regenerating
- Skógarkolefni – Forest Carbon Code creation projects which are planting a species where there is less information about sequestration rates and no ‘carbon model’ is mapped in the FCC Carbon Calculator.

Vintages are determined by the monitoring and verification schedule as set out in FCC guidance. The first vintage is 5 years from the carbon project start date (last date of planting) and subsequent vintages are in 10-yearly periods.

The Icelandic Forest Service owns and manages an account called ‘FCC PIU Buffer’ and the buffer contribution for each project will be allocated to this account. The PIU buffer cannot be claimed from; it simply indicates the potential size of the Standard’s buffer account once these units are converted to verified units.

For example, a 50-year project, which will generate 39.765 tonnes of carbon dioxide over its lifetime, where the risk assessment has indicated 20% of units should be allocated to the buffer, might list PIUs as shown in Table 1.

Table 1: Allocation of units to vintages for a project which will sequester 39,765 units in total. All issuances will be shown on the public view of the International Carbon Registry (ICR).

Vintage Length (years)	Vintage Start Date	Vintage End Date	Total number of units	Units allocated to Buffer	Units allocated to Project
5	1/4/2023	31/3/2028	500	100	400
10	1/4/2028	31/3/2038	4.651	930	3.721
10	1/4/2038	31/3/2048	14.378	2.876	11.502
10	1/4/2048	31/3/2058	11.779	2.356	9.423
10	1/4/2058	31/3/2068	6.758	1.352	5.406
5	1/4/2068	31/3/2073	1.699	340	1.359
Total Units over project lifetime			39.765	7.954	31.811

Transferring units to a buyer

This section refers to either Pending Issuance Units or verified Skógarkolefni - Forest Carbon Units. Sales of carbon units are conducted between the parties on a one-to-one basis, but once agreed, the project developer must make clear the buyer. This can be done in one of two ways:

- By assigning units to the buyer within the project developer's account. Assignment is a way of demonstrating the sale of a unit without requiring the buyer to have an account on the International Carbon Registry (ICR).
- By transferring units to the buyer's account. This gives the buyer more flexibility to retire the unit once it's verified and time that suits the buyer adding a comment at retirement.

Both seller and buyer have to agree to the transfer before it can take place.

Converting Pending Issuance Units to verified Skógarkolefni - FCUs

When a project is verified at the end of a period/vintage, the number of Pending Issuance Units verified in the period / vintage will automatically be converted to verified Skógarkolefni - Forest Carbon Units once checks on Monitoring and Verification reports are completed. This will occur both for PIUs originally issued (which may have already been sold on) as well as those allocated to the FCC PIU buffer account. Units issued as PIUs will retain the same serial numbers as FCUs.

This principle is fine where the actual verification indicates the same number of units as the prediction. However an approach for dealing with instances where the actual verification differs from the prediction is outlined below and is in line with the way most existing carbon markets would operate if a project over- or under-delivers within a given vintage:

Bear in mind the whilst the prediction / allocation of PIUs in Skógarkolefni - Forest Carbon Code projects is conservative, it is possible that actual sequestration is less than predicted. In this case, PIUs will be marked 'Canceled'.

For a given vintage, if verification confirms more units were delivered than allocated to PIUs: In proportion the additional units are allocated to the project and the FCU buffer (Table 2).

Table 2: Conversion of PIUs to FCUs in the case of over delivery

	PIUs (Prediction)	Actual Verification	Action
Buffer	20	22	20 PIU Buffer units converted to FCU Buffer units. 2 FCU Buffer units listed.
Project	80	88	80 PIUs converted to FCUs. 8 FCUs issued to the project developer.
Total	100	110	

If verification confirms fewer units were delivered than allocated to PIUs: In proportion the fewer units are allocated to the project and the FCU buffer. PIUs not delivered are marked 'Canceled' (Table 3).

Table 3: Conversion of PIUs to FCUs in the case of under delivery

	PIUs (Prediction)	Actual Verification	Action
Buffer	20	18	2 PIU Buffer units marked Canceled. 18 PIU Buffer units converted to FCU Buffer units.
Project	80	72	72 PIUs converted to FCUs. 8 PIUs - the last in serial number order - are marked Canceled. If sold, this is a contractual non-delivery of goods issue for the seller and buyer to resolve.
Total	100	90	

Contracts between buyer and seller might need to be flexible about the amount delivered but not the timing, for example:

- Guaranteed (I'll give you 100 units in year x. If it's not from my project I'll give you some from another FCC/other project)
or:
- Unit-contingent (I'll give you about 100 units in year x +/- y%. Pay for what I deliver)

What if Pending Issuance Units are not verified on time or at all?

Pending issuance units shall be verified by the last date of a monitoring period, unless there are extenuating circumstances for a delay which should be agreed with The Icelandic Forest Service. Extensions might be granted if, for example:

- You demonstrate you've applied to the verifying bodies in good time but they are unable to process your verification before the deadline
- A verification suggests corrective actions but they cannot be completed before the deadline due to weather/time of year etc.
- Projects which are geographically close are due to be verified in consecutive years and you would like to verify the two projects together

If a project developer has an agreed extension they must upload a signed Verification Extension Approval to the registry. Carbon units (both PIUs and FCUs) can be transferred as normal.

