THE INTEGRITY COUNCIL
FOR THE VOLUNTARY CARBON MARKET

Continuous Improvement Work Program report: Transition Credits

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The ICVCM's Continuous Improvement Work Programs

The Integrity Council for the Voluntary Carbon Market's (ICVCM) Continuous Improvement Work Programs (CIWPs) ensure that carbon markets continue to evolve by bringing together leading experts and key stakeholders in a collaborative effort to address complex challenges, provide thought leadership, and chart the next generation of solutions to accelerate high-integrity carbon markets. The CIWPs harness the latest science, emerging technologies, and innovative approaches from across the market to inform the next generation of carbon market integrity systems and standards.

The recommendations of these multi-stakeholder, expert working groups will inform further refinement and development of the ICVCM rulebook, particularly the CCP Assessment Framework. They may also refer to actions more appropriately implemented by entities other than the ICVCM, but which are nonetheless crucial for future market development and maturation.

Contents

Executive summary

Summary

Coal-fired power is one of the biggest energy transition challenges globally, especially in emerging markets and developing economies, where it makes up a large part of the energy mix. Transition credit approaches, which seek to generate carbon credits from the early retirement of fossil-fuel power while ensuring a just transition, have emerged as one of the innovative crediting approaches in the carbon market.

One of the first definitions of transition credits, and the one used at the outset of this Continuous Improvement Work Program (CIWP), comes from the Monetary Authority of Singapore's working paper *Accelerating the early retirement of coal-fired power plants through carbon credits*.[1] It defines transition credits as 'credits generated from the early retirement of a coal-fired power plant (CFPP) and its replacement with a cleaner energy source', noting that 'a credible transaction structure and design must uphold principles of Just Transition to ensure that any potential impact caused by the early retirement of a CFPP is mitigated'.

There has been an increasing number of initiatives seeking to mobilise private finance into the energy transition, supported by just transition frameworks, by accelerating the early retirement of coal-fired power plants. Transition credit approaches could act as complementary financial mechanisms to improve the economic case for the early decommissioning of fossil-fuelled power plants from electric grids. If priced effectively, they could facilitate a market-driven solution to accelerate grid decarbonisation at scale while promoting Just Transition objectives.

Transition crediting approaches could be seen as the first new category of carbon credits since jurisdictional REDD+ approaches, providing a valuable opportunity to accelerate change, rebuild trust and demonstrate the true value of carbon markets. If developed with rigour, they could become a transformative innovation, combining environmental integrity, equity and scale.

Given some of the novel elements they incorporate, transition credit approaches also raise unique questions and challenges from an integrity perspective.

Beyond just transition, generating high-integrity transition credit approaches must robustly address questions such as:

- Whether this category should cover the early decommissioning of only coal power or could be expanded to other fossil-fuel sources;

1 Monetary Authority of Singapore (2023), *Accelerating the early retirement of coal-fired power plants through carbon credits*, MAS.

- How grid characteristics might inform renewable energy replacement, with requirements that are robust while responsive to local grid conditions;
- How to address carbon leakage and grid impact, as the early retirement of coal power may result in increased emissions elsewhere;
- Pairing the decommissioning of fossil-fuel power plants with new renewable energy, including the differing requirements for jurisdictional and project-based approaches;
- Key elements for pairing thresholds, including grid supply/demand balance, supply/demand trends, grid baseload requirements, operating margin/build margin trends and capacity versus generation requirements;
- How additionality applies to transition crediting approaches, including distinctions between the additionality of decommissioning fossil power and the additionality of paired renewable energy;
- Country-level pledges for no new coal power, and whether they constitute a necessary and sufficient condition for the credibility of transition crediting approaches, as well as the implications of a broken pledge;
- How validation and verification bodies may need to adapt to effectively serve this new category, including auditing just transition elements.

The CIWP convened a multi-stakeholder group of participants from carbon-crediting programs, project developers, science and research organisations, Indigenous Peoples as well as local communities, investors and other market ecosystem players. The objective of the CIWP was to provide an initial assessment of the key themes relating to high integrity in transition crediting approaches, including identifying any refinements or additional rules that the CCP Assessment Framework might require to enable and ensure high integrity in transition crediting. The CIWP participants met virtually between April and October 2025.

Disclaimer note from the ICVCM Executive Secretariat:

During the period of the work program, a transition crediting methodology was submitted to the ICVCM for assessment. The ICVCM maintains separate processes for its continuous improvement workstreams and assessments. Members of the independent Expert Panel, and all other individuals involved in the ICVCM, are required to manage conflicts of interest in accordance with the Conflicts of Interest Policy. Accordingly, no Expert involved in the CIWP was permitted to conduct the ICVCM assessment of the relevant methodology, which remains ongoing as of the date of publication of this report. Methodologies submitted for assessment against the CCP Assessment Framework are evaluated against the requirements in force at the date of submission, which means that the recommendations of the CIWPs, including those in this report, have no immediate relevance to ongoing assessments.

Key takeaways

The group agreed that, while transition credit approaches do not constitute a new asset type – and can therefore build upon the existing Assessment Framework – their unique characteristics require tailored guidance, rules and interpretations to ensure environmental and social integrity.

A key next step is developing a high-level definition of transition credit approaches. The group agreed on four essential elements: the early decommissioning of a fossil-fuel power plant; replacement of at least a portion of its output with renewable energy; ensuring a just transition; and a national-level pledge that no new power plants using the same fossil fuel will be built.

The group emphasised the importance of systematically drawing on lessons from Just Energy Transition Partnerships (JETPs) in countries such as South Africa, Indonesia, Vietnam and Senegal. These experiences offer valuable insights to inform both the governance and design of transition credit approaches.

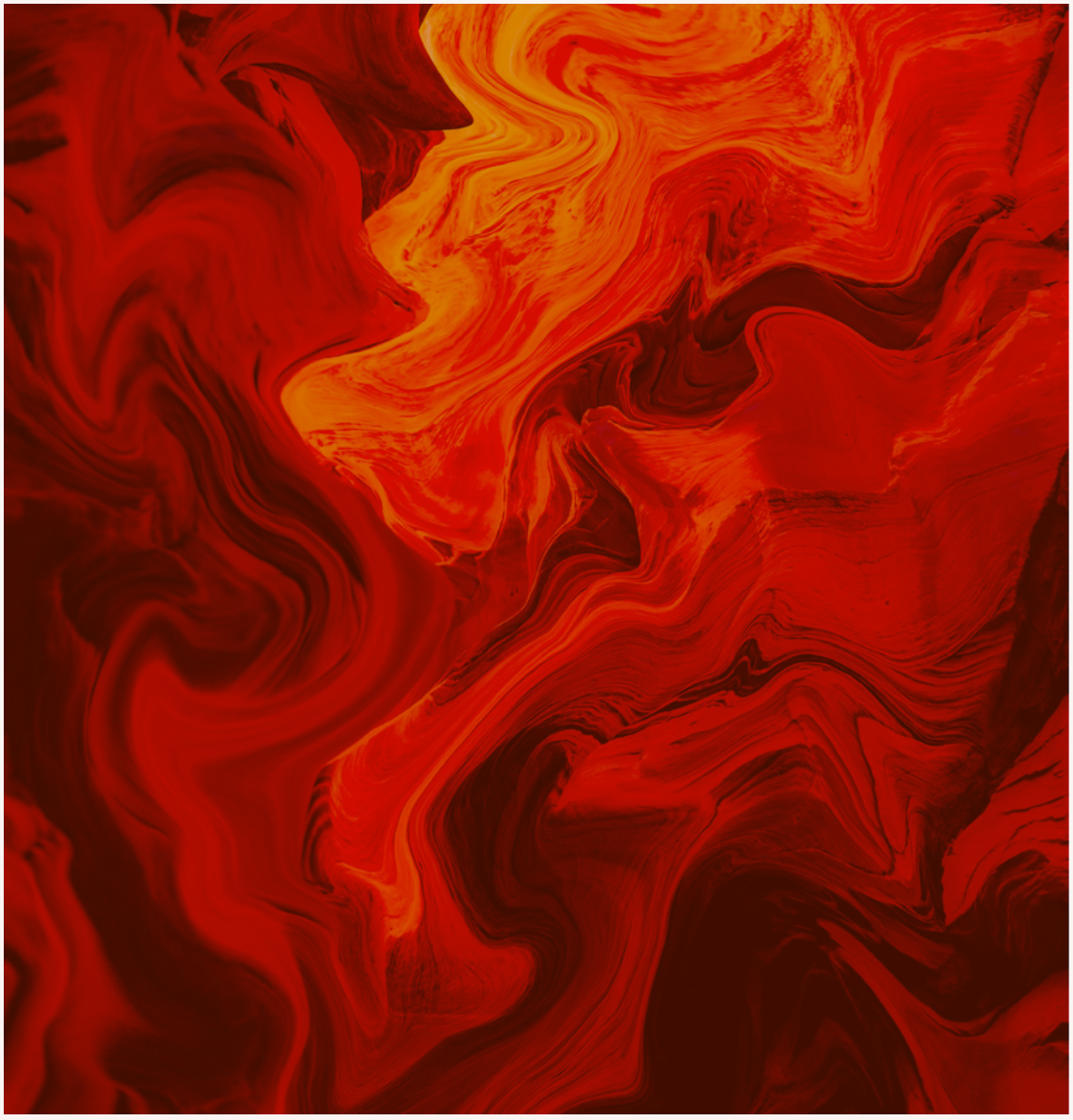
A central theme throughout the discussion was the necessity of embedding a robust and actionable understanding of just transition. The ICVCM should establish a broad definition and operationalise it through minimum dimensions of justice and minimum elements focused on managing risks, ensuring benefits for affected groups, strengthening agency and accountability and supporting transformative change. While these elements represent ideal standards, the group emphasised the importance of clear and timely communication about practical constraints.

