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Federal Trade Commission/Office of the Secretary
Room H-135 (Annex B)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

RE: Green Guides Regulatory Review, 16 CFR Part 260
Comment, Project No. P954501

To Whom It May Concern:

Thank you for the opportunity to comment on the review of the Guides for the Use of Environmental Marketing Claims (Green Guides). The Federal Trade Commission (FTC) is responsible for ensuring that carbon offset projects are fairly and honestly marketed to consumers. Accordingly, the FTC requested comments, by February 11, 2008, on the marketing of carbon offsets. The New Jersey Department of Environmental Protection (the Department) has had significant experience with emission offsets over 25 years and offers the following comments.

The Department recommends that the FTC set clear, unambiguous guidelines for the definition and sale of voluntary carbon offset credits in the amended Green Guide. Additional federal and state environmental agency oversight, including regulations and registration systems will be required for the currently unregulated market when mandatory trading programs are adopted.

The national market for carbon offsets is growing rapidly. In many cases the offset projects being marketed are hard to verify, the emission reductions are only temporary, or the reductions would have happened anyway in the absence of the offset project. As the carbon offset market grows, manipulation is inevitable, and there is a serious risk of the current voluntary market collapsing due to a lack of standards, policing and credibility.

The guidelines must assure the consumer that they are purchasing real, quantifiable and surplus (additionality) carbon reduction offsets. In that regard, the FTC should engage in an aggressive education and outreach program to ensure consumers understand the nature of the offsets and the potential for fraud. With proper oversight, the voluntary offset market can play a significant role in mitigating climate change.

The guidelines should require marketers of voluntary carbon offsets to inform purchasers that it should not be assumed that such offsets have utility in complying with future state or federal greenhouse gas regulatory programs.

In particular, the guidelines should:

- Establish a clear definition of what qualifies as a voluntary carbon offset;
- Help consumers understand the nature of carbon offsets and the potential for fraud;
- Prohibit offset marketers from double selling credits or claiming credits for practices that are already required by law (i.e., must pass the additionality test);
- Require offset marketers to provide the project name, location, project owner and a certified calculation of the excess emission reductions for all projects generating offset credits that are marketed to the public to increase the transparency of the transactions;
- Establish uniform methodologies for marketers to use in quantifying the emission reductions to be achieved against a business-as-usual (BAU) baselines;
- Establish credible monitoring and audit protocols to verify that reductions actually occur in the manner and quantity promised by the marketer.

Thank you for the opportunity to comment

If you have any questions, please do not hesitate to contact Mr. David West, Bureau Chief at 609-530-4035.

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