

>>HAMPTON NEWSOME

If everybody will take their seats we'll get started. Welcome back, everybody. This is our last session, want to thank everybody for coming today. It's been very helpful for us to hear from the various panels and I think this panel will be a good one too. We got some questions about logistics in terms of public comments for the green guides review and for this meeting. As most of you know this meeting is part of the overall review of the green guides that we're conducting. We are accessing public comments specifically on these topics, on carbon offsets and RECs. And the public comment period for that will be open after this meeting for about two weeks. I think it closes on January 25th. And concurrent with that we've also announced review of the green guides which address the broad range of green claims and we're also accepting comments on that. That's on a different docket. And the comments for those close I believe February 11th but it's a little bit beyond the comments for this. So what we're going to do here, we have got -- we're going to have a round table discussion. We're going to try to hit some of the issues that have been addressed earlier, maybe some new issues. And what I would like to do is before we start off with the discussion, I would like to go down the table and if everyone could introduce themselves and give a brief introduction. We'll start with Wiley.

>>WILEY BARBOUR

I'm Wiley Barbour, the director of Environmental Resources Trust, recently ERT joined with Glen Rock international so I'm say I'm with ERT wind rock and I have been working in these issues the last 15 years and very glad for FTC to invite all of us here and where have you been lately?

>>CAMERON BROOKS

My name is Cameron Brooks, vice president of resource development for renewable choice energy. We're a full service provider of RECs and carbon offsets to corporate and consumer clients. And I'm excited to be here as well. Mostly because I really see this as a fact that this hearing is going on is a real mark of the maturity of the industry that it warrants this kind of scrutiny and attention and I think it will only lead to a stronger products in the future.

>>URVASHI RANGAN

I'm a senior policy analyst at Consumers Union. We publish consumer reports magazine. I have been rating environmental labels on food, personal care products, cleaners, other things and getting into these labels as well on consumer products, been doing that the last 8 years. So I'm particularly interested in it from that point of view and hope to bring some perspective on what we expect out of good labeling and what out to be on consumer products to meet consumer expectations.

>>ANJA KOLLMUS

I'm Anja Kollmus, I work for stoke home environment institute, the US center of the institute, I'm a scientist there and I focus mostly on carbon markets. I did a study last year evaluating 13 offset retailers and I'm right now working on a study that compares the standards that have come out for the voluntary markets. So if you are interested, this is a shameless plug. If you're interested in my study, if you can just give me your card. It shall come out in two or three weeks.

>>STEVE OFFUTT

>>MALE SPEAKER

Carbonfund.com, a non-profit organization, probably one of the largest offset of retailers and wholesalers in the country. We work with 450 companies and nearing 100,000 -- actually over 100,000 individuals have participated in our programs to date. Offsetting in the process of offsetting over 2 billion pounds of CO-2 emissions. We're glad that there's -- that the industry is growing and that the certifications and the credibility of the industry is growing and we're welcome to questions. Thank you.

>>MATTHEW CROUSE

My name is Matt Clouse. I work at EPA. EPA champions a clean energy agenda state, federal agencies and consumers to reduce barriers to improving the market for clean energy and we utilize our brand name and our credibility to introduce ideas such as Green Power and other clean energy options and try to raise awareness of those. Through the Green Power Partnership which I am a director of, we have been working with organizations to increase usage of Green Power in the U.S. and we launched in July of 2001. At this point we have over 800 partners and those partners on an annual basis purchase over 11 billion-kilowatt hours.

>>ROB SCHASEL

I'm Rob Schasel with PepsiCo. For those that don't know that includes FritoLay, Tropicana, Gatorade as well as the Pepsi family of carbonated beverages. I work here because in 2007 as a compliment to our other environmental sustainability strategies which include efficiency improvement in our operation, driving down the amount of energy and water we consume, solar facilities and biomass facilities to minimize the amount of energy we consume. We also made a commitment to purchase renewable energy certificates in an amount equal to 100% of the electricity that we purchase and use in the United States at our operations. Our sun chips is the first out of the box in promoting that by putting the Green-e logo on the sun chips bag and putting a statement on the back that says we buy green energy credits to match 100% of the electricity needed to produce sun chips and we put the Green-e website there as well as our own sun chips website so consumer consist learn what we're doing to help the environment.

