

CORSIA Eligible Emissions Unit Programme Change Notification Form

Version 2.0; Effective from 10 January 2022

PART A: ABOUT THIS FORM

Once an emissions unit programme is approved by the ICAO Council as eligible to supply CORSIA Eligible Emissions Units, the programme commits to notify the ICAO Secretariat of any “material changes” to its “Scope of Eligibility”, *including any unilateral decision to revoke or invalidate a class of CORSIA- eligible emission units within the programme’s Scope of Eligibility*, for further review¹ by the Technical Advisory Body (TAB) that advises the ICAO Council on the eligibility of emissions units for use in CORSIA.

*TAB Procedures*² defines a “Material Change” as an update to a programme’s *Scope of Eligibility* that would alter the programme’s response(s) to any questions in its application form and further inquiries from the TAB over the course of the programme’s assessment, including programme-initiated unit invalidation and/or revocation. (paragraph 7.3.).

TAB Procedures defines a CORSIA Eligible Emissions Unit Programme’s *Scope of Eligibility* as “the extent and limits of a programme’s eligibility, which is defined, assessed, and granted on the basis of the programme-level governance structures, measures or mechanisms, and procedures that programmes have in place at the time of their initial submission of application materials to the ICAO Secretariat; and any updates to these procedures that are communicated to TAB during the course of its assessment; and as defined in the general or programme-specific eligibility parameters set out in TAB’s recommendations” (paragraph 4.5).

Annually, TAB will indicate deadlines for programmes to notify ICAO of any such material changes. These notifications should be submitted by the next deadline after the material change has occurred; the upcoming deadlines are indicated in the version of the *TAB Work Programme and Timeline* document that is currently effective. This document is available on the CORSIA website³.

Material changes should be disclosed using this form. TAB will then consider the need for any further review, in line with *TAB Procedures*. If TAB identifies that the change is indeed material and should be further assessed, it will invite public comments on the consistency of the proposed revision with the Emissions Unit Criteria (EUC) and *Guidelines for Criteria Interpretation*. The ICAO Secretariat will inform the programme of TAB’s decision to more deeply assess the programme’s modification, or its confirmation that the modification is consistent with the CORSIA EUC. The programme will also be informed of the date by which the review will be completed. The length of the review should be determined by the severity and scale of the material change.

¹ Any unilateral programme-initiated invalidation and/or revocation of a class of CORSIA-eligible emissions units is considered to be a “material change” to the CORSIA-eligible programme’s *Scope of Eligibility*. Such units are regarded as immediately ineligible for use for CORSIA purposes in light of absence of assurance that it will administer the units consistent with its *Terms of Eligibility*. The units will be reflected as exclusions from the programme’s *Scope of Eligibility* in the ICAO Document “CORSIA Eligible Emissions Units” upon Council’s confirmation of the update. Once a programme notifies ICAO that it wishes to exclude a class of units from its eligibility scope, and in order to provide the most accurate and timely information available prior to Council’s confirmation of the update, the ICAO Document “CORSIA Eligible Emissions Units” will identify in a footnote that the programme requested a change to its *Scope of Eligibility* to exclude certain units subject to a decision by the ICAO Council and, if possible, clearly specify the affected class of units. The programme’s *Scope of Eligibility* that is deemed valid by the ICAO Council will be reflected in the ICAO Document titled “CORSIA Eligible Emissions Units” in a timely manner

² In *TAB Procedures*, paragraphs 4.5, 7.3 and 8.2 – 8.6 in particular pertain to the *Scope of Eligibility* and notification and assessment of material changes.

³ The *TAB Work Programme and Timeline* and *TAB Procedures* documents are available here:
<https://www.icao.int/environmental-protection/CORSIA/Pages/TAB.aspx>

PART B: PROGRAM CHANGE NOTIFICATION(S)

The Programme is requested to provide the following information regarding any modification(s) to the programme's *Scope of Eligibility* that could constitute a "material change" as described above. Report each change separately by duplicating (copying and pasting) the table below as needed.

Programme name: American Carbon Registry (ACR)

CHANGE 1
<p>a. Description of the change (e.g., the addition, modification, deletion undertaken):</p> <p>ACR has published for public comment a new standard to govern sectoral crediting for the electric power sector, the Standard for the Transformation of the Electric Power Sector (STEPS), as disclosed as a future development in our March 2025 re-application for the CORSIA 2027-2029 phase 2.</p> <p>ERT's ACR staff will oversee the measurement, monitoring, reporting and verification (MRV) of emission reductions across the electric power sector in participating jurisdictions. We have been working with the governments of the Dominican Republic and Chile to pilot the standard.</p> <p>STEPS is distinct from the ACR Standard, which governs project-based crediting for ACR approved methodologies because it is focused only on the electric power sector and the MRV methodological approach is embedded within the Standard (the same way that TREES includes approaches for jurisdictional emission reductions and removals).</p> <p>However, ACR's governance, policies and infrastructure that govern project-based crediting are the same for STEPS including the following:</p> <ol style="list-style-type: none">1. Governance by the ERT Board and operation by ERT's ACR staff2. Policies for the management of conflict of interest for staff and VVBs3. Transparency and public participation in the crediting process lifecycle from methodology development through to activity implementation4. Procedures for complaints and appeals5. Rigorous emission reduction quantification requirements6. Requirements for verifier accreditation and the validation and ex-post verification process7. Credit issuance and retirement/cancellation procedures8. Use of a transparent, secure registry platform to record the issuance, transfer and retirement of serialized emission reduction credits9. Legal Terms of Use Agreement and operating procedures governing the registry including KYC registry account screening10. Procedures to avoid double counting in all of its forms <p>In these instances, references to relevant Chapters in STEPS are included.</p> <p>Key areas of difference between the ACR Standard and STEPS are detailed in this material change document include approaches to:</p> <ol style="list-style-type: none">11. Sectoral scope12. Additionality (only performance based)13. Baseline setting14. Leakage (directly addressed by sectoral MRV)15. Environmental and Social Safeguards
<p>b. Rationale for the change:</p> <p>ERT was selected in 2023 by the U.S. Department of State, Bezos Earth Fund and Rockefeller Foundation to develop STEPS, originally as part of the Energy Transition Accelerator (ETA). STEPS is a first-of-a-kind sector-wide carbon crediting standard that aims to incentivize host country investment, planning and policies to deliver long-term structural changes necessary for electric power sector emissions to peak sooner and decline faster to meet Paris Agreement temperature goals.</p>

STEPS aims to encourage comprehensive, long-term structural transformation of the electric power sector in emerging and developing economies through changes in policies and infrastructure that will catalyze large scale investment needed to achieve the clean energy transition, while ensuring energy equity and energy security.

Sectoral crediting incentivizes governments to design country-specific, long-term policy, legal and regulatory changes that accelerate decarbonization at a system level. This offers countries the flexibility to make their own decisions on how to address the energy transition, as well as energy security, energy access and just transition elements. Carbon finance can be leveraged to support a wide range of interventions to reduce sectoral emissions, including for investments in clean energy, grid and storage infrastructure necessary for deployment of renewables, as well as concessionary finance to address the needs of communities and workers to ensure a just energy transition.

Accounting for emissions at the system level requires the measurement, monitoring and reporting and verification (MRV) of emissions from all grid-connected power plants, distributed generation and as electricity imports and exports, addressing concerns about leakage.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

For ACR's governance, policies and infrastructure elements listed as 1-10 above that govern project-based crediting and are the same for STEPS, references are included for each herein. The primary changes are from references in the ACR Standard and Operative documents to references in STEPS.

For elements 1-11 that are different in STEPS from ACR's project based crediting program, references detailing differences are also included herein.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

ACR will include updated information on STEPS in future applications to ICAO noting that the update to add STEPS does not change the scope of ACR eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 2

a. Description of the change (e.g., the addition, modification, deletion undertaken):

For listed element 1. Governance by the ERT Board and operation by ERT's ACR staff, STEPS has the same governance and management staff as ACR.