The group recommended refining the safeguards elements of the CCP Assessment Framework with guidance tailored to transition contexts, including labour rights, land issues, Indigenous Peoples' rights, gender equality, biodiversity and corruption risks, among others. The group also noted close alignment with the CIWP on Benefit Sharing, particularly regarding recommendations that would help reduce information asymmetry and support rights-based decision-making.

The group highlighted several methodological priorities. Renewable energy pairing requirements must be differentiated for project-based and jurisdictional approaches, taking into account grid dynamics and other relevant factors. Guidance is also needed for interactions between project-based and jurisdictional approaches – including nesting – drawing on lessons from REDD+ and considering overlaps with other mechanisms such as JETP. The fossil-fuel-specific pledge of 'no new plants' was regarded by the group as essential for maintaining integrity.

The group also discussed what could be described as combined or temporal additionality and its application to transition credit approaches. In this case, the additionality claim would not assert that a renewable energy project would not have been built at some point in the future. Rather, it would recognise that the early decommissioning of a fossil-fuel plant creates space in the system to accelerate the deployment of renewable capacity beyond the rate it would have otherwise been built and that the plant's shutdown would not be feasible without a just transition. Under this concept, all three elements are considered together to assess the additionality of a transition credit project.

The CIWP put forward a total of 18 recommendations. These are intended to guide follow-on work and the potential future development of the ICVCM rulebook. The full report provides additional context around these recommendations and summarised discussions, while Annex 1 presents the recommendations in full as they will be considered by the ICVCM and relevant stakeholders.



Next steps

The outputs of this CIWP will inform the further development and refinement of the CCP Assessment Framework as applied to transition credit approaches. The group identified areas where specific interpretations, guidance or requirements may be needed to enable robust and consistent assessment of transition credit methodologies against the Core Carbon Principles (CCPs) as the category evolves.

Future refinement and evolution of the Assessment Framework for transition credit approaches is not limited to the themes and recommendations presented in this report. Other inputs to the development of the ICVCM rulebook include lessons learned through assessment and assurance practice as the category matures, additional stakeholder inputs where relevant, public consultations and emerging research and analysis on transition finance, power-sector decarbonisation pathways and just transition implementation. Consequently, the ICVCM anticipates that interpretations and guidance related to transition credit approaches may need to be updated iteratively to reflect evolving evidence, market practice and policy contexts – particularly in areas such as renewable energy pairing expectations, whole-system additionality assessment, leakage minimisation and the durability of net-zero alignment.

In addition to informing the refinement of the Assessment Framework and broader market adaptations, several outputs from this CIWP are expected to provide direct inputs into related integrity work, particularly regarding assurance quality and competency requirements for validating and verifying transition credit approaches, including social safeguards and just transition processes. The ICVCM is committed to addressing cross-cutting issues identified across CIWPs in a coherent and integrated manner, enabling effective implementation of recommendations and fostering consistency across the CCP rulebook.

Transition Credits

Introduction

Coal-fired power presents one of the greatest challenges in the global energy transition, particularly in emerging markets and developing economies, where it constitutes a significant portion of the energy mix. According to the World Resources Institute, the IPCC Sixth Assessment Report notes that: 'In pathways that limit warming to 1.5 degrees C with no or limited overshoot, for example, global use of coal falls by 95% by 2050, oil declines by about 60% and gas by about 45%. These figures assume significant use of abatement technologies like carbon capture and storage (CCS), and without them, these same pathways show much steeper declines by mid-century. Global use of coal without CCS, for example, is virtually phased out by 2050'.[2]

The transition away from coal is particularly complex in Asia, where coal accounts for 60% of energy consumption and is the largest source of energy-related carbon emissions.[3] Furthermore, over 80% of the 8.4 million people employed globally in the coal value chain are based in Asia. Notably, Asia's coal plants are much younger than those in Europe and the United States, with an average age of less than 15 years, meaning most have decades of operational life remaining.

There has been a growing number of initiatives seeking to mobilise private finance into the energy transition, supported by just transition frameworks, by accelerating the early retirement of coal-fired power plants (CFPPs). Transition credit approaches could serve as complementary financial mechanisms to strengthen the economic case for the early decommissioning of fossil-fuelled power plants from electric grids. If priced effectively, they could enable a market-driven solution to accelerate grid decarbonisation at scale while advancing Just Transition objectives.

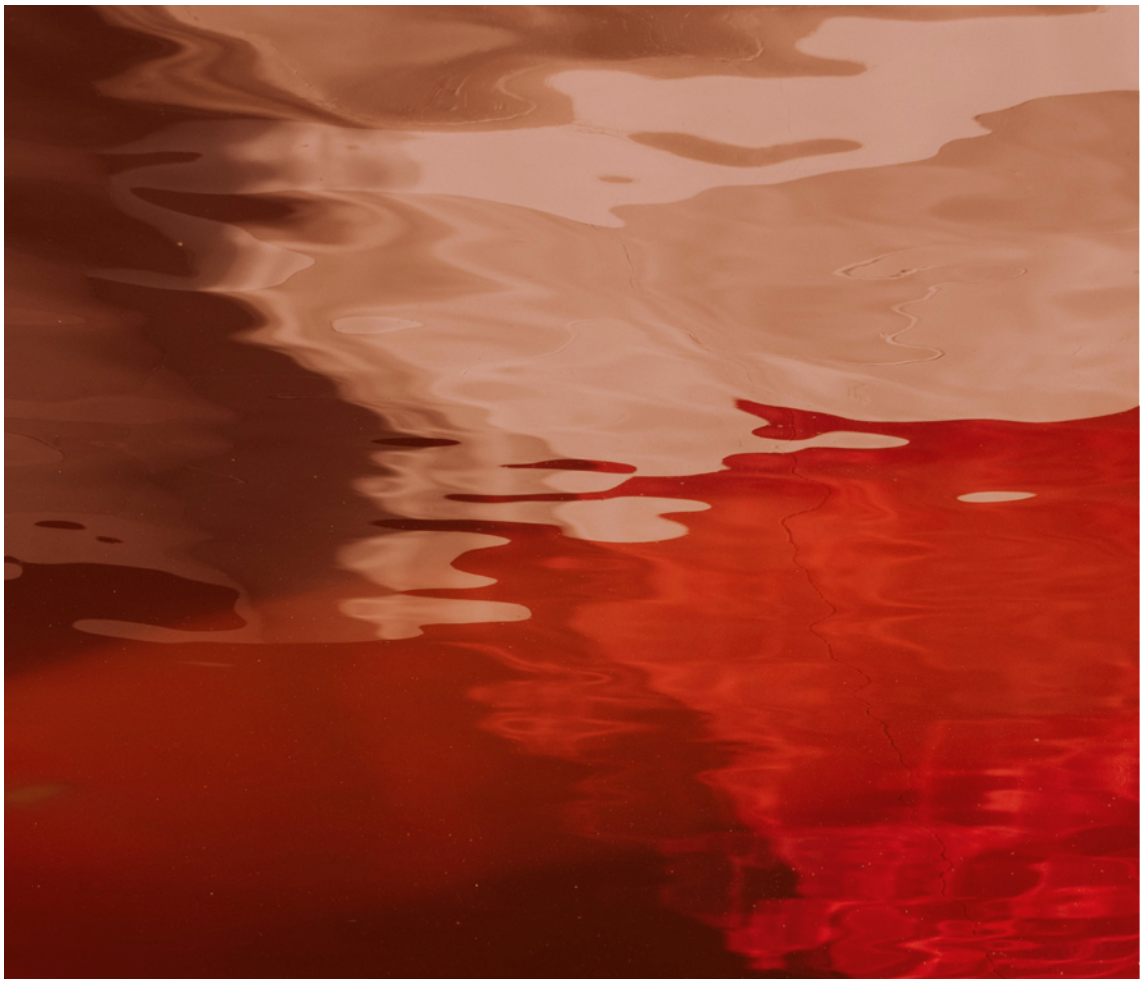
One of the first definitions of transition credits, and the one used at the outset of this Continuous Improvement Work Program (CIWP), comes from the Monetary Authority of Singapore's working paper *Accelerating the early retirement of coal-fired power plants through carbon credits*.[4] It defines transition credits as 'credits generated from the early retirement of a CFPP and its replacement with a cleaner energy source', noting that 'a credible transaction structure and design must uphold principles of Just Transition to ensure that any potential impact caused by the early retirement of a CFPP is mitigated'.