>>ADAM STERN

I'm Adam Stern senior advisor for business development and environmental policy at Terrapass. We're a San Francisco based company, one of the largest retailers of carbon offsets, we help individuals primarily consumers offset the impacts of their driving, flying and home energy use. We support three types of projects. Wind power, methane digesters that work at dairies and land fill gas projects. Which welcome the involvement of the FTC in this important issue and delighted to participate.

>>DAVID ZONANA

My name is David Zonana, from the California Department of Justice also known as the California Attorney General's office. Along with my colleagues we are working on climate change area -- issues in a number of areas. I come from the consumer and energy area of our office. So our interests are very much aligned with the FTC and consumer protection issues. We also bring with us the expertise and knowledge learned from going through the energy deregulation process in California.

>>HAMPTON NEWSOME

Thank you very much. What I would like to do first, I would like to kind of go straight to the heart of why we're holding this workshop today. Or one of the main reasons. This is part of the overall green guides review so what we're trying to do is decide -- trying to figure out whether we need additional guidance for these products in the green guides and if so, what that guidance should be. So what I would like to do is I would like the panel to discuss what they see as -- what FTC could address in this area and included in that, what are some of the biggest challenges to sellers of these products in terms of making their claims. What are the issues that are dealing -- they're dealing with or their claims out there that are -- there are questions about or et cetera. And -- before we get into that, I want to just give an example. I want to encourage everyone to look at the current green guides. They cover as you're considering these issues and preparing comments, they cover a variety of different green claims and they're set up in kind of an example format. They give examples of claims that are made and there's a commentary on whether those claims are deceptive or not. Just some examples, there's a section on general environmental benefit claims. We talked about that this morning a little bit. Example 3 in the guide says a pump spray product is labeled environmentally safe. Most of the products active ingredient may cause smog by contributing to ground level ozone formation. The claim is deceptive because absent further qualification it is likely to convey to consumers that the use of the product will not result in air pollution or harm to the environment. There are similar examples here for recyclable claims and things like that. What I would like to ask is whether anyone knows of -- can offer some examples of claims that would be useful to go into the guide for these markets. And as part of that, some of the issues that the marketers are addressing and that other people are seeing in the market that we should cover. We've also talked about how FTC just does not generally -- we don't set comprehensive

environmental regulations, we don't identify preferred practices. Our focus is on making sure that marketers are not using misleading claims and protecting consumers. So with that very broad question and also an invitation for some broad discussion of that and also an invitation for some very specific examples if people think these are the kinds of things we should address. If anyone wants to take a crack at that. Urvasi.

>>URVASHI RANGAN

Thanks lot, Hampton. You know, I think clarification of terminology out there is really important. Things like carbon free, carbon neutral, carbon offset, carbon negative which we have seen on FIGI water, are really confusing to consumers and what exactly that means. It and I'm not an expert in this area but as someone evaluating the meaning of these labels and these general claims, that direct offsets are potentially more meaningful than indirect offsets. That's not to say indirect offsets are not valuable. But there needs to be some kind of clarity I think in these terms so that if you're going to say that you're carbon negative but you're using electricity to generate production for your product and then you're buying offsets upstream, downstream, that offset your use, is that really carbon negative? I don't have survey data for you but I would think that a lot of consumers would not necessarily see that as carbon negative but rather of support of alternative energy practices that offset what they have used in fact. So I think it would be wonderful if FTC could add some clarity and some parameters to those terms so that we couldn't bleed outside some of those lines and that it would become clear to consumers, okay, that's direct offsetting so that company has done something to offset their own energy uses. That's indirect. I'll leave it at that.

>>HAMPTON NEWSOME

Thank you. Rob.