Since the re-application, ACR has updated general Programme Information as follows:

Board of Directors of Environmental Resources Trust (all also Winrock Board members)

Maqsoda Maqsodi, President and CEO, Winrock International

William Bumpers, Winrock Honorary Director, (Retired) Baker Botts Law Firm

John Nees, Founding Partner of the Getty Land Company

Stacy Swann, CEO and founding partner of Climate Finance Advisors

b. Rationale for the change:

ERT's Board members have changed due to regular Board rotation.

c. Where the change is reflected in the Programme's documentation or other resource(s):

The updated information is available on the ACR website: <https://acrcarbon.org/> and on the STEPS website: www.stepsclimate.org

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

References to the ERT Board, as related to changes noted above, were included in the March 2025 Re-assessment Application.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our applications for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 3

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 1: **Governance and Safeguards**, Criterion **Legal nature and transfer of units**, question 1 references the ACR Standard for the underlying attributes of a unit and ensuring the property aspects of a unit. Applicable STEPS references to be added to the response are below, noting that the ACR Operating Procedures and Registry Terms of Use (ToU) references are the same as govern STEPS.

b. Rationale for the change:

STEPS must detail these elements as related to the units that will be credited under the Standard.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 1: *Governance and Safeguards*, Criterion **Legal nature and transfer of units**, question 1, references to the ACR Standard are augmented by the following references in STEPS.

Per STEPS section 3.4 the STEPS unit of measure is "a GHG emission reduction verified pursuant to STEPS requirements, issued as serialized STEPS Credits, denominated in metric tons of CO₂e."

STEPS chapter 3.1 requires that Participants have the "authority to act on behalf of the government for purposes of crediting for the electric power sector and demonstration of title to issued credits." To support the declaration of title, the Participant may submit one or more of the following: a legislative right; a right under local common law; ownership of the plant, land, equipment and/or process generating the GHG emission reductions; or a contractual arrangement with the owner of the plant, land, equipment, or process that grants title to the Participant.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our applications for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 4

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 1: *Governance and Safeguards*, Criterion **Programme Governance**, question 2 references the ACR Standard. Applicable STEPS references to be added to the response are below, noting that the governance of STEPS is the same as ACR.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 1: *Governance and Safeguards*, Criterion **Programme Governance**, question 2, references to the ACR Standard are augmented by the following references in STEPS.

STEPS governance is defined in the Introduction section 1.2:

“STEPS is built on principles of transparency, environmental and social rigor and participatory processes. STEPS is governed by Environmental Resources Trust (ERT), a wholly-owned nonprofit subsidiary of Winrock International. The ERT Board of Managers assumes fiduciary responsibility for the organization and ensures activities contribute to its mission of harnessing the power of markets to improve the environment. Staff of ERT / ACR will be responsible for the operation of the crediting program including overseeing the development and implementation of STEPS for the registration, verification and issuance of credits on a transparent registry.”

ERT Board members, all members of Winrock’s Board of Directors, are named on the STEPS website “About Us” page: <https://www.stepsclimate.org/about-steps/>

ERT’s management and staff, listed publicly on the STEPS website manage the day-to-day operations of the program. With collectively over 250 years of experience in carbon accounting, verification, climate science and policy, carbon project development, registry operations and environmental markets, all team members are committed to administer STEPS aligned with the mission of environmental integrity and transparency.

Validations and verifications of GHG emission reductions for conformance with STEPS, and resulting verification opinions, are conducted as described in Chapter 10 of STEPS. Validation and verification bodies (VVBs) for STEPS must be accredited under ISO 14065 by an accreditation body that is a member of the International Accreditation Forum (IAF) and with which ACR has a Memorandum of Understanding (MoU) in place. As of May 2018, ACR has an MoU with the ANSI National Accreditation Board (ANAB). VVBs shall be appropriately accredited for validation and/or verification for the electric sector, and VVB teams shall meet the competence requirements as set out in ISO 14065 as considered current.

STEPS Chapter 12 addresses procedures for complaints and appeals to decisions taken by ERT/ACR.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 5

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 1: **Governance and Safeguards**, Criterion **Conflicts of Interest**, question 6, 7 and 8 references the ACR Standard. Applicable STEPS references to be added to the response are below, noting that COI provisions for STEPS are the same as the ACR Standard including the board, management and staff being bound by the Winrock Code of Conduct, the Registry provider bound by the Registry Master Services Agreement and the Validation and Verification Body (VVB) being bound by the VVB attestation and COI process.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 1: **Governance and Safeguards**, Criterion Conflicts of Interest, question 6, 7 and 8 for the ACR Standard are augmented by the following references in STEPS.

STEPS Conflict of Interest provisions are detailed in STEPS Section 1.5. Winrock requires that all management and staff, including of ERT/ACR, adhere to its Code of Conduct (<https://code.winrock.org/>) which includes a strict and comprehensive policy against engaging in activities that present a conflict of interest. Winrock's Code of Conduct is mandatory and applies to all members of Winrock's Board of Directors and Officers, each employee and partner who works on behalf of Winrock including all staff of Environmental Resources Trust (ERT) and ACR. The Code specifies Winrock's Conflict of Interest Policy, providing clear criteria for what constitutes a conflict of interest and a comprehensive policy on addressing and reporting any and all conflicts. There is no materiality threshold. Winrock requires annual formal acceptance of the Code of Conduct including its Conflict of Interest Policy by all employees. The Policy requires all potential conflicts of interest to be identified, disclosed to Winrock's Chief Compliance Officer and mitigated. Winrock staff with potential conflicts are recused from any involvement in ACR activities or decisions where a conflict might arise.

Regarding Validation and Verification, per STEPS chapter 10, section 2 states that "Prior to commencing validation or verification work, all VVBs must be in good standing; have completed the application process described on the STEPS website, including submitting an application package and Attestation of Validation/Verification Body, which details requirements for conflicts of interest and makeup of the verification teams; document technical capabilities for the applicable sectoral scope; establish a VVB account on the registry; and have **submitted a Program-specific Conflict of Interest Form for ERT's approval. Program-specific conflicts of interest must be disclosed and mitigated.** Validation and verification activities may not be conducted until the VVB has received approval from ERT. Once approved, the VVB must update ERT immediately about any changes in accreditation status or scope, enforcement activities, investigations, revocations or suspensions of the body itself, or any verifiers working on the VVB's behalf."

Per the STEPS Chapter 2.1, step 9: "ERT must approve the VVB prior to the start of validation and verification services based on proper accreditation, conflict of interest review, and rotation requirements."

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 6

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 1: **Governance and Safeguards**, Criterion **Transparency and public participation provisions** questions 9, 10 and 11 reference the ACR Standard. Applicable STEPS references to be added to the response are below, noting that transparency and public participation

provisions for STEPS are the same as the ACR Standard including being bound by the Registry Terms of Use (ToU) agreement, the type of information that is made public on the registry, and the process for public consultation on the Standard/methods.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 1: ***Governance and Safeguards***, Criterion **Transparency and public participation provisions** responses to questions 9, 10 and 11 for the ACR Standard are augmented by the following references in STEPS.

Per STEPS Chapter 2, step 6, "Once accepted, the STEPS Registration Document and STEPS Monitoring Report are ready for validation and verification. ERT will publish the STEPS Concept on the STEPS website along with the Program name, ID#, and location for a thirty (30) day public comment period for local and global stakeholders. Comments can be submitted via email to STEPS@winrock.org with an email subject line: "Comments on STEPS [PROGRAM NAME and/or PROGRAM ID#]". Comments will be forwarded to the Participant, the Validation and Verification Body (VVB) and reviewed by ERT."

Per STEPS Chapter 2, step 12, "Upon acceptance of the submitted documents, ERT publishes the final validated GHG Program documents, verified Monitoring Report, Validation Report and Validation Opinion, and Verification Report, Verification Opinion, and Supplemental Project Description (optional) on the registry. These documents contain the content necessary to enable third parties to assess the social and environmental safeguards and replicate the GHG emission reductions calculations (including baseline quantification). All content is made publicly available except for content deemed to be Commercially Sensitive Information (i.e., subject to confidentiality, proprietary, privacy and data protection restrictions).