2 World Resources Institute (2023), *IPCC AR6 synthesis report: climate change – key findings*, WRI.
3 Monetary Authority of Singapore (2023), *Accelerating the early retirement of coal-fired power plants through carbon credits*, MAS.
4 Ibid.

Transition crediting approaches could be argued to represent the first new category of carbon credits since jurisdictional REDD+ approaches and, as such, provide a valuable opportunity to accelerate change, rebuild trust and demonstrate the true value of carbon markets. If developed with rigour, transition credit approaches could become a transformative innovation, combining environmental integrity, equity and scale. This combination presents an opportunity to develop soft infrastructure that could benefit the wider market, improving social equity across the system.

To fully realise this potential, it is crucial that the development of transition crediting approaches prioritises just transition alongside other elements of environmental integrity. Protections for human rights and sustainable development impacts are now incorporated into major carbon-crediting standards as a requirement for CCP-Eligible status. However, in some cases these safeguards rules are relatively recent and have been overlaid onto existing practices. In the context of transition crediting approaches, these elements play a foundational role in credit definition and transaction integrity, presenting both a challenge and an opportunity for this new approach.

To discuss these emerging issues, the ICVCM convened a CIWP with the objective of providing an initial assessment of the key themes relating to high integrity in transition credit approaches, including identifying any refinements or additional rules that the CCP Assessment Framework might require to enable and ensure high integrity in transition crediting.



Background and scope of work

The objective of the work program was to provide an initial assessment of the key themes relating to high integrity in transition credit approaches, including identifying adjustments or additional rules that the CCP Assessment Framework might require to enable and ensure high integrity in transition crediting.

The CCP Assessment Framework sets out the detailed criteria used to assess whether carbon-crediting programs and methodologies meet the CCPs. While the work program considered key methodological aspects from emerging initiatives on transition credit approaches, it did not undertake a specific or in-depth review of any existing or proposed transition credit approach or methodology. The work program is therefore without prejudice to any assessment conducted through the separate and confidential firewalled ICVCM assessment process. Instead, it focused on identifying what the CCP Assessment Framework would need to include to enable robust assessment of transition credit approaches and on providing inputs for potential future and/or updated Assessment Framework requirements and criteria. Annex II summarises the considerations regarding how specific CCP Assessment Framework criteria would apply in a transition credit context.

Crediting approaches by level

There could be a number of structurally distinct types of transition credit approaches, each with its own potential advantages, disadvantages and key issues. These include:

- **Jurisdictional approaches**, in which the decommissioning of CFPPs across an entire jurisdiction (i.e. an interconnected electrical grid) forms the basis for action. In this case, greenhouse gas emissions reductions, just transition impacts, safeguards and related elements are aggregated across the entire jurisdiction rather than assessed at an installation-by-installation level. Potential advantages of jurisdictional approaches include, among others, a reduced risk of leakage, the elimination of the need for installation-by-installation matching and possible efficiencies from economies of scale. Potential disadvantages include increased overall financing needs, greater government and/or grid operator involvement and longer time to market.

- **Project-based approaches,** which are based on the accelerated decommissioning of individual CFPPs (including bundles and programs of activities). Potential advantages of project-based approaches include, among others, reduced overall financing needs, fewer stakeholders and simpler governance, and shorter time to market. Potential disadvantages include increased leakage and permanence risks, challenges in establishing additionality and baselines in the absence of a broader decarbonisation plan and difficulties related to nesting projects within wider decarbonisation policies and efforts.

Role of just transition

A whole-systems approach to global decarbonisation implies that achieving net-zero emissions must also be fair and inclusive. If decarbonisation leads to greater social inequality or is perceived as unjust, it risks provoking opposition and undermining its credibility.[5] Participatory and deliberative processes are key to addressing the potential exclusionary effects of climate change policies and to creating opportunities for collaborative knowledge production. The literature on global justice emphasises that decarbonisation without structural change risks ignoring – or worse, exacerbating – existing social inequalities and injustices related to energy and climate vulnerabilities at local and global scales.[6]

The Monetary Authority of Singapore highlights that a transition as significant as the early retirement of CFPPs will disrupt lives and communities, particularly those that rely on coal mining and the operation of CFPPs. The paper *Accelerating the early retirement of coal-fired power plants through carbon credits* notes that any credible program to encourage the early retirement of CFPPs must ensure that measures are in place to mitigate potential harm caused by these initiatives. It further states that 'addressing these issues [...] would also be a critical element in securing the integrity of transition credits'. In a similar vein, the report of the Wilton Park Dialogue notes that 'whether potentially affected groups have effective agency and self-determination in net-zero transition decision making will be a fundamental metric of the legitimacy of claims that transitions are truly "just". This is key to maximising the social benefits and opportunities of transitions while preventing and minimising risks and adverse impacts'. The work of the CIWP therefore analyses how to ensure the centrality of just transition in transition crediting.

The CIWP participants met virtually between April and October 2025. A full list of participants is provided on page 27.

The remainder of this report presents the CIWP's recommendations with the relevant context. Annex 1 contains the recommendations in full as they will be considered by the ICVCM and relevant stakeholders. The ICVCM anticipates further work to refine the outcomes of this CIWP and invites stakeholders to engage with this report and provide feedback on the content, including specific ways in which the recommendations can be elaborated and implemented, both by the ICVCM and across the broader market.

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5 Abram, S. et al. (2022), *Just Transition: A whole-systems approach to decarbonisation, Climate Policy*, 22(8), pp. 1033–1049.

6 Sareen, S. and Haarstad, H. (2018), *Bridging socio-technical and justice aspects of sustainable energy transitions, Applied Energy*, 228, pp. 624–632.

Outcomes and recommendations

12.1 The ICVCM should begin further work on transition credit approaches as soon as possible.

- Although further work is needed, the group finds transition credit approaches present a credible category for potential high-integrity carbon credits.
- Given the novelty and complexity of some elements and the analysis that will be required to inform guidance and rulemaking, the group recommends that the ICVCM initiate the necessary additional work as soon as possible.

12.2 The ICVCM should systematically review existing analysis of the Just Energy Transition Partnership (JETP) experiences to capture lessons relevant to transition credit approaches.

- Several countries, including South Africa, Indonesia, Vietnam and Senegal, have been working on JETPs which have produced a wealth of information and analysis that should be leveraged for the development of transition credit approaches.

12.3 The ICVCM should clarify that transition credit approaches represent a new category of carbon credits, not a new type of asset.