If you do not verify by the last date of the monitoring period or any agreed extension:

- ALL remaining PIUs for the duration of the project are cancelled (those owned by the project, those sold and buffer units)
- Any unsold FCUs are automatically canceled
- FCUs (sold and buffer) from previous vintages remain valid
- The project remains in the system and is marked 'Closed'
- No further units can be issued at any time
- It is still possible for existing buyers sell on or retire FCUs held from previous verified vintages

Withdrawing a project from the International Carbon Registry

It is possible for a project developer to withdraw from the FCC and the registry before the end of the project duration in the following circumstance:

If all units sold have been delivered as verified FCUs and only unsold PIUs remain. In this case, all FCUs will remain valid (both for the project and the buffer) and PIUs (unsold and buffer) will be cancelled. Future management must maintain the level of carbon stock that has been sold.

Using verified Skógarkolefni - Forest Carbon Units

Only verified Skógarkolefni - Forest Carbon Units can be used or reported to help compensate for a company's or individual's emissions. The FCC guidance 2.7 carbon statements and reporting gives further information.

The process for representing the 'use' of a verified Skógarkolefni - Forest Carbon Unit in the registry is by 'retiring' (putting beyond use) the units you wish to use, and leaving a retirement remark as desired (e.g. 'Retired in 2022 as compensation for 500 tCO₂e of our 2021 emissions as detailed in our ESG Report 2021'). The application of ÍST 92:2022 is promoted for organizations claims for compensation and offsetting.

What happens if account-holder circumstances change?

Project Developers: If a project developer wishes to exit the business it is possible to transfer projects to another project developer or management organisation, sell, cancel or retire carbon units and then close their account. However, if a project developer abandons its account(s) with the International Carbon Registry (ICR) without arrangements for the ongoing management of units by another organisation then:

- All PIUs listed for that project developer will be cancelled regardless of which account holders may be holding the PIUs at the time of cancellation
- Any FCUs still held by the project developer will be transferred to a 'suspension' account. If resolution of that account is not corrected within 5 years those credits will be cancelled
- Any FCUs already received by a buyer (in a subaccount or a corporate end-user account) will remain valid in the buyer's account
- A buyer of FCUs who holds their units in a subaccount of the closed project developer account can have their account converted into a corporate end-user master account at zero cost

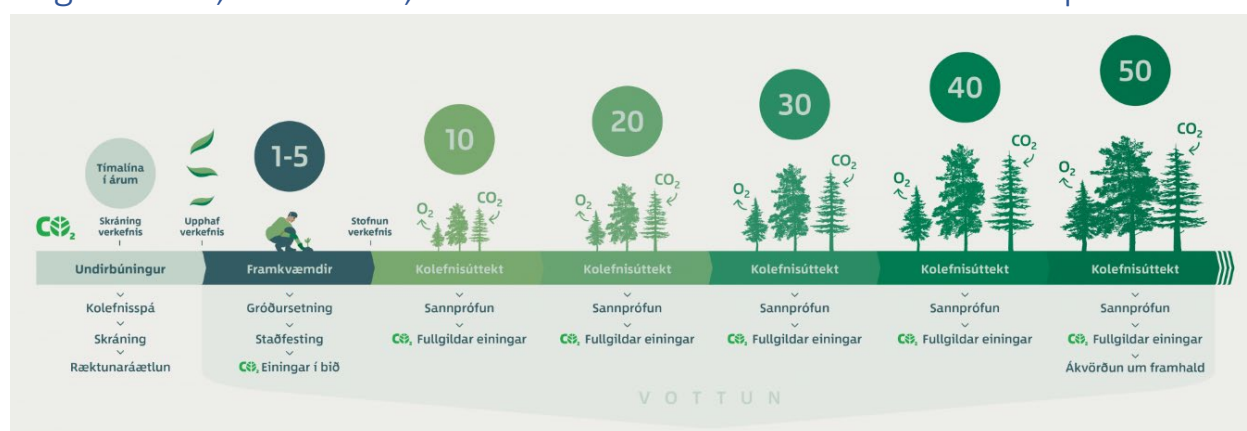
Buyers: If a corporate end user or trading organisation is acquired by another organisation then it is possible to transfer units to the purchasing company's account. However, if a Corporate End User or Trader who holds PIUs or FCUs abandons its account(s) with the International Carbon Registry (ICR) without arrangements for the ongoing management of its units (or its agreement with ICR is otherwise terminated), all PIUs or FCUs listed for that account holder will be put on hold until further instruction is received from the liquidator or administrator. If no instruction is received within 5 years, then any remaining PIUs will be cancelled and FCUs in the account will be retired.

Registry Fees

Fees for using the International Carbon Registry (ICR) on 1 April 2023.

Fee type	Fee payable by	Payable	Fees
Account Opening - Project Developers/Proponents	Project Developers/Proponents	Prior to account opening	30.000 ISK
Account Opening - Corporate End Users	Corporate End User Account Holder	Prior to account opening	30.000 ISK
Account Opening - Traders or Retail Aggregators	Trader or Retail Aggregator Account Holder	Prior to account opening	120.000 ISK
Annual Account Management - Traders or Retail Aggregators	Trader or Retail Aggregator Account Holder	Existing accounts: annually starting 1st October 2022 New accounts: Annually on the anniversary of account opening	120.000 ISK
PIU Issuance	Project developer	At validation	20 ISK per unit
FCC Levy	Project developer	At validation	20 ISK per unit
PIU to FCU Conversion	Project developer	At each verification	Minimum fee 20.000 ISK, plus 20 ISK/unit above 2,000 units, applied at group level if projects are grouped
Reinstating Units Assigned or Retired in Error	Account holder who instigated the assignment or retirement	As required	20.000 ISK for up to 10 blocks of credits

Registration, validation, verification and carbon unit issuance process



See Skógarkolefni:
E.g. [2.6 Double Counting](#)