STEPS Chapter 8 requires all Participants to disclose local stakeholder consultation requirements. STEPS Chapter 8, section 4, details social and environmental safeguards including:

- Safeguard 2 Access to Information: Public institutions have provided access to information, and the public has been aware of and exercised the right to seek and receive official information on STEPS Actions as well as on how safeguards have been addressed and respected.
- Safeguard 3 Stakeholder Identification: Public institutions have identified all relevant stakeholders living or using resources in the areas impacted by STEPS Actions including Indigenous Peoples, Local Communities, and Afro-descendant Peoples, or equivalent, including uncontacted peoples and transhumant communities.
- Safeguard 5 Participation and Consultation: Public institutions have respected, protected and fulfilled the right of all relevant stakeholders, including women, youth and vulnerable groups, to participate fully and effectively in the design and implementation of STEPS Actions decisions about the use of proceeds from participation in STEPS.

Separately, as a key part of the process to solicit stakeholder feedback on updates / changes to STEPS, ERT publicly posts the draft document on the STEPS website and sends a public notice to its email list-serve soliciting comments. The public comment period for STEPS is stated in Section 1.4 as 60 days, which can be extended as deemed necessary.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 7

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 1: **Governance and Safeguards**, Criterion: **Safeguards system and Do no net harm** questions 12, 13, 14 and 15 reference the ACR Standard. Applicable STEPS references to be added to the response are below, noting that general requirements to address environmental and social risks, to ensure that there are institutions, processes, and procedures to implement, monitor, and enforce the environmental and social safeguards and that there are procedures in place to ensure no violation of local, state/provincial, national or international regulations or obligations.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 1: **Governance and Safeguards**, Criterion **Safeguards system and Do no net harm** responses to questions 12, 13, 14 and 15 for the ACR Standard are augmented by the following references in STEPS.

STEPS Environmental, Social and Governance Safeguards are detailed in Chapter 8, which states: “STEPS supports a diverse set of government-led actions, each with its own potential to generate both positive and negative environmental and social impacts. Positive impacts can contribute to sustainable development objectives; negative risks and impacts can be identified, evaluated, and managed through appropriate safeguard procedures.

STEPS’s environmental and social safeguards requirements reflect the acknowledgment in the eleventh preambular paragraph of the Paris Agreement that climate change is a common concern of humankind and therefore actions to address climate change should address these impacts including on human rights, the rights of indigenous peoples, local communities, children, people in vulnerable situations, as well as gender equality, empowerment of women and intergenerational equity.

Participants must adhere to environmental and social safeguards best practices to:

- Ensure that GHG actions “do no harm” by maintaining compliance with all relevant local, national, and international laws, regulations, conventions and agreements;
- Identify applicable contributions to sustainable development;
- Detail how negative environmental and social impacts will be avoided, reduced, mitigated, or compensated, and how mechanisms will be monitored, managed, and enforced;
- Ensure that the rights of affected communities and other stakeholders are recognized, and that they have been fully and effectively engaged and consulted; and
- Ensure that effective ongoing communications and grievance redress mechanisms are in place, and that affected communities will share in the Project benefits.”

STEPS Chapter 8, section 3, Reporting Requirements states that “In their STEPS Monitoring report, Participants will disclose applicable negative environmental or social impacts as a result of the government-led actions (STEPS Actions) as detailed in the Energy Transition Plan and the appropriate mitigation measure applied. They shall also attest to no undisclosed or unmitigated adverse environmental or social impacts as a result of the government-led actions (STEPS Actions) as detailed in the Energy Transition Plan.”

STEPS Safeguards in Chapter 8 are required to be implemented in accordance with relevant international conventions and agreements ratified by the Participant or the Participant’s country and be anchored in domestic and if applicable, subnational, legal frameworks, policies or processes.

In addition, Safeguard 1 (Consistency with the objectives of relevant international conventions and agreements) specifically requires that Participants have a domestic legal framework, policies, or programs as well as the necessary procedures and resources to recognize and promote the application of ratified relevant international conventions and agreements in the design and implementation of STEPS Actions. Further, Public institutions have designed and implemented STEPS Actions consistent with or complementary to the objectives of identified, ratified and relevant international conventions and agreements.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 8

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 1: **Governance and Safeguards**, Criterion: **Sustainable Development Criteria** questions 16, 17, 18 and 19 reference the ACR Standard. Applicable STEPS references to be added to the response are below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 1: **Governance and Safeguards**, Criterion **Sustainable Development Criteria** responses to questions 16, 17, 18 and 19 for the ACR Standard are augmented by the following references in STEPS.

STEPS embeds the sustainable development criteria in Chapter 8, Environmental, Social, and Governance Safeguards. Combining the safeguards requirements and sustainable development criteria rather than separating them into distinct requirements better reflects the integrated approach for crediting governments (rather than projects) at a jurisdictional or national scale.

The approach in STEPS is based on the jurisdictional approach for ART’s standard TREES, noting that during the development of TREES, the Safeguards Committee recommended this approach based on their experiences with national safeguards and sustainable development design and implementation work. The approach is also consistent with the UN-REDD Learning Journal, “8 REDD+ Safeguards Under the UNFCCC” published in May 2017, which states that “*A country approach to safeguards may be beneficial for several reasons: ... It can help engender country ownership and help ensure that the safeguards goals are appropriate to national circumstances and contribute to national sustainable development and green growth goals*” (pages 5-6).

STEPS Sustainable Development Criteria: In Section 8 of STEPS, each of the safeguards represents a sustainable development criterion, which includes indicators. These indicators ensure Participants have a legal or other binding framework requiring these criteria to be addressed (Structure indicators), ensure that resources are allocated to implement the programs to meet the criteria (Process indicators) and monitor the outcomes and adjust the programs as necessary (Outcome indicators).

Per STEPS 8.3, in both the STEPS Registration document and each Monitoring report, the Participant will describe how it’s the STEPS Actions contribute to sustainable development. If a government does not have its own published sustainable development goals, it can report against relevant UN Sustainable Development Goals (SDGs). This information is validated and verified as part of the program documentation.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 9

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 2: **Quantification and Tracking**, Criterion: **Are quantified, monitored, reported, and verified** question 1 references the ACR Standard. Applicable STEPS references to be added to the response are below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 2: **Quantification and Tracking**, Criterion: **Are quantified, monitored, reported, and verified** responses to question 1 for the ACR Standard is augmented by the following references in STEPS.

STEPS Chapter 5, Carbon Accounting affirms a set of accounting principles for rigor and data quality based on based on the International Organization for Standardization (ISO) 14064 Part 2 (2019), which were adhered to in the development of the standard and its quantification methods. Table 4 details the principles:

- Relevance: selection of the GHG sources, GHG sinks, GHG reservoirs, data, and methodologies appropriate to the needs of the intended user;
- Completeness: inclusion of all relevant GHG emissions and removals; inclusion of all relevant information to support criteria and procedures;
- Consistency: enabling meaningful comparisons in GHG-related information; use of consistent methodologies for meaningful comparisons of emissions over time; transparently document any changes to the data, boundary, methods, or any other relevant factors;
- Accuracy: reduce bias and uncertainties as far as is practical;
- Transparency: disclosure of sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence; disclosure of any relevant assumptions and appropriate references to the accounting and calculation methodologies and data sources used; and,
- Conservativeness: use of conservative assumptions, values, and procedures to ensure that GHG emission reductions or removal enhancements are not overestimated.