- The group agreed that, since transition credit approaches do not constitute a new asset type, the existing Assessment Framework is applicable to transition credit approaches.
- However, the group also agreed that there are elements of transition crediting approaches that are unique and will require category-specific requirements, guidance and/or interpretations to ensure integrity.[7]

7 Note: This statement is made by participants in the work program and is without prejudice to any ongoing assessment. It does not represent the views of the ICVCM and is not made in relation to any specific assessment.

12.4 The ICVCM should establish a high-level definition of transition credit approaches.

- The group agreed that establishing a definition is the necessary first step to identifying the characteristics of high integrity for transition credit approaches. This high-level definition would serve as the conceptual basis to enable consistency over time and across the different elements related to transition credit approaches.
- The group agreed that the core elements of the definition should be:
  - Early decommissioning of a fossil-fuel power plant;
  - Replacing at least a portion of it with renewable energy;
  - Ensuring a just transition; and
  - A pledge that no new power plants using that fossil fuel will be built in the host country.

12.5 The ICVCM should define the scope of transition credit approaches.

- The group discussed the importance of focusing transition credit approaches on activity types not covered by existing methodologies.
- The group noted that the scope could be expanded in the future, for example to include off-grid power plants, once sufficient experience has been accumulated under the current scope.
- Hence, the group concluded that, at this time, the scope of transition credit approaches should be limited to grid-connected fossil-fuel power plants, including both project-based and jurisdictional approaches.

12.6 The ICVCM should develop a broad, whole-system definition of 'just transition' for the purposes of transition credit approaches.

- Analogous to the approach to the concept of "transition credit approaches", the group considered that establishing a definition is the necessary first step to identifying the just-transition characteristics of high integrity for transition credit approaches. This high-level definition would serve as the conceptual basis to enable consistency over time, and across the different elements of a just transition as they relate to transition credit approaches.

12.7 The ICVCM should establish requirements and/or guidance related to the minimum dimensions and elements of a just transition necessary for transition credit approaches.

- The group discussed and agreed that establishing minimum dimensions and elements of a just transition is necessary to operationalise the conceptual definition of just transition.
- The following should be the minimum dimensions of justice in just transition approaches:
  - **'Procedural justice:** Affected parties are meaningfully and continually consulted;
  - **Distributive justice:** Sharing costs and benefits of the transition fairly and equitably;
  - **Recognitional justice:** Recognising that not all members of society are equally valued in current socio-cultural, economic, and political arrangements, and that climate change and transitional policies threaten to exacerbate existing inequalities along gender, class, and ethnic/racial lines; and
  - **Restorative justice:** Redressing past harm, e.g. through compensation, or reducing the likelihood of future harm through, for example, implementing transition frameworks for workers from polluting industries or compensating low-lying island states.'[8]
- The group also agreed on the following elements of a just transition to be applied for the purposes of transition credit approaches:
  - 'That the inevitable risks and impacts for workers, communities, indigenous peoples, and consumers should be actively identified, prevented, mitigated, and remedied by the economic actors involved through ongoing human rights due diligence and remedy mechanisms (Element 1);
  - That workers, communities, and consumers most affected by the coming national and sectoral transitions should be able to clearly see the benefits and opportunities for them in order to build bottom-up support for the necessary disruptions ahead (Element 2);
  - That the agency of potentially affected groups in transition decision making is essential to minimising the risks and maximising the benefits, and requiring the intentional construction of accountability mechanisms to them in transition planning, processes, and outcomes (Element 3), and;
  - Fundamentally, that the just transition is one which fully embraces the transformational systems change that mass decarbonisation offers for meaningful sustainable development globally (Element 4).'[9]
- The group agreed on these minimum elements of a just transition; however, it highlighted that these elements – particularly Element 1 – present ideal aspirations that may not be possible to fulfil entirely in practice, making clear communications and expectation management critical in their application.

8 Abram, S. et al. (2022), *Just Transition: A whole-systems approach to decarbonisation, Climate Policy*, 22(8), pp. 1033–1049.
9 Wilton Park (2022), *Just Transitions Dialogue: Exploring the need for international rules based on local realities*, report in association with the Institute for Human Rights and Business (IHRB).

12.8 The ICVCM should define requirements related to minimum stakeholder engagement and just transition elements and processes that must be considered in transition credit approaches.

- The group agreed that a just transition is integral to the definition of high integrity in transition credit approaches, meaning they have to be addressed as rigorously as accounting, environmental integrity or any other core technical element: 'No just transition, no credits'.

- The group also agreed that it is not just the list of actions that must be taken but also when and how they are implemented and communicated that shift perceptions. Many of the core just transition elements must be in place, or at least underway, before the fossil-fuel power plant is shut down.

- The group further agreed that although ensuring just transition is not the same as delivering on a benefit sharing agreement – and in some senses they are starkly different – they share important elements which would make the implementation of the recommendations from the CIWP on Benefit Sharing[10] very valuable for transition credit approaches. These elements include, but are not limited to: considering who needs access to information, what needs to be made public, what needs to be proactively communicated and to whom; addressing information asymmetries; and the importance free, prior and informed consent (FPIC) along with other rights-based approaches.

12.9 The ICVCM should undertake a systematic review of its safeguards framework and provide guidance, interpretations and requirements for its implementation for transition credit approaches.

- The group discussed the current Assessment Framework safeguards – related to labour rights, land acquisition and involuntary resettlement, Indigenous Peoples, local communities and cultural heritage, respect for human rights and stakeholder engagement, gender equality, resource efficiency and pollution prevention, biodiversity conservation and sustainable management of natural resources and corruption – and agreed that specific guidance, interpretations and/or requirements will be necessary to ensure they are applicable and appropriate for transition credit approaches.

- The group also agreed that some safeguards may have different requirements for project-based versus jurisdictional transition credit approaches (e.g. corruption may be easier to manage in a project-based approach with a single site, whereas leakage may be easier to manage at the jurisdictional level).

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10 Integrity Council for the Voluntary Carbon Market (2025), *CIWP: Sustainable development benefits and safeguards report*, ICVCM.

12.10 The ICVCM should develop guidance and/or requirements regarding specific, differentiated renewable energy pairing requirements for transition credit approaches.

- In the context of transition credit approaches, 'pairing' refers to the requirement to replace all, or a portion of, the energy that is being produced by the fossil-fuel power plant with renewable energy that is being deployed, or is being deployed sooner than planned, due to the early shutdown of the fossil-fuel power plant under the transition credit approach.

- The group agreed that direct pairing of decommissioned CFPPs with new renewable energy is not required for jurisdictional approaches, but some degree of direct pairing is essential for project-based approaches. The question is how to determine how much and by when.

- The group also agreed that different requirements and/or pairing thresholds would be necessary under varying circumstances, such as for projects with and without energy storage, grid supply/demand balance, supply and demand trends, grid baseload requirements, operating and build margin trends, capacity versus generation requirements, etc.

- The group further agreed that it is critical to thoroughly analyse each potential pairing method (e.g. on-site, contractual, etc.) and rigorously stress-test them to identify whether and how they could be intentionally manipulated or subverted, how they interact with questions of additionality and, more generally, how differentiated pairing requirements can facilitate implementation while supporting high integrity.

12.11 The ICVCM should develop guidance and/or requirements regarding additionality for transition credit approaches.

- The group discussed how additionality should be assessed for transition credit approaches, noting that these approaches are about what the effect of the whole issue (i.e., the shut down of a fossil-fuel power plant, the paired renewable energy deployment, and the just transition) is on the risk profile, the financial profile and the overall attractiveness of a project. The group noted it is not just the tonnes themselves, and not even the money that comes from the tonnes themselves alone; rather it is the bigger picture.

- The group agreed on the critical importance of ensuring that only fossil-fuel power plants that are guaranteed to continue operating, and are therefore only being shut down due to the transition credit project, should be eligible for transition credit approaches.

- The group discussed what could be considered sufficient evidence of a baseline shutdown date for the fossil-fuel power plant, highlighting that a power purchase agreement alone would be insufficient for this purpose given the possibility of curtailment by either the plant owner or by the grid operator in cases where the penalty for not dispatching energy from that plant is more financially attractive than the continued operation of the plant. The group agreed that this issue could be addressed by assessing financial and operational variables during validation and then monitored and duly verified throughout a project's lifetime.