>>ROB SCHASEL

The statements need to be capable of being certified and verifiable and incremental. Which is one of the reason wise we chose renewable energy certificates certified by Green-e because we could verify they were in fact additional projects that were generating renewable energy on our behalf. In addition, I think there's got to be some standard, I'm not sure exactly how you implement this but there's got to be some standard that the credits or the offsets being purchased are in fact incremental to indigenous activities taking place within the company's own operations. Again, you should be able to buy your way to a carbon neutral or carbon negative footprint, you should need to be reducing your own consumption to the minimum point possible. And then offsets are a viable strategy to take that last step to get you to the point where you can actually claim a neutrality.

>>HAMPTON NEWSOME

Thank you. Matt.

>>MATTHEW CROUSE

Following on Urvashi's comment, I think term of clarification is important but I also think that clarifying scope is also important as well. And as we've seen with the inventory world, you can choose in some cases to inventory or owned facilities or your operational facilities which could include leased space. I think another boundary that's worth considering too might be a brand boundary. There are some corporations that have franchises, for instance, they may not own but it might be confusing to the public if a statement was made without proper disclosure. Some might perceive the purchase to cover all the brands facilities when the corporate entity may not own or operate all those facilities.

>>HAMPTON NEWSOME

To Adam.

>>ADAM STERN

I think as the discussion has shown over the last six or seven hours, carbon offsetting is a new and complex subject. It is difficult to explain to people, and I have tried to do this maybe a thousand times over the last year and a half, the basic notion that you're driving your car or you're getting on an airplane and then you're going to pay some money to a provider who is going to support a project in another place that's going to offset the impact of your activity. That's a communication challenge. I think the response here is that providers and consumers ought to be looking for disclosures on the websites, in the material that's provided to purchasers of carbon offsets, and ways to document that the projects themselves and the offsets have been verified. And just by way of example, there's others in the industry who are following similar guidelines, at Terrapass every product that we sell whether it's for your car or your flight or home energy use we send them -- the customer a product content label consistent with what was described by Jennifer Martin of the Green-e protocol. This is one step, there's supplementary information on our website. We publish an audit that reviews every single project, where they R the number of tons that have been offset by that project. I think practices like these, some of my colleagues here are probably adopting them too, if they can become more widespread, go a long way towards strengthening the confidence in this important market.

>>HAMPTON NEWSOME

Thanks. Cameron.

>>CAMERON BROOKS

To answer the question and echo some of the comments offered already, I would see one area the FTC can really build on an opportunity as far as offering guidance is in an area of making more precise claims so at renewable choice we certainly see that every transaction we enter into is an opportunity to help educate the customer. And to help educate them not just simply to transact but

so they understand how and why and they can communicate effectively that their commitment is making some kind of difference. And precisely what that difference is. So I think the comment about scope is very well-taken. And that can build on trends that we have seen in the standards coming out over the last 18 months and in the work folks have done at WRI or EPA or voluntary carbon standard or ERT or what have you in terms of defining what are the different scope, how do you draw boundary, what are the applicable vehicles or instruments that can be used to apply against those different scopes. And then working with our -- certainly with our corporate customers to help guide their claims that they're making and with the individual consumer. Like at Terrapass we're constantly updating the materials that go out and I really like what I heard about is on the sun chip bag there because it says specifically what is being purchased and what's being offset. Doesn't simply say powered by wind or something along those lines. So more precision would be very welcome. I think the FTC can help lead the way there.

>>HAMPTON NEWSOME

Thank you. Wiley.