Table 5 details how the principles are applied in the context of accounting under STEPS:

- Relevance: Activity data, emission factors, and methodologies shall be appropriate to the electricity sector and to the Participant's national context
- Completeness: All electricity generation and all associated CO₂ emissions within the Sectoral Boundary shall be accounted for, either through plan-level monitored data or at the national level through the EESB.
- Consistency: The same methodologies shall be used across all years within a crediting period. Where methodological changes are necessary, they shall be documented transparently and subject to audit.
- Accuracy: Bias and uncertainties shall be reduced as far as is practical. Uncertainty in calculating annual electricity sector emissions shall be quantified for individual parameters and subject to maximum permissible uncertainty thresholds.
- Transparency: Data sources, calculation methods, assumptions, and any deviations from requirements established by STEPS, or standard practice, shall be disclosed. Documentation shall be sufficient for the VVB to replicate all relevant calculations.
- Conservativeness: Where data is incomplete or uncertain, conservative assumptions, values, and procedures shall be applied such that GHG emission reductions are not overestimated.

b) STEPS Chapter 2 and Annex A detail information to be included in the published GHG Program documents including the Registration document and Monitoring Report and the Validation Report and Opinion, and Verification Report and Opinion. Section 2.1, step 12 specifies that these documents “contain the content necessary to enable third parties to assess the social and environmental safeguards and replicate the GHG emission reductions calculations (including baseline quantification). All content is made publicly available except for content deemed to be Commercially Sensitive Information (i.e., subject to confidentiality, proprietary, privacy and data protection restrictions).”

c) Defined intervals are required for monitoring, measuring and reporting and subsequent verification of mitigation activities throughout the crediting period. Per STEPS Chapter 10 Section 10.1 Validation and Verification Interval:

“Validation of the GHG Program occurs once per Crediting Period. Renewal of the Crediting Period requires a new validation. Verification is required at specified intervals in order to issue new STEPS Credits and may begin only after the completion of the Reporting Period being verified. GHG emission reductions may be verified and issued annually, or at the Participant’s request, less frequently per the schedule below.

Validation and Verification is required following calendar year 1 of each crediting period. Verification is required after calendar years 3 and 5 of each crediting period. Participants may elect to have verifications following calendar years 2 and 4 of the crediting period. If these optional verifications are conducted and a positive verification conclusion is reached, a Participant may be able to issue credits annually. If the optional verifications are not conducted, a Participant will only be able to issue credits following calendar years 1, 3, and 5, as no credits will be issued without verification.”

d) Per STEPS Section 10.2 “Validation and verification are risk-based processes carried out in conformance with ISO 14064-3 and ISO 14065, as considered current. **VVBs shall be accredited for validation and verification in the applicable sector and shall meet the competence requirements as set out in ISO 14065. All VVBs must be approved by ERT and be accredited under ISO 14065 by an accreditation body that is a member of the International Accreditation Forum (IAF) and with which ERT has a Memorandum of Understanding (MoU) in place.**”

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 10

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 2: **Quantification and Tracking**, Criterion: **Validation and verification procedures** question 2 references the ACR Standard. Applicable STEPS reference to be added to the response are below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 2: **Quantification and Tracking**, Criterion: **Validation and Verification procedures** response to question 2 for the ACR Standard is augmented by the following references in STEPS.

STEPS has in place requirements and procedures for the accreditation of validators and verifiers (Validation and Verification Bodies or VVBs), which are publicly disclosed

Per STEPS Section 10.2 "Validation and verification are risk-based processes carried out in conformance with ISO 14064-3 and ISO 14065, as considered current. **VVBs shall be accredited for validation and verification in the applicable sector and shall meet the competence requirements as set out in ISO 14065. All VVBs must be approved by ERT and be accredited under ISO 14065 by an accreditation body that is a member of the International Accreditation Forum (IAF) and with which ERT has a Memorandum of Understanding (MoU) in place.**"

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 11

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 2: **Quantification and Tracking**, Criterion: **Validation and verification procedures** question 3 references the ACR Standard. Applicable STEPS reference to be added to the response are below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response

to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 2: **Quantification and Tracking**, Criterion: **Validation and Verification procedures** response to question 3 for the ACR Standard is augmented by the following references in STEPS.

Chapter 10 of STEPS describes rules and procedures for the validation and the verification of emission reductions. The general requirements for verification and validation are described in STEPS Chapter 10, Table 4. These are the same as those in the table in ACR’s application.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 12

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 2: **Quantification and Tracking**, Criterion: **Validation and verification procedures** question 4 references the ACR Standard. Applicable STEPS reference to be added to the response are below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 2: **Quantification and Tracking**, Criterion: **Validation and Verification procedures** response to question 4 for the ACR Standard is augmented by the following references in STEPS.

a) STEPS Chapter 10.1 details the validation and verification interval and states that validation must occur in the first year of each crediting period. 10.4 and 10.5 both state that “since validation and verification may be conducted simultaneously, and may be conducted by the same approved VVB, it is acceptable in this instance to combine the Validation Report and Verification Report into a single report.”

b) STEPS 10.3.1 details the Validation Scope of Assessment, stating that: “The Scope of the Validation shall include an assessment of conformance with STEPS requirements including:

1. Eligibility: The Participant meets all eligibility requirements per Chapter 3 including legal authority, national reporting commitments, and designated entity status including legal title to ERs.

- 2. Energy Transition Plan:** The Participant has submitted an Energy Transition Plan including Just Transition elements per Chapter 3 and the Plan meets the minimum content requirements.
- 3. Sectoral Boundary:** The Participant has correctly defined the Sectoral Boundary per Chapter 5 including all grid-connected, captive, and distributed generation. Any exclusions are justified.
- 4. Generation Capacity Register:** The Register is complete, includes all installations within the Sectoral Boundary, and contains the required data fields. The VVB cross-checks against independent sources (GEM data, IEA capacity statistics, published government records).
- 5. Generator classification:** Classifications (MEP/EP/OEP) are correctly applied using the criteria in Table x. Monitoring levels are correctly assigned per Table X.
- 6. SPER calculation:** The AER for each of the SPER years (2023, 2024, 2025) is correctly calculated from documented data sources. The SPER value is the minimum of the three. Data sources are identified, appropriate, and consistent with available national statistics.
- 7. BAU Baseline Pipeline test disclosures:** Pipeline disclosures per Chapter 4.3.3.2.2 are complete and accurate.
- 8. Monitoring Plan:** The Monitoring Plan addresses all required elements per Chapter 6. The arrangements described are adequate to generate data of the quality required by Section 5. The VVB assesses whether the Proponent’s approach — including data channels, EESB compilation, IMP processes, and QA/QC — is implementable and fit for purpose.
- 9. ESEA arrangements:** The Participant’s approach to compiling the EESB is consistent with Chapter 6. Data sources, compilation method, and quality procedures are adequate. Where the Participant uses a partial (electricity-sector-only) balance, the VVB assesses whether it meets data quality requirements.
- 10. IMP arrangements:** The Participant’s process for requiring, reviewing, and approving IMPs is adequate per Chapter 6. The VVB samples a representative selection of IMPs to assess quality and completeness.
- 11. Generation data channels:** The arrangements for collecting generation data from non-IMP generators are adequate per Chapter 6. Formal arrangements with grid operators, statistics authorities, or RE registries are in place or planned.
- 12. Progressive Coverage Plan:** The Plan is realistic, with credible milestones and a coherent sequencing of generators into individual monitoring.
- 13. Safeguards:** Per Chapter 8, the description of each safeguard provided in the STEPS Registration Document ensures that the implementation of STEPS Actions will be in conformance with the indicators.
- 14. Double counting:** Per Chapter 9 the Participant has taken steps to ensure no double counting including avoiding double issuance and double claiming.
- 15. AER for past years:** Where the Participant registers mid-period: AER calculations for intervening years (e.g., 2026 and 2027 for a 2028 registration) are reviewed for reasonableness, data sources, and consistency with the SPER.”

STEPS 10.3.2 details the Verification Scope of Assessment, stating that: “The objective of verification is to review impartially and objectively a Participant’s claimed GHG emission reductions assertion and conformance with safeguards against requirements in STEPS based on supporting evidence and GHG verification best practice including a risk-based assessment of sources and magnitude of potential errors, omissions and misrepresentations that may lead to material misstatement.”