- The group also discussed the assessment of the additionality of the paired renewable energy, highlighting that the core issue is whether, if the coal plant was shut down, these renewable energy projects would have been implemented in some form anyway without the transition credits approach.

- The group agreed that identifying renewable energy units that were going to be built independent of the activity, ring fencing them, and designating them as paired to the fossil-fuel power plant shutdown would not be additional.

- Some members of the group were of the view that in order to address this, project developers should be required to demonstrate that the paired renewable energy units are additional to what would have occurred in the absence of the incentive from the carbon credits on their own.

- Some members of the group were of the view that evaluating the additionality of the fossil-fuel power plant shutdown and of the renewable energy deployment separately would fail to recognise the integral relationship between those two elements and the just transition which is at the core of transition credit approaches, noting that shutting down a fossil-fuel power plant and replacing some or all of it with renewable energy is much more expensive than just building a renewable energy project, particularly when incorporating the cost of a just transition.

- Hence, some members of the group indicated that the claim is not necessarily that these renewables would not have been built at some point in the future. Rather it is that the fossil-fuel plant is going offline early, creating space in the system to bring forward renewable capacity at a faster rate than it would otherwise have been built, and that the shutdown of that plant would not be possible without a just transition. Thus, all three elements should be considered together to assess the additionality of a transition credit project.

- Many members also highlighted that current assumptions regarding the attractiveness of renewable energy projects in many developing countries seem to overlook local factors that make these investments less attractive than they may appear in theory. The group agreed that challenges around additionality for renewable energy deployment are a broader market issue, not just under transition credit approaches.

12.12 The ICVCM should develop guidance and/or requirements regarding how to minimise/avoid leakage for transition credit approaches.

- The group discussed the importance of avoiding leakage in transition credit approaches, which is especially important when the paired renewable energy is not replacing 100% of the energy that was being generated by the fossil-fuel power plant, or when there are delays in bringing the paired renewable energy online.

- The group discussed several potential ways to reduce the risk of leakage related to pairing by strongly incorporating other leakage-related requirements such as:
    - Baseline emission factors having to go down over time (alignment with net zero);
    - Including a punitive default factor for non-paired electricity (e.g. assuming it will be backed up with 'dirtiest' plant on grid);
    - A progress metric for the power system in general that would need to be satisfied so that the project's emissions reductions would be fully credited.

12.13 The ICVCM should develop guidance and/or requirements regarding interactions between jurisdictional and project-based transition credit approaches.

- Given the possibility that jurisdictional and project-based transition credit approaches might be implemented in the same country or grid, the group agreed on the importance of developing guidance and requirements regarding the interactions between jurisdictional and project-based transition credit approaches, including through nesting, bearing in mind lessons from REDD+ and other sectoral approaches.
- The group also noted that this analysis should also consider possible interactions between transition credit approaches and other potentially overlapping crediting or funding approaches/mechanisms, including JET-P efforts.

12.14 The ICVCM should develop guidance and/or requirements regarding the pledge that no new power plants that use the fossil fuel which is the focus of the transition credit approach will be built in the host country.

- The group agreed that the pledge that no new power plants that use that fossil fuel which is the focus of the transition credit approach will be built in the host country is a critical, although insufficient on its own, condition for the integrity and credibility of transition credit approaches (e.g. "no new coal-fired power plants" if the transition credit approach is focused on coal-fired power plants).
- The group also agreed that the pledge should be required for both jurisdictional and project-based transition credit approaches.
- The group further agreed that if the aforementioned pledge is broken, i.e. if a new power plant that uses the fossil fuel which is the focus of the transition credit approach, no new credits should be issued to transition credit approaches operating in that country or grid.
- The group also discussed the importance of detailed guidance on the specific requirements of the pledge, noting that it could be understood to mean a number of different things ranging from absolutely no new power plants that use the fossil fuel which is the focus of the transition credit approach will be allowed to come online at all, to different levels of grandfathering (such as allowing plants which have already been planned or permitted to come online).

12.15 The ICVCM should clarify that paired renewable energy units under transition credit approaches should not be allowed to claim renewable energy certificates (RECs) or any other environmental credit related to their energy production.

- The group agreed that the environmental service underpinning the credits issued from a transition activity and renewable energy credits would be the same, making it inappropriate for both to be issued for the same activity.

12.16 The ICVCM should develop guidance to identify when transition credit approaches cease to be consistent with a transition to net zero.

- The group discussed the likelihood that there are some categories which are currently appropriate, but which in the foreseeable future might become incompatible with a transition to net zero (CCP 10) because there is not enough time and/or emissions budget for the relevant technological change.
- The group noted that this risk should be assessed periodically.

12.17 The ICVCM should consider safeguards and/or requirements regarding the expected impact of transition credit approaches on grid emissions intensity.

- The group discussed whether or not transition credit approaches should be required to demonstrate net emission reductions in the target country or grid.
- One member indicated that the net impact of the activity is the most important piece of transition credit approaches.
- Conversely, another member noted that there could be circumstances in which transition credit approaches would be appropriate to support power systems that are continuing to grow in terms of their overall emissions. Potentially even their emissions intensity.
- Some members of the group were of the view that transition credit approaches must guarantee absolute reductions in overall power signal, but it must guarantee that the various first and second level impacts from that action result in emission reductions.
- Some members suggested that the minimum requirement should be that the emissions intensity of the grid be decreasing, recognising that in some cases it may be appropriate to allow some growth in grid emissions.

12.18 The ICVCM should consider guidance and requirements to ensure that Validation and Verification Bodies (VVBs) develop the necessary competencies and capacities to appropriately validate and verify transition credit approaches.

- The group discussed the importance of ensuring appropriate validation and verification of transition credit approaches, particularly of novel aspects such as just transition considerations.

- Some members of the group were of the view that once requirements, guidance and interpretations for the application of the Assessment Framework to transition credit approaches were developed, existing arrangements and requirements related to VVBs are sufficient to ensure that they acquire or develop the necessary competencies and capacities to be able to properly validate and verify transition credit approaches.

- Other members argued that transition credit approaches incorporate sufficient new elements, particularly related to a just transition, that it would be appropriate to develop specific guidance and requirements to ensure that VVBs have the necessary competencies, capacity and process to validate and verify them appropriately. The issue of VVB competencies and related requirements is being addressed in the CIWP on oversight of VVBs.

Participants

The CIWP working group on Transition Credits was comprised of experts from the following organisations:

- Rockefeller Foundation
- African Carbon Markets
- Abatable
- Monetary Authority of Singapore
- Verra
- International Energy Agency
- Howden Group Holdings
- Gold Standard
- Indonesia Research Institute for Decarbonization
- Rights and Resources Initiative
- European Climate Foundation
- Client Earth
- Carbon Limits
- Rocky Mountain Institute
- Transforma
- Sylvera
- GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit)
- SE4ALL

Annexes

Annex 1: Table of recommendations

Recommendation type	Relevant Assessment Framework criteria	No.	Recommendation	Elements
Further recommendations		**12.1**	The ICVCM should begin further work on transition credit approaches as soon as possible.	• Although further work is needed, the group finds transition credit approaches present a credible category for potential high-integrity carbon credits. • Given the novelty and complexity of some elements and the analysis that will be required to inform guidance and rulemaking, the group recommends that the ICVCM initiate the necessary additional work as soon as possible.
Further recommendations		**12.2**	The ICVCM should systematically review existing analysis of the Just Energy Transition Partnership (JETP) experiences to capture lessons relevant to transition credit approaches.	• Several countries, including South Africa, Indonesia, Vietnam and Senegal, have been working on JETPs which have produced a wealth of information and analysis that should be leveraged for the development of transition credit approaches.
Further recommendations		**12.3**	The ICVCM should clarify that transition credit approaches represent a new category of carbon credits, not a new type of asset.	• The group agreed that, since transition credit approaches do not constitute a new asset type, the existing Assessment Framework is applicable to transition credit approaches. • However, the group also agreed that there are elements of transition crediting approaches that are unique and will require category-specific requirements, guidance and/or interpretations to ensure integrity.
Further recommendations		**12.4**	The ICVCM should establish a high-level definition of transition credit approaches.	• The group agreed that establishing a definition is the necessary first step to identifying the characteristics of high integrity for transition credit approaches. This high-level definition would serve as the conceptual basis to enable consistency over time and across the different elements related to transition credit approaches. • The group agreed that the core elements of the definition should be: - Early decommissioning of a fossil-fuel power plant; - Replacing at least a portion of it with renewable energy; - Ensuring a just transition; and - A pledge that no new power plants using that fossil fuel will be built in the host country.
Further recommendations		**12.5**	The ICVCM should define the scope of transition credit approaches.	• The group discussed the importance of focusing transition credit approaches on activity types not covered by existing methodologies. • The group noted that the scope could be expanded in the future, for example to include off-grid power plants, once sufficient experience has been accumulated under the current scope. • Hence, the group concluded that, at this time, the scope of transition credit approaches should be limited to grid-connected fossil-fuel power plants, including both project-based and jurisdictional approaches.