>>WILEY BARBOUR

Thanks. I just want to say I think we're at a historic point in time. We've -- the U.S. is on the brink after 15 years of trying to address climate change is a voluntary issue, we're on the brink of addressing this in a mandatory way. That has to be a key consideration for everyone in this room because it change it is way you think about these tradeable environmental commodities. We're joining a global market for environmental commodities. Those markets succeed when based on the ability to measure, report and verify these environmental goods such as renewable energy generation or emission reductions, to be able to track those over time, to have a set of rules that governs how they're created and allocated and traded and ultimately used and retired. The good news is we have a lot of this infrastructure in the United States so we're not completely unable to respond to this change that's coming very rapidly. But we're still dealing with the legacy of almost two decades of thinking this is a voluntary issue, it's something that can be solved through voluntary actions. I think there's a great deal of good that can be harness bid the voluntary market and the drive by companies and others to go out and buy these whether or not there's regulatory initiative. But at the same time what we see and from all the participants in the last couple of panels there are real differences about what counts and maybe we should be a little more straight up and point those differences out. The real difference among professionals in this field about whether or not a REC does transfer to the buyer in emission reduction. There's differences of opinion whether or not a forestry project which takes 50 years to grow the carbon should be counted as a reduction today. These are things we ought to heighten and sharpen and these are policy calls so we have an underlying basis for measurement and verification and probably most of the people in this room could come to an agreement over what is an emission because we understand the fundamental processes that

create emissions but as Jim Sullivan pointed out in an earlier panel where you hit the road, where is the reduction. That's a policy call about a baseline and that's you, going to get -- we haven't so far agreement in the community this is where FTC could be valuable especially in this transition period where we don't have mandatory system yet there's enormous activity. I'll say in looking at your environmental marketing guides under qualifications and disclosures, there's a statement that says that in order to be effective a qualification or disclosure such as those described in these guides should be sufficiently understandable to prevent deception. In my experience if you're thinking of a qualifier that can explain to a general member of the public what exactly we mean when we say there's an indirect reduction being transferred, I'm not convinced that we're really able to do that in a sufficiently clear, permanent and understandable way. I think this is an issue that has -- there's no real consensus amongst the folks that you have assembled here in these panels. The public needs something simple. And really this is about price. I think that any environmental commodity that is being put forward is something that convey as reduction, we could find an emission reduction that would be unimpeachable such as KIOTO protocol allowance or credit but they cost too much so we're looking for a cheap alternative. That's what this is about so we need to sharpen the discussion I think.

>>HAMPTON NEWSOME

Couple of issues you raised we can get back to. To David at the end.

>>DAVID ZONANA

Thank you. Something the last speaker said triggered a thought in my head. The comment, general comment is this. The FTC guidelines are non-binding, not regulations. They're there to help provide industry with guidance and help educate consumers. The law is already on the books. The FTC act is there. The various state laws are there and those laws require that those marketing the product don't deceive the consumer, that they made clear statements of what they're selling. And that in general in -- along with the principles of the guides set out that they be able to substantiate their claims. So the farther you go in making a claim the more you have to think about how you're going to substantiate that claim. The more careful you are with your marketing the easier it may be to substantiate it. So even without guidance, there are laws out there, there are standards. And what I think it would still be very beneficial to have the FTC weigh in on these issues, where it can, where it finds there is sufficient consensus or clarity or a need to for example find out some bad practices.

>>HAMPTON NEWSOME

Just to clarify the -- David's right in that the guides are not technically regulations, they're not rules but they are interpretations of -- they basically show how FTC would interpret the FTC act. If a company is doing something inconsistent with the guides and the FTC were taking enforcement action we would site to the FTC act instead of the green guides but nevertheless the green guides represent interpretations of the FTC act. So let's go to Rob H.

>>ROB SCHASEL

I wanted to pick up on something Wiley said and reinforce it because he pointed out a stumbling block that we'll probably stumble over the next few years which is there are some things the voluntary markets can do well. Voluntary markets can prove incremental positives very well. Because there's something there to go and put your fingers on and touch and feel. Voluntary markets cannot prove negatives very well. So in the absence of some type of mandatory cap and trade legislation I think carbon offsets are going to be something we continue to struggle with because it's very difficult to prove a negative. In the absence of a mandatory cap and trade type legislation carbon offsets are the equivalent not just of the old analogy of squeezing the blue and it goes over here but squeezing the balloon while you continue to blow it up because we continue the additional carbon emissions year-over-year in the United States. So you claim a carbon offset meanwhile the total emissions continue to grow. So in the absence of having a verifiable cap that we're not going to exceed, carbon offsets are going to continue to be a very difficult thing that I think consumers will struggle with because in a sense, it is a vapor product. Until we have got a cap that doesn't get exceeded and offset really does mean a ton of carbon that doesn't get emitted. So before that happens, we look at voluntary markets as being much better in terms of proving a positive like a renewable energy kilowatt hour generated which you can go and verify did happen.