“The Scope of the Verification shall include an assessment of the Monitoring Report, GHG assertion, and any additional relevant documentation provided by the Participant for conformance with STEPS requirements including:

- 1. EESB:** The EESB has been compiled per Chapter 6. Fuel inputs by type are complete and correctly classified. Generation outputs reconcile with independent sources. The three-layer

reconciliation has been performed and discrepancies investigated. Statistical difference is within [2%].

2. Activity data: Fuel consumption and generation data are accurate and complete. The VVB samples a representative selection of generators with IMPs and traces reported fuel consumption through the fuel balance (deliveries, stock records, supplier invoices). The VVB also assesses the plausibility of EESB fuel consumption data for non-IMP generators.

3. Emission factors and NCVs: Values used are consistent with assigned monitoring levels. IPCC defaults correctly applied where applicable. Country-specific or generator-specific values supported by documented evidence (lab certificates, supplier declarations).

4. AER calculation: Re-performance of the AER calculation: data inputs from the ESEA; import/export adjustments. Arithmetic checked.

5. Import/export adjustments: Volumes are consistent with system operator and customs data. Emission factors for imports are from disclosed sources. Contractual attribute allocations are documented. Consistency with STEPS trading partners assessed where applicable.

6. Emission reductions: Correctly calculated from CPS and AER (Deductions correctly applied. Net STEPS Credits correctly calculated.

7. Monitoring Plan conformance: The Proponent has operated in accordance with its validated Monitoring Plan. Any deviations are identified, justified, and assessed for impact.

8. Completeness: Coverage percentages reported. Conservative estimates assessed for reasonableness. Missing data identified and treated appropriately.

9. Progressive coverage: Coverage level achieved. Milestones met or shortfalls justified. Improvement relative to previous verification.

10. Fuel balance integrity: At sampled generators: reported consumption reconciles with delivery records and financial accounts. At national level: EESB fuel totals are consistent with fuel supply data.

11. Generation data: Total generation reconciles with grid operator data. Own-use factors are reasonable and correctly applied. Gross generation is not systematically overstated.

12. Safeguards: Evidence confirms that the implementation of the STEPS Actions was in conformance with the indicators.

13. Material changes: New installations, retirements, IMP amendments, Monitoring Plan updates, changes in EESB methodology — identified and appropriately reflected.

14. Double counting: Confirmation that required steps have been taken to ensure no double issuance (such as project-level crediting deduction correctly calculated, if applicable) and no double claiming.”

Chapter 10.5 requires that the Verification Report “provide a reasonable level of assurance that the GHG assertion is free of material misstatement and provides a true and fair representation of the program’s net GHG emission reductions and full conformance with safeguards. The Verification Opinion must be positive.”

- c) STEPS 10.6 states: “If ERT accepts the validation and verification documents, and the GHG Program has already completed all other required steps, then ERT will post the Validation Report, Validation Opinion, Verification Report, Verification Opinion, and other public documentation to the Registry, and issue STEPS Credits to the Participant’s Registry account. STEPS Credits will only be issued post validation and verification.”

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 13

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 2: **Quantification and Tracking**, Criterion: **Validation and verification procedures** question 4 references the ACR Standard. Applicable STEPS reference to be added to the response are below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 2: **Quantification and Tracking**, Criterion: **Validation and Verification procedures** response to question 5 for the ACR Standard is augmented by the following references in STEPS.

STEPS requires ex-post verification of mitigation in advance of issuance of emissions units, as detailed in Chapter 2.1, steps 10-13

10. The VVB conducts the validation of the STEPS Registration Document and the verification of the STEPS Monitoring Report in accordance with STEPS requirements in Section 10. **Validation and the initial verification may occur simultaneously and must occur prior to issuance of STEPS Credits.**

11. The VVB submits a validated GHG Program, verified Monitoring Report, Validation Report, Validation Opinion, Verification Report, and Verification Opinion to ERT.

12. ERT reviews the GHG Program validation and verification documents as well as comments received from stakeholders. This results in (a) acceptance, (b) acceptance contingent on requested corrections or clarifications, or (c) rejection.

Upon acceptance of the submitted documents, ERT publishes the final validated GHG Program documents, verified Monitoring Report, Validation Report and Validation Opinion, and Verification Report, Verification Opinion, and Supplemental Project Description (optional) on the registry. These documents contain the content necessary to enable third parties to assess the social and environmental safeguards and replicate the GHG emission reductions calculations (including baseline quantification). All content is made publicly available except for content deemed to be Commercially Sensitive Information (i.e., subject to confidentiality, proprietary, privacy and data protection restrictions).

13. ERT issues serialized credits to the Participant’s registry account of the verified volume of emission reductions (less any deductions), and the Program is referenced in the Registry as

Registered. The vintage year of the STEPS Credits corresponds to the year the GHG emission reductions occurred. The Participant can activate, transact, retire or cancel the issued STEPS credits (per the published fee schedule).

STEPS has no need to identify units that are issued ex-ante and thus ineligible for use in the CORSIA because crediting on an ex-ante basis is not allowed. As stated in STEPS Chapter 3, section 5, *No Ex-Ante Crediting*: “A STEPS credit is the result of actions that yields quantifiable, verified emission reductions. ERT will not issue STEPS credits for ERs that have not yet occurred or that have not yet been verified ex-post by a STEPS-approved Validation and Verification Body.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 14

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 2: **Quantification and Tracking**, Criterion: **Identification and Tracking, Clear and transparent chain of custody**_responses to question 7-14 reference the current APX-based registry platform and the new registry platform to be launched in June 2026 that will be operated by the Intercontinental Exchange (ICE), a leading global provider of technology and data and the world’s largest operator of environmental derivatives markets including operating the New York Stock Exchange.

The workflow for the registration of STEPS programs and for the issuance of STEPS credits will go live shortly after the initial launch of the new ICE registry.

b. Rationale for the change:

Enhanced user experience, digital MRV and interoperability through APIs.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 2: **Quantification and Tracking**, Criterion: **Identification and Tracking, Clear and transparent chain of custody**_responses to question 7-14 for the ACR Registry will apply also to the STEPS when functionality is added shortly after the June 2026 launch.

All current ACR Registry functionality as described in the re-application will be supported by the new ICE Registry for STEPS including:

- related to the carbon credit lifecycle from project listing, verification, registration to credit issuance, transfer, retirement and cancellation
- the identification of ICAO Eligible emissions units; the identification of credit ownership/holdings; the identification, facilitation of tracking and transfer of credit ownership/holding from issuance to cancellation/retirement; the identification of unit status including issued,

retired, cancelled; the assignment of unique serial numbers to credits, which includes the designation of the country of origin and vintage and public documentation of sector of origin and project documentation

- current ACR Registry account screening provisions and restrictions
- current ACR Registry functionality and contractual obligations as described related to Registry security and periodic audits for compliance with security provisions
- information on each batch of cancelled credits in a machine-readable, searchable and downloadable (CSV) format at no cost and with no login credentials required
- the information on cancelled units contains discrete fields for all of the content requirements in respect of each batch of units (*Paragraph 2.3.1*)

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 15

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 3: **Methods and Assumptions**, Criterion: **Clear methodologies and protocols, and their development process** question 1 references the ACR Standard. Applicable STEPS reference to be added to the response are below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 3: **Methods and Assumptions**, Criterion: **Clear methodologies and protocols, and their development process** response to question 1 for the ACR Standard is augmented by the following for STEPS.

STEPS quantification methodology is currently published for global public consultation on the STEPS website. A final version is planned for publication in 2026.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 16

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 3: **Methods and Assumptions**, Criterion: **Clear methodologies and protocols, and their development process** question 2 references the ACR Standard. Applicable STEPS reference to be added to the response are below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 3: **Methods and Assumptions**, Criterion: **Clear methodologies and protocols, and their development process** response to question 2 for the ACR Standard is augmented by the following for STEPS.

Per STEPS Chapter 1.4: "ERT will conduct a review of STEPS at a minimum every five years and update the Standard if deemed necessary, including input from technical expert committees and stakeholders as well as relevant UNFCCC decisions."