Annex 1 Table of recommendations (Cont.)

Recommendation type	Relevant Assessment Framework criteria	No.	Recommendation	Elements
Further recommendations		**12.6**	The ICVCM should develop a broad, whole-system definition of 'just transition' for the purposes of transition credit approaches.	• Analogous to the approach to the concept of "transition credit approaches", the group considered that establishing a definition is the necessary first step to identifying the just-transition characteristics of high integrity for transition credit approaches. This high-level definition would serve as the conceptual basis to enable consistency over time, and across the different elements of a just transition as they relate to transition credit approaches.
Recommendations for Assessment Framework refinement		**12.7**	The ICVCM should establish requirements and/or guidance related to the minimum dimensions and elements of a just transition necessary for transition credit approaches.	• The group discussed and agreed that establishing minimum dimensions and elements of a just transition is necessary to operationalise the conceptual definition of just transition. • The following should be the minimum dimensions of justice in just transition approaches: - 'Procedural justice: Affected parties are meaningfully and continually consulted; - Distributive justice: Sharing costs and benefits of the transition fairly and equitably; - Recognitional justice: Recognising that not all members of society are equally valued in current socio-cultural, economic, and political arrangements, and that climate change and transitional policies threaten to exacerbate existing inequalities along gender, class, and ethnic/racial lines; and - Restorative justice: Redressing past harm, e.g. through compensation, or reducing the likelihood of future harm through, for example, implementing transition frameworks for workers from polluting industries or compensating low-lying island states.' • The group also agreed on the following elements of a just transition to be applied for the purposes of transition credit approaches: - 'That the inevitable risks and impacts for workers, communities, indigenous peoples, and consumers should be actively identified, prevented, mitigated, and remedied by the economic actors involved through ongoing human rights due diligence and remedy mechanisms (Element 1); - That workers, communities, and consumers most affected by the coming national and sectoral transitions should be able to clearly see the benefits and opportunities for them in order to build bottom-up support for the necessary disruptions ahead (Element 2); - That the agency of potentially affected groups in transition decision making is essential to minimising the risks and maximising the benefits, and requiring the intentional construction of accountability mechanisms to them in transition planning, processes, and outcomes (Element 3); and - Fundamentally, that the just transition is one which fully embraces the transformational systems change that mass decarbonisation offers for meaningful sustainable development globally (Element 4).' *(cont over.)*

Annex 1 Table of recommendations (Cont.)

Recommendation type	Relevant Assessment Framework criteria	No.	Recommendation	Elements
		12.7	...	*(cont.)* • The group agreed on these minimum elements of a just transition; however, it highlighted that these elements – particularly Element 1 – present ideal aspirations that may not be possible to fulfil entirely in practice, making clear communications and expectation management critical in their application.
Recommendations for Assessment Framework refinement	7.7 Respect for human rights, stakeholder engagement	**12.8**	The ICVCM should define requirements related to minimum stakeholder engagement and just transition elements and processes that must be considered in transition credit approaches.	• The group agreed that a just transition is integral to the definition of high integrity in transition credit approaches, meaning they have to be addressed as rigorously as accounting, environmental integrity or any other core technical element: 'No just transition, no credits'. • The group also agreed that it is not just the list of actions that must be taken but also when and how they are implemented and communicated that shift perceptions. Many of the core just transition elements must be in place, or at least underway, before the fossil-fuel power plant is shut down. • The group further agreed that although ensuring just transition is not the same as delivering on a benefit sharing agreement – and in some senses they are starkly different – they share important elements which would make the implementation of the recommendations from the CIWP on Benefit Sharing very valuable for transition credit approaches. These elements include, but are not limited to: considering who needs access to information, what needs to be made public, what needs to be proactively communicated and to whom; addressing information asymmetries; and the importance free, prior and informed consent (FPIC) along with other rights-based approaches.
Recommendations for Assessment Framework refinement	7. Sustainable development benefits and safeguards	**12.9**	The ICVCM should undertake a systematic review of its safeguards framework and provide guidance, interpretations and requirements for its implementation for transition credit approaches.	• The group discussed the current Assessment Framework safeguards – related to labour rights, land acquisition and involuntary resettlement, Indigenous Peoples, local communities and cultural heritage, respect for human rights and stakeholder engagement, gender equality, resource efficiency and pollution prevention, biodiversity conservation and sustainable management of natural resources and corruption – and agreed that specific guidance, interpretations and/or requirements will be necessary to ensure they are applicable and appropriate for transition credit approaches. • The group also agreed that some safeguards may have different requirements for project-based versus jurisdictional transition credit approaches (e.g. corruption may be easier to manage in a project-based approach with a single site, whereas leakage may be easier to manage at the jurisdictional level).

Annex 1 Table of recommendations (Cont.)

Recommendation type	Relevant Assessment Framework criteria	No.	Recommendation	Elements
Recommendations for Assessment Framework refinement	10. Robust quantification of emission reductions and removals	**12.10**	The ICVCM should develop guidance and/or requirements regarding specific, differentiated renewable energy pairing requirements for transition credit approaches.	• In the context of transition credit approaches, 'pairing' refers to the requirement to replace all, or a portion of, the energy that is being produced by the fossil-fuel power plant with renewable energy that is being deployed, or is being deployed sooner than planned, due to the early shutdown of the fossil-fuel power plant under the transition credit approach. • The group agreed that direct pairing of decommissioned CFPPs with new renewable energy is not required for jurisdictional approaches, but some degree of direct pairing is essential for project-based approaches. The question is how to determine how much and by when. • The group also agreed that different requirements and/or pairing thresholds would be necessary under varying circumstances, such as for projects with and without energy storage, grid supply/demand balance, supply and demand trends, grid baseload requirements, operating and build margin trends, capacity versus generation requirements, etc. • The group further agreed that it is critical to thoroughly analyse each potential pairing method (e.g. on-site, contractual, etc.) and rigorously stress-test them to identify whether and how they could be intentionally manipulated or subverted, how they interact with questions of additionality and, more generally, how differentiated pairing requirements can facilitate implementation while supporting high integrity.
Recommendations for Assessment Framework refinement	8. Additionality	**12.11**	The ICVCM should develop guidance and/or requirements regarding additionality for transition credit approaches.	• The group discussed how additionality should be assessed for transition credit approaches, noting that these approaches are about what the effect of the whole issue (i.e., the shut down of a fossil-fuel power plant, the paired renewable energy deployment, and the just transition) is on the risk profile, the financial profile and the overall attractiveness of a project. The group noted it is not just the tonnes themselves, and not even the money that comes from the tonnes themselves alone; rather it is the bigger picture. • The group agreed on the critical importance of ensuring that only fossil-fuel power plants that are guaranteed to continue operating, and are therefore only being shut down due to the transition credit project, should be eligible for transition credit approaches. • The group discussed what could be considered sufficient evidence of a baseline shutdown date for the fossil-fuel power plant, highlighting that a power purchase agreement alone would be insufficient for this purpose given the possibility of curtailment by either the plant owner or by the grid operator in cases where the penalty for not dispatching energy from that plant is more financially attractive than the continued operation of the plant. The group agreed that this issue could be addressed by assessing financial and operational variables during validation and then monitored and duly verified throughout a project's lifetime. *(cont over.)*

Annex 1 Table of recommendations (Cont.)

