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Hampton Newsome
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Re: Carbon Offset Workshop--Comment, Project No. P074207

Dear Mr. Newsome,

Consumers Union appreciates the opportunity to make comment on the Federal Trade Commission's (FTC) request for public comment on carbon offset marketing programs, based on our participation in the FTC's Carbon Offsets public workshop that took place January 8, 2008 (Project No. P074207). We believe that the FTC does have a significant role to play in providing guidance to the carbon offset industry, both for voluntary as well as certified claims, in preventing deceptive and misleading business practices, especially where marketing and product claims are made.

Given the fact that the carbon offset and renewable energy credit market is so new, FTC should not assume that consumers have a detailed understanding of current marketplace claims. Without consumer surveys, it is really impossible to discern the exact level of consumer understanding. However, like other new marketing claim programs, consumers will need time to be educated and programs will need to be credible in order for the new market to be successful.

Specific and Precise Terminology

Consumers Union believes that carbon offset and renewable energy terms that are made in association with marketing or product claims require scope and specific definition provided by the FTC. Claims are already being made on products that are confusing, misleading and potentially deceptive. Companies that are investing in alternative energies while generating carbon from their own production line are making marketing and product claims of carbon neutrality or negativity,

such as Fiji bottled water being marketed as "carbon negative." While investments in renewable energies are valuable practices, consumers should be presented with specifics about the type of offset, the quantity of the offset, and what criteria are being considered in calculating the offset. As these parameters vary widely among those companies who are making both certified as well as voluntary carbon offset claims, the potential for consumer confusion is great. We believe that the FTC should take steps in providing guidance to the industry to minimize the potential for consumer confusion and deception. In order to accomplish this, we believe that the FTC should provide specific definition and boundaries around marketing claims used and should require companies to provide disclosure about specific actions taken and the relative impact in carbon reduction. The following are examples of actions that Consumers Union believes will reduce marketplace deception:

--**Disclose carbon-offset action as *direct* or *indirect*.** There is a significant market value difference between investing in carbon reduction programs (indirect offset) and in implementing carbon reduction programs (direct offset). Companies should be required to disclose this important attribute in terms of how carbon-offsetting is being achieved.

--**Restrict certain market claims to direct carbon offset actions.** Terms like "carbon negative" and "carbon zero" are strong claims that imply that the manufacturing of a particular product did not impact the environment in terms of carbon production. However, at the current time, this is not the case as companies who invest in renewable energies in order to offset their carbon production are making these claims. We believe that using these terms to describe indirect offset actions are misleading. These terms should be reserved for companies that are taking direct action to reduce their carbon generation. FTC should consider whether a value-based, tiered claim structure would be appropriate and feasible.

--**Specify type of carbon offset action taken.** Given the wide range of possible carbon offset actions taken, consumers have the right-to-know exactly what actions have been taken. Specific actions like investing in reforestation, renewable energy credits, and other actions should be fully disclosed as consumers may value these actions differently.

--**Qualify or quantify carbon offset benefit and provide relative market impact statement.** As different carbon offset actions have varying impacts, it is important for companies to be able to describe in some quantitative or qualitative way what the overall benefit is and the criteria used to calculate that benefit. There has been extensive discussion about "additionality" of these programs in the FTC Carbon Offset Workshop and while some in the industry voiced concerns over whether consumers cared about this, measuring the level of benefit over baseline is in fact the kernel of assessing how much value a particular carbon offset program or action has. That value should be disclosed to consumers (along with limitations of that analysis) in order to build a credible carbon offset marketplace.

In addition to the specific qualification about a certain action, the FTC should establish an annual disclosure statement about the amount of global carbon production so that consumers can understand how much of an impact a particular program or product has relative to the overall problem. This statement should be required to be used on *any* product that is sold with a carbon-offset claim. This will help educate consumers about the overall impact any carbon offset program has.

--**Create a renewable energy credit registry.** Purchasing renewable energy credits (RECs) as an action to offset carbon generation needs to be accountable. Problems with purchasing ambiguities, double counting and other issues must be carefully controlled in order to maintain consumer

confidence in RECs used as a credible carbon offset action. We believe that the establishment of a public, serial registry for RECs should be established so all interested parties have access to REC information and that each REC issued has built-in accountability.

Again, we appreciate the opportunity to participate in the FTC public workshop on Carbon Offsets and welcome further participation as the FTC considers specific guidance development.

Sincerely,

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