"ERT will solicit broad stakeholder input to STEPS and future revisions to STEPS through a public comment period. STEPS will be posted publicly for stakeholder review and consultation for at least 60 days. ERT will prepare responses, update the Standard accordingly, and post the comments and responses along with the approved version of the Standard on the STEPS website."

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 17

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 3: **Methods and Assumptions**, Criterion: **Scope considerations** questions 3 and 4 reference the ACR Standard. References to STEPS scope and eligibility criteria are added.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 3: **Methods and Assumptions**, Criterion: **Scope Considerations** responses to questions 3 and 4 for the ACR Standard is augmented by the following for STEPS.

STEPS sectoral scope is the entire electric generating power sources within a Participant jurisdiction including grid connected plants, captive plants that are not grid connected as well as renewable energy sources, whether grid-connected or not, and imports and exports of electricity.

Per STEPS 5.1.1 "The STEPS Sectoral Boundary encompasses all electricity generation and associated CO₂ emissions within the national territory of the STEPS Program. This includes electricity generated for supply to the interconnected grid, electricity generated for own use by industrial or commercial facilities, and electricity generated by distributed sources. Where an electricity system involves cross-border trade, imports and exports of electricity are subject to adjustments to both generation and emissions totals."

Geographic scope is detailed in STEPS Chapter 3, section 2: "STEPS is applicable globally for countries that meet requirements as established in the Standard."

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 18

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 3: **Methods and Assumptions**, Criterion: **Offset credit issuance and retirement procedures** responses to question 5 reference the ACR Standard. References to STEPS requirements are added.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 3: **Methods and Assumptions**, Criterion: **Offset credit issuance and retirement procedures** responses to question 5 for the ACR Standard is augmented by the following for STEPS.

STEPS Chapter 2.3 Crediting Period and Renewal details the length and renewability of the crediting period:

“STEPS has a maximum of five fixed Crediting Periods (CPs) from calendar years 2026 to 2050. Fixed crediting periods do not preclude a Participant from starting mid-period (i.e. in Year 2 of CP-1) or starting in a future crediting period (CP-3), provided the Participant can obtain and prepare all historic data required to compile the Starting Emissions Rate. The applicable start and end dates for the [first five] Crediting Periods are in Table 1 STEPS Crediting Periods - Start & End Dates.”

In addition:

- Participants must remain enrolled in STEPS for a minimum of ten (10) consecutive years falling over two or more Crediting Periods; where Minimum enrollment includes inter alia completion of Monitoring, Reporting and Verification requirements and other applicable requirements as established under the Standard.
- Leaving the crediting program earlier than 10 years explicitly or through failure to adhere to the requirements required by the Standard will result in cancellation of Participant Credits held in the Performance Reserve, in a quantity determined by STEPS.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 19

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 3: **Methods and Assumptions**, Criterion: **Carbon offset programmes must generate units that represent emissions reductions, avoidance, or removals that are additional** responses to question 6 reference the ACR Standard. References to STEPS requirements are added.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR's March 2025 Re-assessment Application, Part 3: **Methods and Assumptions**, Criterion: **Carbon offset programmes must generate units that represent emissions reductions, avoidance, or removals that are additional** response to question 6 for the ACR Standard is augmented by the following for STEPS.

Regarding procedures to demonstrate legal or regulatory additionality, STEPS does not require a demonstration of legal or regulatory additionality, which is consistent with other jurisdictional scale crediting programs. While additionality tests that incorporate regulatory mandates are important for project-level crediting, they are not appropriate for national, sectoral approaches. This is because in a jurisdictional scale crediting program, the Participants are governments and applying legal and regulatory levers is a critical strategy for making the systemic changes necessary for electric sector decarbonization.

As a sectoral crediting program, STEPS aims to encourage long-term shifts in policies and regulations to accelerate the transition to a decarbonized electric sector on a trajectory consistent with Paris Agreement temperature goals. A wide range of activities can lead to lower emissions from the sector, and STEPS aims to incentivize and enable as many as feasible. All activities that reduce emissions in the electric power sector can contribute to lowering emissions to levels that would qualify for crediting (with limited exceptions as noted in STEPS 3.1.2).

Each Participant's required Energy Transition Plan is expected to include a broad range of government-led policy and regulatory actions which may include the following:

- Enacting a carbon cap-and-trade, carbon tax, or similar system applied to the sources supplying electricity to the grid;
- Changing the dispatch sequence of the electric system manager, giving preference to lower emitting sources;
- Offering depreciation or other incentives and/or permitting reforms enabling the early retirement of coal-fired power plants;
- Providing enhanced financing for expansion and upgrade to the electric grid to better enable the development of large-scale renewable energy sources;
- Revising power bid and auction policies as well as reform of long-term power purchase agreements;
- Providing for or reforming power sector permitting to enable expedited deployment, connection, and/or upgrade of transmission lines or fast-track permitting for the development of new renewable energy supplies;
- Providing incentives (tax benefits, direct subsidies or technical assistance) for the installation of distributed renewable energy resources;
- Establishing energy efficiency standards for lighting and appliances, electric motors and updating buildings codes;
- Supporting carbon capture and sequestration technologies and activities within the Sector.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 20

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 3: **Methods and Assumptions**, Criterion: **Carbon offset programmes must generate units that represent emissions reductions, avoidance, or removals that are additional** responses to question 7 reference the ACR Standard. References to STEPS requirements are added.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 3: **Methods and Assumptions**, Criterion: **Carbon offset programmes must generate units that represent emissions reductions, avoidance, or removals that are additional** response to question 7 for the ACR Standard is augmented by the following for STEPS.

STEPS Section 4.1 Additionality, describes that "STEPS uses a performance-based crediting approach whereby additionality is based on demonstrating improved electric power sector emission performance beyond an ambitious, continuously declining emission rate Performance Standard (crediting level or baseline), which is designed to contribute to achievement of the long-term temperature goals of the Paris Agreement. The Performance Standard is country-specific and beyond Business as Usual (BAU)."

"The global emission reduction trajectory that establishes the performance standard is adjusted by applying a country-specific index. The STEPS Index Score is the Participant's composite score as calculated based on three components that are the most highly correlated to the ease or difficulty to achieve sectoral decarbonization:

- **RENEWABLE ENERGY POTENTIAL.** (35% weight): Capacity for renewable energy growth based on current mix, resources, and pipeline
- **FOSSIL FUEL DEPENDENCE.** (25% weight): Degree of fossil fuel lock-in through system, economy, and planned capacity
- **TRANSITION CAPACITY.** (40% weight): Ability to execute the transition based on system, infrastructure, economics, policy, equity. "

"The STEPS Index translates country-specific structural conditions into a quantitative adjustment to the global performance standard. Its purpose is to ensure that the required emissions rate decline reflects each country's ease or difficulty of electric power sector decarbonisation, rather than applying a uniform trajectory to countries with fundamentally different resource endowments, fossil fuel dependencies and institutional capacities."

"A single global decline rate applied uniformly would be additional for some countries and non-additional for others. Countries with low fossil fuel dependence, abundant renewable resources, and strong institutional capacity may be capable of meeting a steeper trajectory under BAU conditions, meaning an unadjusted standard would not represent a genuine departure from expected trends.

Conversely, applying a uniform ambitious rate to countries with structural constraints, high capital costs, and limited grid infrastructure risks setting a threshold that cannot be demonstrated as achievable above BAU—undermining credibility without improving environmental integrity.

STEPS seeks to address this through a combination of complementary features. The global performance standard establishes a Paris-aligned aggregate trajectory grounded in what the sector must collectively achieve by 2050. The Index then adjusts that trajectory to each country's structural position, scaling ambition to reflect genuine feasibility. The BAU tests—applied forward and backward for each crediting period—provide the quantitative demonstration that the resulting country-specific Performance Standard (crediting baseline) sits below projected BAU trajectories at the time of registration. Taken together, and renewed at the start of each five-year crediting period as conditions and data evolve, these elements are designed to produce a performance standard that is simultaneously ambitious, country-differentiated, and defensible as additional. No single element achieves this alone; the robustness of the additionality determination rests on how they function in combination.