Recommendation type	Relevant Assessment Framework criteria	No.	Recommendation	Elements
		12.11		*(cont.)* • The group also discussed the assessment of the additionality of the paired renewable energy, highlighting that the core issue is whether, if the coal plant was shut down, these renewable energy projects would have been implemented in some form anyway without the transition credits approach. • The group agreed that identifying renewable energy units that were going to be built independent of the activity, ring fencing them, and designating them as paired to the fossil-fuel power plant shutdown would not be additional. • Some members of the group were of the view that in order to address this, project developers should be required to demonstrate that the paired renewable energy units are additional to what would have occurred in the absence of the incentive from the carbon credits on their own. • Some members of the group were of the view that evaluating the additionality of the fossil-fuel power plant shutdown and of the renewable energy deployment separately would fail to recognise the integral relationship between those two elements and the just transition which is at the core of transition credit approaches, noting that shutting down a fossil-fuel power plant and replacing some or all of it with renewable energy is much more expensive than just building a renewable energy project, particularly when incorporating the cost of a just transition. • Hence, some members of the group indicated that the claim is not necessarily that these renewables would not have been built at some point in the future. Rather it is that the fossil-fuel plant is going offline early, creating space in the system to bring forward renewable capacity at a faster rate than it would otherwise have been built, and that the shutdown of that plant would not be possible without a just transition. Thus, all three elements should be considered together to assess the additionality of a transition credit project. • Many members also highlighted that current assumptions regarding the attractiveness of renewable energy projects in many developing countries seem to overlook local factors that make these investments less attractive than they may appear in theory. The group agreed that challenges around additionality for renewable energy deployment are a broader market issue, not just under transition credit approaches.
Recommendations for Assessment Framework refinement	10.5 Quantification of leakage emissions	**12.12**	The ICVCM should develop guidance and/or requirements regarding how to minimise / avoid leakage for transition credit approaches.	• The group discussed the importance of avoiding leakage in transition credit approaches, which is especially important when the paired renewable energy is not replacing 100% of the energy that was being generated by the fossil-fuel power plant, or when there are delays in bringing the paired renewable energy online. *(cont over.)*

Annex 1 Table of recommendations (Cont.)

Recommendation type	Relevant Assessment Framework criteria	No.	Recommendation	Elements
		12.12		*(cont.)* • The group discussed several potential ways to reduce the risk of leakage related to pairing by strongly incorporating other leakage-related requirements such as: - Baseline emission factors having to go down over time (alignment with net zero); - Including a punitive default factor for non-paired electricity (e.g. assuming it will be backed up with 'dirtiest' plant on grid); - A progress metric for the power system in general that would need to be satisfied so that the project's emissions reductions would be fully credited.
Recommendations for Assessment Framework refinement		**12.13**	The ICVCM should develop guidance and/or requirements regarding interactions between jurisdictional and project-based transition credit approaches.	• Given the possibility that jurisdictional and project-based transition credit approaches might be implemented in the same country or grid, the group agreed on the importance of developing guidance and requirements regarding the interactions between jurisdictional and project-based transition credit approaches, including through nesting, bearing in mind lessons from REDD+ and other sectoral approaches. • The group also noted that this analysis should also consider possible interactions between transition credit approaches and other potentially overlapping crediting or funding approaches/ mechanisms, including JET-P efforts.
Recommendations for Assessment Framework refinement		**12.14**	The ICVCM should develop guidance and/or requirements regarding the pledge that no new power plants that use the fossil fuel which is the focus of the transition credit approach will be built in the host country.	• The group agreed that the pledge that no new power plants that use that fossil fuel which is the focus of the transition credit approach will be built in the host country is a critical, although insufficient on its own, condition for the integrity and credibility of transition credit approaches (e.g. "no new coal-fired power plants" if the transition credit approach is focused on coal-fired power plants). • The group also agreed that the pledge should be required for both jurisdictional and project-based transition credit approaches. • The group further agreed that if the aforementioned pledge is broken, i.e. if a new power plant that uses the fossil fuel which is the focus of the transition credit approach, no new credits should be issued to transition credit approaches operating in that country or grid. • The group also discussed the importance of detailed guidance on the specific requirements of the pledge, noting that it could be understood to mean a number of different things ranging from absolutely no new power plants that use the fossil fuel which is the focus of the transition credit approach will be allowed to come online at all, to different levels of grandfathering (such as allowing plants which have already been planned or permitted to come online).

Annex 1 Table of recommendations (Cont.)

Recommendation type	Relevant Assessment Framework criteria	No.	Recommendation	Elements
Recommendations for Assessment Framework refinement	6. No double counting	**12.15**	The ICVCM should clarify that paired renewable energy units under transition credit approaches should not be allowed to claim renewable energy certificates (RECs) or any other environmental credit related to their energy production.	• The group agreed that the environmental service underpinning the credits issued from a transition activity and renewable energy credits would be the same, making it inappropriate for both to be issued for the same activity.
Recommendations for Assessment Framework refinement	13. Transition to net zero	**12.16**	The ICVCM should develop guidance to identify when transition credit approaches cease to be consistent with a transition to net zero.	• The group discussed the likelihood that there are some categories which are currently appropriate, but which in the foreseeable future might become incompatible with a transition to net zero (CCP 10) because there is not enough time and/or emissions budget for the relevant technological change. • The group noted that this risk should be assessed periodically.
Recommendations for Assessment Framework refinement		**12.17**	The ICVCM should consider safeguards and/or requirements regarding the expected impact of transition credit approaches on grid emissions intensity.	• The group discussed whether or not transition credit approaches should be required to demonstrate net emission reductions in the target country or grid. • One member indicated that the net impact of the activity is the most important piece of transition credit approaches. • Conversely, another member noted that there could be circumstances in which transition credit approaches would be appropriate to support power systems that are continuing to grow in terms of their overall emissions. Potentially even their emissions intensity. • Some members of the group were of the view that transition credit approaches must guarantee absolute reductions in overall power signal, but it must guarantee that the various first and second level impacts from that action result in emission reductions. • Some members suggested that the minimum requirement should be that the emissions intensity of the grid be decreasing, recognising that in some cases it may be appropriate to allow some growth in grid emissions.
Recommendations for Assessment Framework refinement	4.1 Robust independent third-party validation and verification	**12.18**	The ICVCM should consider guidance and requirements to ensure that Validation and Verification Bodies (VVBs) develop the necessary competencies and capacities to appropriately validate and verify transition credit approaches.	• The group discussed the importance of ensuring appropriate validation and verification of transition credit approaches, particularly of novel aspects such as just transition considerations. • Some members of the group were of the view that once requirements, guidance and interpretations for the application of the Assessment Framework to transition credit approaches were developed, existing arrangements and requirements related to VVBs are sufficient to ensure that they acquire or develop the necessary competencies and capacities to be able to properly validate and verify transition credit approaches. *(cont over.)*

Annex 1 Table of recommendations (Cont.)

Recommendation type	Relevant Assessment Framework criteria	No.	Recommendation	Elements
		12.18		*(cont.)* • Other members argued that transition credit approaches incorporate sufficient new elements, particularly related to a just transition, that it would be appropriate to develop specific guidance and requirements to ensure that VVBs have the necessary competencies, capacity and process to validate and verify them appropriately. The issue of VVB competencies and related requirements is being addressed in the CIWP on oversight of VVBs.

