



restore the balance

**TerraPass Comments to the Federal Trade Commission
Proposed, Revised Green Guides, 16 CFR Part 260, Project No. P954501
December 10, 2010**

TerraPass is pleased to submit these comments to the Federal Trade Commission (FTC) in response to the proposed revisions to the Green Guides.

As a leading provider of carbon offsets and renewable energy products,¹ delivering a high quality product with great transparency to our customers is at the core of [our principles](#). We applaud the FTC in its efforts and look forward to the final revisions of the Green Guides.

Because our expertise is primarily in the renewable energy and carbon offset markets, we have limited our responses to those topics and attempt to specifically answer the questions as outlined by the Commission. The comments presented here should be considered an elaboration on the views expressed in our comments submitted to the Commission in January 2008.

Qualifying Renewable Energy Claims (Q 16)

As currently stated in § 260.14 (a) and (c), the phrases “power derived from fossil fuels” and “powered with renewable energy,” respectively, are ambiguous and open to interpretation. It is unclear whether the word “power” is meant to encompass all forms of energy or solely electric power (electricity). As worded, one could interpret the phrases either way. The latter interpretation could lead to the following scenario:

A manufacturer operates her plant with half natural gas and half grid electricity. The manufacturer buys the equivalent number of renewable energy certificates (RECs) to offset its electricity use. Under the current guidelines, this manufacturer could make the claim that it is being “powered with” 100% renewable energy when, in reality, it is being “powered with” 100% renewable *electricity* and only 50% renewable *energy*.

We assume that the Commission did not intend for this ambiguity and likely intended for “power” to encompass all forms of energy. Thus, we propose revisions to the Green Guides as follows or in a similar capacity to remove any ambiguity in the use of the word “power”:

§ 260.14 (a) It is deceptive to misrepresent, directly or by implication, that a product or package is made with renewable energy or that a service uses renewable energy. Marketers should not make unqualified renewable energy claims, directly or by implication, if ~~power derived from fossil fuels~~ [either fossil](#)

¹ Our recent awards include: 2010 Climate Action Champion, *Climate Action Reserve*; 2009 Best North American Offset Originator, *Environmental Finance*; 2009 and 2010 Best Carbon Offset Company, *Greenopia*

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[fuels or electricity derived from fossil fuels](#), is used to manufacture any part of the advertised item or is used to power any part of the advertised service.

§ 260.14 (c) It is deceptive to make an unqualified “made with renewable energy” claim unless all or virtually all of the significant manufacturing processes involved in making the product or package are powered with renewable energy or [conventional energy are powered entirely by electricity offset by renewable energy certificates for any non-renewable portion](#).

Consumer Understanding of “Carbon Offset” and “Carbon Neutral” Claims (Q 17)

Since our start in 2004, TerraPass has spent considerable resources on educating consumers about carbon offsets. Our [website](#) is our principle educational tool. The components of our website, from carbon footprint calculators to our blog and online newsletter (TerraPass Footprint), are designed to explain to our consumers how carbon offsets work and how offset projects operate. As consumers have grown more educated about carbon offsets, it is critical for them to understand the quality of the carbon offset product they are purchasing.

TerraPass has always believed that every customer deserves to know exactly what he or she is buying. We provide transparent details of every project in our portfolio and list the project location, type, offset standard, name of verifier, and verified emission reductions in tons. We publish an annual verification report with all of these details. In addition, an independent auditing firm conducts an annual audit to confirm that our customer purchases are matched by an equivalent amount of carbon offset retirements. Every TerraPass customer also receives a Product Content Label (PCL) with his or her carbon offset purchase with the relevant details of their offsets.

We respect the Commission’s decision to provide limited guidance with respect to carbon offsets and understand the limits to issuing specific guidelines on the topic of additionality. However, we believe that the Green Guides would benefit from elaborating on their current guidance.

In order to protect consumers from deception, we believe it is important and appropriate for carbon offset marketers to fully disclose relevant project details to their customers. This is consistent with the existing requirement that marketers of renewable energy products disclose the source of their renewable energy. This will prevent any confusion among consumers about their purchases. In particular, requiring the disclosure of the carbon offset standard used to create the offset would provide the consumer access to additional information about the additionality of a given project.

“Carbon neutral” claims are extremely complex due to the wide variety of factors that may be used to calculate the carbon footprint of a product or service. Over the past few years, we have observed several other terms similar to claims of carbon neutrality; these include: “carbon free” and “carbon zero”. We believe the use of these terms is likely to cause confusion among consumers. As the Commission has acknowledged, there is disagreement among various participants in the carbon markets regarding standards associated with carbon offsets. This is also true of carbon footprint calculations, which are not currently standardized. As such, the complexity surrounding the calculations makes it infeasible to determine an absolutely “correct”

carbon footprint. Therefore, mitigating the entire impact or implying that a product is completely free of carbon emissions, as suggested through the use of the terms “neutral,” “free,” or “zero”, is confusing, if not misleading.

We discourage the unqualified use of the term “carbon neutral” and other similar terms. We instead promote the idea that qualifications should be made about what is being offset through one’s carbon offset purchase. TerraPass discloses what is being offset by all of our corporate clients. Our Carbon Balanced Business (CBB) program provides corporate customers with a custom page that lists their company name, logo, offset amount (indicated by three tiers), and the specific activities which are being offset.

The Commission may want to include the following examples to provide guidance on how companies can issue clear offset claims:

Example 1: This facility retired 25,000 metric tons of carbon offsets last year, representing 100% the carbon footprint of all energy used. *This qualification specifically quantifies the carbon reductions.*

Example 2: This company purchased and retired carbon offsets for all company-paid travel last year. *This qualification connects the carbon offset claim to the source of emissions that were mitigated.*

Timing of Emission Reductions (Q 18)

We believe it is critical that consumers be fully aware of the timing of emission reductions. In our efforts to ensure transparency of our products, we disclose the specific vintages of our offsets after completion of our annual portfolio audit. We would encourage this level of transparency throughout the industry.

We believe it is misleading for companies that sell offsets, which are anticipated to occur far into the future, to market those offsets without appropriate disclosure. We recognize companies that engage in this practice may be doing commendable work, but it is misleading to associate this practice with claims and marketing materials implying that a potential future emission reduction is equivalent to reducing emissions today, or implying that the future emission reductions are already verified. To that end, we support the two-year window being proposed by the Commission and believe that organizations should be required to qualify claims concerning reductions that will not take place within those two years.

Closing Remarks

We again thank the Commission for its work and the opportunity to provide comments. Please contact us at info@terrapass.com with any follow-up questions.

Sincerely,

Erin Craig
Chief Executive Officer