The formula for the Index produces a composite score on a normalized 0-100 scale. A score of 50 implies no adjustment to the global decline rate. Countries scoring above 50 – indicating relatively more favourable conditions for decarbonisation - are subject to a steeper required decline, whereas those scoring below 50 face a less steep requirement.

The STEPS Index Score is applicable for the given Crediting Period. The Participant Index scores are updated at the start of each crediting period to reflect changes in underlying data, and available on the STEPS website.”

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 21

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 3: **Methods and Assumptions**, Criterion: **Carbon offset programmes must generate units that represent emissions reductions, avoidance, or removals that are additional** responses to questions 9 and 10 reference the ACR Standard. References to STEPS requirements.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR's March 2025 Re-assessment Application, Part 3: **Methods and Assumptions**, Criterion: **Carbon offset programmes must generate units that represent emissions reductions, avoidance, or removals that are additional** responses to question 9&10 for the ACR Standard is augmented by the following for STEPS.

STEPS only credits for improved emissions performance beyond an ambitious performance standard (baseline). ERT has developed a list of country-specific performance standards based on the formula for the global performance standard and for the index, both detailed in Chapter 4. ERT also performs the BAU baseline tests described in Chapter 4.

Chapter 10 details requirements for third-party validation and verification of achievement of emission reductions beyond the country-specific performance standard and of the BAU baseline tests detailed in Chapter 4.

STEPS does not use positive lists for additionality.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 22

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 3: **Methods and Assumptions**, Criterion: **Are based on a realistic and credible baseline** responses to questions 11-16 reference the ACR Standard. References to STEPS requirements are included below since they are specific to the sectoral crediting approach.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 3: **Methods and Assumptions**, Criterion: **Are based on a realistic and credible baseline** response to question 11-16 for the ACR Standard is augmented by the following for STEPS.

STEPS requirements for baseline setting are directly linked to requirements for additionality, as detailed in Chapter 4, and include numerous elements to ensure the crediting does not overestimate mitigation from the program's activities as detailed below.

1. The STEPS Sectoral Boundary encompasses all electricity generation and associated CO₂ emissions within the national territory of the STEPS Program. This includes electricity generated for supply to the interconnected grid, electricity generated for own use by industrial or commercial facilities, and electricity generated by distributed sources. Where an electricity system involves cross-border trade, imports and exports of electricity are subject to adjustments to both generation and emissions totals. This encompassing sectoral boundary ensures that emissions leakage is accounted for within the sectoral accounting boundary, mitigating a significant risk and resulting in a conservative outcome.
2. STEPS uses a performance-based crediting approach whereby additionality is based on demonstrating improved electric power sector emission performance beyond an ambitious, continuously declining emission rate Performance Standard (crediting level or baseline), which is designed to contribute to achievement of the long-term temperature goals of the Paris Agreement. The Global Performance Standard is established at a steeper decline trajectory than the sector is currently on. The global performance standard is adjusted for each country based on a standard index formula, and the country-specific performance standard (crediting baseline) is beyond Business as Usual (BAU) as detailed below.
3. The global sectoral emission reduction trajectory that establishes the performance standard is adjusted by applying a country-specific index. The STEPS Index Score is the Participant's composite score as calculated based on three components that are the most highly correlated to the ease or difficulty to achieve sectoral decarbonization: 1) renewable energy potential; 2) fossil fuel dependence; and 3) transition capacity. This ensuring that countries with low fossil fuel dependence, abundant renewable resources and strong institutional capacity are required to surpass a steeper trajectory for crediting.
4. The Starting Period Emissions Rate (SPER) establishes the baseline level against which the required rate of reduction is calculated under the Performance Standard. The SPER is conservatively determined as the lowest of the country's Sectoral Emissions Rate occurring in three calendar years 2023-2025. When calculating the SPER, all activity data (emissions and electricity generation) in the sectoral boundary must be used and emissions data must meet Tier 2 or Tier 3 requirements.
5. Crediting is subject to adjustments as detailed in Chapter 5 section 3 (5.3) including annual contribution of verified emission reduction results to a performance reserve, which is designed as an incentive for long-term participation in the program and continued progress in decarbonization. The Performance Reserve will hold back a percent of issued credits, which will be returned to the Participant alongside new credit issuances as an incentive to continue MRV and participation. If a country stops performing verification requirements or elects to withdraw earlier than the minimum 10-Yr participation period, then the balance of any Credits held in the Reserve will be cancelled.
6. STEPS demonstrates that the country-specific performance standard (crediting baseline) is below-BAU through two complementary methods, applied in sequence:
 - (I) **HISTORIC TREND TEST.** A backward-looking assessment comparing each Participant's STEPS Performance Standard against observed historic change in electric power sector emission rates over three-, five-and ten-year reference periods.
 - (II) **CAPACITY PIPELINE TEST.** A forward-looking assessment that projects each Participant's electric power sector emissions rate over the relevant crediting period based on existing and projected change in electricity generation capacity.

Both tests are required to support the below-BAU determination, and involve analysis first conducted by ERT and then a Participant during development of Program Documentation. Each test is described in detail in STEPS Chapter 4.

To address changing baseline conditions, STEPS requires the recalculation of the country-specific performance standard using the index formula and the re-assessment of the BAU tests at the start of each 5-year crediting period. Validation of the country-specific performance standard (baseline) and BAU tests is also required at the start of each crediting period.

All STEPS country-specific performance standards (crediting baselines) are established using a published formula (see Chapter 4 for details on the index) based on public data sets.

STEPS requires verification at a minimum after years 1, 3 and 5 of the 5-year crediting period. If the Participant does not verify according to this schedule and has not formally requested a verification extension, we will assume the country is terminating participation and will cancel the credits that have been contributed to the Performance Reserve (see Chapter 5.3).

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 23

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 4: Permanence and Leakage, Criterion: **Permanence** responses to questions 1-7 reference the ACR Standard. Responses applicable to STEPS are included below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 4: Permanence and Leakage, Criterion: **Permanence** response to questions 1-7 for the ACR Standard is augmented by the following for STEPS.

Regarding the potential risk of reversal of emission reductions from the electric power sector, STEPS does not include any provisions for non-permanence because emission reductions verified to have been achieved beyond the country-specific performance standard cannot be reversed.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 24

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 4: Permanence and Leakage, Criterion: **Assess and mitigate against potential increase in emissions elsewhere** responses to questions 9-13 reference the ACR Standard. Responses applicable to STEPS are included below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 4: Permanence and Leakage, Criterion: **Assess and mitigate against potential increase in emissions elsewhere** response to question 9-13 for the ACR Standard is augmented by the following for STEPS.

STEPS addresses the risk of material emissions leakage by requiring accounting for emissions across the entire electric power sector of a jurisdiction, including imports and exports. This mitigates the risk of leakage that may occur when accounting for avoided emissions from a project-specific activity, which are then displaced by an increase in emissions outside the project boundary.

STEPS 5.2 states: "Sector-wide accounting for all electric sector emissions including replacement capacity and imports and exports of fossil fuels avoids the displacement of emissions by other sources, known as leakage."

"Leakage known as the displacement of anthropogenic GHG emissions from inside the accounting boundary to sources outside it because of the crediting activity is not a material risk under STEPS and no leakage deduction is applied."

This determination follows directly from the design of the STEPS sectoral boundary, which is jurisdictional and sector-complete, capturing all electricity generation within the national territory of the Participant, including grid-connected, captive generation, and qualifying distributed generation, together with electricity imports and exports.

"Because crediting is performance-based against the entire sector rather than against an individual installation, project, or sub-jurisdiction, the principal channels through which leakage typically arises in project-based crediting are absent:

- **Activity shifting** is not possible: emissions cannot be displaced from a credited installation to an uncredited installation within the same country, as both fall within the same accounting boundary.