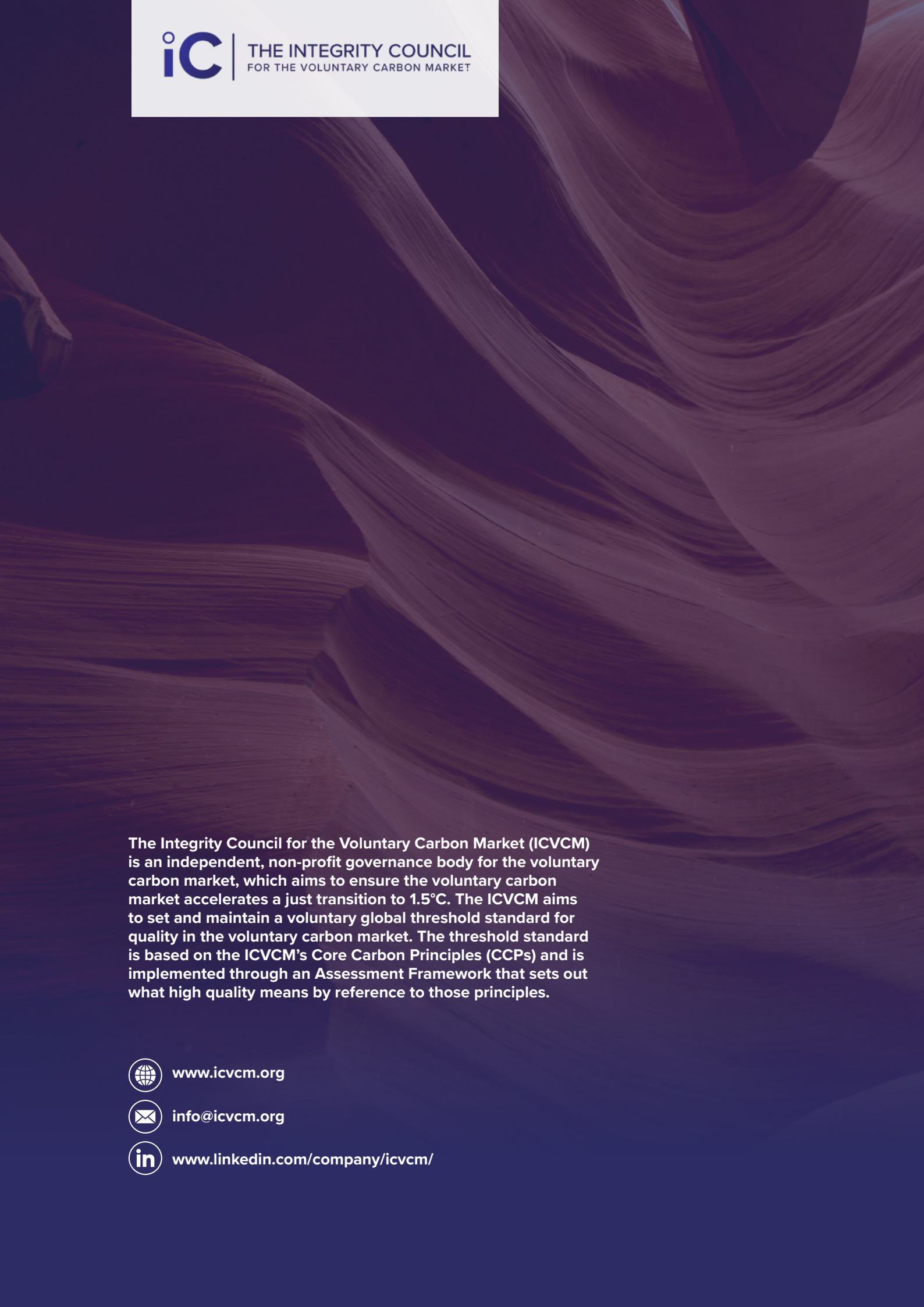
Annex 2: Considerations for Integrity of Transition Credits and the CCP Assessment Framework

The following considerations were presented to the CIWP working group to map integrity aspects of transition credits against the existing CCPs and the CCP Assessment Framework.

Level	CCP	Consideration
Program	General	Should guidance and/or requirements for carbon-crediting programs be differentiated to reflect the different roles they could play in transition credits (e.g. as a traditional standard setter versus a transition credit [Pr1.1]-specific organisation)?
Program	Effective governance	Are additional or different governance requirements related to public engagement, consultation and grievance mechanisms, such as expanded application of free, prior and informed consent (FPIC [Pr2.1]) or a transition credit-specific grievance and redress process, necessary for carbon-crediting programs engaging in transition credits? If so, what should these requirements include?
Program	Robust independent third-party validation and verification	Are additional or different requirements for VVB accreditation, such as requiring accreditation under just transition- or equity-related standards, necessary for carbon-crediting programs engaging in transition credits? If so, what should these requirements include?
Program	Robust independent third-party validation and verification	Are additional or different requirements regarding VVB competencies, staffing, or expertise necessary for carbon-crediting programs engaging in transition credits? If so, what should these requirements include?
Program	Sustainable development benefits and safeguards	Are specific safeguards related to a just transition necessary for carbon-crediting programs engaging in transition credits, or can these be addressed under the current safeguard structure? If so, what should these safeguards include?
Program	Sustainable development benefits and safeguards	Are additional or different requirements related to labour rights, such as specifications for job training programs, necessary for carbon-crediting programs engaging in transition credits? If so, what should these requirements include?
Program	Sustainable development benefits and safeguards	Are additional or different requirements related to Indigenous Peoples, local communities and cultural heritage, such as citing applicable international law and agreements on just transition, necessary for carbon-crediting programs engaging in transition credits? If so, what should these requirements include?
Program	Sustainable development benefits and safeguards	Are additional or different requirements related to respect for human rights and stakeholder engagement, such as mandating FPIC for just transition plans, necessary for carbon-crediting programs engaging in transition credits? If so, what should these requirements consider?
Program	Sustainable development benefits and safeguards	Are additional or different requirements related to robust benefit sharing, such as specifications on minimum disclosures, necessary for carbon-crediting programs engaging in transition credits? If so, what should these requirements consider?
Category	General	Are there other major types of approaches that should be noted (e.g. by degree of government involvement, by financial architecture, by electrical market/grid characteristics, by existing Just Transition [Pr1.1] governance)?
Category	General	Are all these types of approaches equally worthy of analysis as the potential basis for CCP-Eligible Transition credits?
Category	General	Should guidance and/or requirements for transition credit approaches be differentiated to reflect the different types of approaches (e.g. sectoral versus project-based or among sub-types of project-based approaches)?

Annex 2 Considerations for Integrity of Transition Credits and the CCP Assessment Framework (Cont.)

Level	CCP	Consideration
Category	Additionality	Are there any substantial conceptual differences for additionality as it applies to transition credit approaches?
Category	Additionality	Do Just Transition elements have any role in additionality as it applies to transition credit approaches? If so, what would that role be?
Category	Additionality	Are category-specific requirements, like those provided for REDD+ programs, necessary for transition credit approaches? If so, what should these requirements consider?
Category	Permanence	Should permanence requirements apply to all transition credit approaches? If so, what are the risks to permanence in transition credit approaches?
Category	Permanence	What are the implications of Just Transition non-compliance on transition credit permanence?
Category	Permanence	What is the role of renewable energy replacement in ensuring permanence of transition credit emission reductions?
Category	Permanence	Are additional or different requirements related to compensation for reversals (Criterion 9.2), such as specifications for long-term decommissioning plans, necessary for transition credit approaches? If so, what should these requirements consider?
Category	Permanence	Are additional or different requirements related to the compensation mechanism (Criterion 9.4), such as specifications for transition credit buffer reserves, necessary for transition credit approaches? If so, what should these requirements consider?
Category	Robust quantification of emission reductions and removals	Are additional or different requirements related to the determination of the baseline scenario and related emissions (Criterion 10.3), such as guardrails to prevent perverse incentives against delayed coal phase-out, necessary for transition credit approaches? If so, what should these requirements consider?
Category	Robust quantification of emission reductions and removals	Are additional or different requirements related to leakage emissions (Criterion 10.5), such as specifications related to no new coal commitments, necessary for transition credit approaches? If so, what should these requirements consider?
Category	Robust quantification of emission reductions and removals	Are additional or different requirements related to the attributability of quantified emission reductions to the mitigation activity (Criterion 10.6), such as clarifying interactions with related renewable energy assets outside the project boundary, necessary for transition credit approaches? If so, what should these requirements consider?
Category	No double-counting	Are additional or different requirements related to double issuance, such as including both coal and RE matched assets in the boundary of a project, necessary for carbon-crediting programs engaging in transition credits? If so, what should these requirements consider?
Category	Contribution to net-zero transition	Are additional or different requirements related to contribution to the net-zero transition, such as mandating alignment with the IEA Net Zero Emissions Scenario, necessary for transition credit approaches? If so, what should these requirements consider?



THE INTEGRITY COUNCIL
FOR THE VOLUNTARY CARBON MARKET

The Integrity Council for the Voluntary Carbon Market (ICVCM) is an independent, non-profit governance body for the voluntary carbon market, which aims to ensure the voluntary carbon market accelerates a just transition to 1.5°C. The ICVCM aims to set and maintain a voluntary global threshold standard for quality in the voluntary carbon market. The threshold standard is based on the ICVCM's Core Carbon Principles (CCPs) and is implemented through an Assessment Framework that sets out what high quality means by reference to those principles.

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