- **Market leakage** from new replacement capacity is internalized: any fossil generation built to replace retired capacity is captured in the Participant's reported sectoral emissions in the year it operates. Furthermore, any new unabated coal generation results in a deduction from gross GHG reductions equal to the quantity of total emissions from the new plant.
- **Cross-border displacement** of electricity is captured through the treatment of imports and exports under Section 5.4, which adjusts the Annual Emissions Rate to prevent reductions being claimed on the basis of emissions exported to neighboring grids.”

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 25

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 5: **Double Counting**, Criterion: **Avoidance of Double Counting, Issuance and Claiming and Are only counted once towards a mitigation obligation** responses to question 1 reference the ACR Standard. Responses applicable to STEPS are included below.

b. Rationale for the change:

As a stand-alone standard, STEPS must detail these elements.

c. Where the change is reflected in the Programme’s documentation or other resource(s):

Information is available on the STEPS website: www.stepsclimate.org and in the public comment draft of STEPS: www.stepsclimate.org/the-standard

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

In ACR’s March 2025 Re-assessment Application, Part 5: **Double Counting**, Criterion: **Avoidance of Double Counting, Issuance and Claiming and Are only counted once towards a mitigation obligation** response to question 1 for the ACR Standard is augmented by the following for STEPS.

As detailed in STEPS Chapter 9, double counting can occur in different ways, including double issuance, double use, and double claiming. STEPS has program rules and operational processes, transparent registry infrastructure and oversight to mitigate these double counting risks.

Per STEPS 9.1: Double issuance occurs when more than one unique unit is issued for a single ER within the same program/registry or when more than one program/registry issues unique units for a single ER. To mitigate the risk of double issuance, STEPS requires the disclosure of any verified emission reductions in the accounting area, checks of duplicate registration under other programs and requirements for disclosure of other registrations, as well as for cancellation of the units on one registry prior to re-issuance on another.

To avoid double issuance, project-based activities could be integrated into a sectoral program through regulation or a contractual agreement in several ways including: 1) Allocating the

Participant's Performance Standard baseline to a project activity to adjust (nest) the project baseline per Paris Agreement Article 6 methodological requirements; 2) Allocating a percentage of STEPS credits or associated revenue to the project activity noting that there are factors that may contribute to sectoral emissions performance that are not project-based such as grid enhancements, which would reduce allocations to individual facilities; or 3) Providing other non-crediting incentives to project activities such as fast track permitting and interconnection.

Verified ERs from any project or facility-level activities that are directly related to electric sector emissions performance, that are from activities that are being accounted for as part of the sectoral crediting (as identified in the Plan), and are authorized by the Participant will be deducted from the volume of STEPS ERs prior to issuance.

An exception to this requirement may be granted in cases in which credits from projects located within the Sector are verified and/or issued by a GHG program and labelled as being allowed only for use in a domestic compliance market within the Participant's jurisdiction. Further, this exception is only applicable if the Participant provides assurance and verifiable evidence that the specified project credits are only eligible for use towards meeting obligations under a domestic compliance scheme or program, and that no entity is permitted to make claims about the use of the specified project credits towards corporate climate or net-zero targets. In the case of this exception, the volume of credits verified and issued to projects specifically for use in a domestic compliance scheme, and for which no claims are allowed to be made, will not be deducted from STEPS issuance volume."

Per STEPS 9.2: Double use occurs when a unique unit is used twice, for example if it is 1) sold to more than one entity at a given time (also referred to as double selling) due to double issuance or fraudulent sales practices, 2) used by the same owner toward more than one obligation / target or 3) used by more than one entity towards compliance obligations such as NDCs (as ITMO) or for Other International Mitigation Purposes.

To prevent double use, STEPS requires clear proof of rights prior to issuance of STEPS Credits and tracking of rights to credits within the registry by serial number and account. In addition, double selling will be prohibited through rules in the legal Terms of Use agreement to be executed by all STEPS Registry account holders, which expressly prohibits double use of credits and prohibits the transfer of rights to credits off-registry.

e. How the information in "d." would be revised and submitted to any future (re-)assessment process, by updating the information in "d." to reflect any / all modifications to the Programme's original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.

CHANGE 26

a. Description of the change (e.g., the addition, modification, deletion undertaken):

ACR re-application Part 5: **Double Counting**, Criterion: **Avoidance of Double Counting, Issuance and Claiming and Are only counted once towards a mitigation obligation** responses to questions 2-10 reference the ACR Standard and its Annex B, which is specific to requirements to avoid double counting with CORSIA. For the responses specific to CORSIA, STEPS will adopt the same provisions as ACR and ART in the respective Appendix Avoiding Double Counting with ICAO's CORSIA, which have already been approved by ICAO. (The detailed requirements are not included in the Standard at this stage since STEPS has not yet been reviewed and approved for CORSIA eligibility).

b. Rationale for the change:

The detailed requirements to avoid double counting with CORSIA are not included in the Standard at this stage since STEPS has not yet been reviewed and approved for CORSIA eligibility.

c. Where the change is reflected in the Programme's documentation or other resource(s):

Information is not yet reflected in STEPS, however, both ACR and ART have ICAO approved requirements that will be integrated into STEPS as well.

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme's current eligibility:

In ACR's March 2025 Re-assessment Application, Part 5: **Double Counting**, Criterion: **Avoidance of Double Counting, Issuance and Claiming and Are only counted once towards a mitigation obligation** responses to questions 2-10 for the ACR Standard is augmented by the following for STEPS.

As detailed in STEPS Chapter 9, double counting can occur in different ways, including double issuance, double use, and double claiming. STEPS has program rules and operational processes, transparent registry infrastructure and oversight to mitigate these double counting risks.

STEPS 9.3 states that "Double claiming occurs when the same ERR is used by two or more entities (e.g. Parties to the Paris Agreement, aeroplane operators under CORSIA, corporate voluntary buyers) to meet climate change mitigation obligations, targets, pledges, commitments or efforts, including international transfers under the Paris Agreement towards achievement of Nationally Determined Contributions (NDCs) and transfers for use by aeroplane operators under the ICAO CORSIA, or when voluntary market transfers are counted toward both corporate buyer pledges and supplier country NDCs. STEPS Participants may authorize transfers of STEPS Credits for compliance purposes to buyers outside of the Participant's country by submitting a Host Country Letter of Authorization to ERT⁴ which must include required elements of an authorization,⁵ and providing an initial report or updated initial report⁶ to the UNFCCC and subsequently reporting an accounting adjustment in the submission of annual information⁷ and biennial transparency reports (BTR) to the UNFCCC.⁸

Where accounting for international transfers may be required or preferred, the STEPS Registry facilitates this process for all transactions by providing the infrastructure to publish Host Country Letters of Authorization for transfer of STEPS Credits, to label STEPS Credits as associated with a Letter of Authorization, as well as to label STEPS Credits for which a corresponding adjustment has been reported to the UNFCCC. All STEPS Credit retirements and cancellations will be transparently recorded in public reports on the STEPS Registry."

⁴ See Host Country Authorization template on UNFCCC website: <https://unfccc.int/documents/646071>

⁵ As referred to in decision 2/CMA.3 and -/CMA.6, Matters relating to cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement, Section I Authorization B, paragraph 5 Content of Authorization.

⁶ As referred to in decision 2/CMA.3, annex, paragraphs 18–19 and -/CMA.6, Annex I Table of supplementary elements of information in initial report and any updated initial reports.

⁷ Requested in the Agreed Electronic Format referred to in decision 2/CMA.3, annex, chapter IV.B, as contained in -/CMA.6, Annex II

⁸ As referred to in paragraph 77, subparagraph (d) of the Annex to decision 18/CMA.1.

Required elements in the Authorization are detailed in STEPS 9.3.1 and procedures for changes to Authorizations in 9.3.2.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

Unless otherwise required by ICAO, ACR intends this document to reference the updates to our application for the 2024-2026 and 2027-2029 compliance phases noting that the updates are additions to reflect differences in a sectoral approach to crediting and do not change the scope of eligibility in the current ICAO Eligible Emissions Units document. We would be happy to answer any additional questions ICAO may have.