>> Thank you. Matt.

>>MATTHEW CROUSE

Going from the general to the specific one of the issue we was seen is with more companies interested in putting on-site renewable systems at their facility there's some confusion when the RECs are sold about what claims can be made. And I would suggest that FTC could play an important role on clarifying those claims, once the RECs have been sold and what claims you have when RECs are held.

>>HAMPTON NEWSOME

Eric.

>>MALE SPEAKER

I think we need to put out a bit about what some of the consensus that has emerged and actually been around I think almost since the inception of the market. That is that certification is really the hallmark of quality in the REC and the offset industries. It answers the fundamental question, is this real and who says so? And what you saw I think from the previous presentations was all the different criteria that go into these certifications are a little bit different but very much the same baseline, measurable, real, verifiable, you name it, it goes on and on. I think reasonable people as Wiley pointed out can disagree a little bit here and there on some of the technical details. I suspect the FTC wouldn't engage in that. But that's a good line for the industry to continue to become involved in or to debate. Certification answers that for the consumer. They have hundreds of

stakeholders if it's Environmental Resources Trust, the same thing. Voluntary carbon standard, and is on and so forth. We don't have a lack of standards in the industry. We have a huge number of standards that I think the background of these more or less are the same though let's say Green-e only does renewable energy in the U.S. so if you want it in India you have to go somewhere else and so on and so forth. So I actually see a lot of positive things in the industry, a lot of things we can agree on but we need to say is it certified, because that really gets you to a whole mother level of quality or is it not? We need the dialogue, we need people to say, to really reject or dismiss offsets that aren't or at least require a certain amount of justification behind those.

>>HAMPTON NEWSOME

Thanks. If we could just do a short diversion of -- and I'll get to you in a second. I would like to go into what people's thoughts are on tips for consumers the kinds of things FTC could provide information to consumers about what to look for when they're purchasing these products. Wiley mentioned RECs as offsets. It's discussed today. There's different opinions on the panel and there has been a lot of discussion. I was wondering if I could ask a few of you to give brief overview of your position on that and I'll pick on Wiley first since we talked about it on the phone and I know that you have some opinions on it. And if Adam or Eric, if you want to briefly discuss where y'all stand on that issue. Then I would like to move on with Anja's comment and then go to consumer tips. I don't want to spend an extra hour on RECs as offsets but I would like to get this on the table.

>>WILEY BARBOUR

ERT as well as -- ERT provided joint comments on this issue to CRS when they asked for comments on their GHG renewable energy protocol. So there are comments from ERT and the greenhouse gas expert network and pew center on climate and chemical to client registry that jointly or views on this. I think the short answer is no, a REC is not an offset. When I think about this, think about it through -- from the perspective of consumer protection, I think about the story about the country bum who take as bus to New York City and he gets off under the sidewalk. Soon he meet as gentleman who makes a great deal, he sells them the Brooklyn bridge. Everything is great until someone points out that actually you didn't buy the Brooklyn bridge because the seller didn't own it. So it's a fundamental issue for me when you think about these environmental markets and when you're buying something is, you know, is ownership clear? Is it contested? Are there more than one claimant to that product or that benefit? If so, that's a problem. ERT operates a greenhouse gas registry and as a registry operator the first question we have to as certain is does this person who is seeking to register a project or offset with us really own it? And really, this is a fundamental issue with RECs. And the whole idea that you own an indirect reduction, I think, is a little bit deceptive because it sounds like you really own something but what you're saying you own a reduction on someone else's property. Maybe you can get it, maybe you can't. But to say that you can sell

that, I think, is fundamentally quite questionable. And this has been I think ERT's position for over a decade. We are a certifier of RECs and we support renewable energy but you have to be careful about what it is that you're conveying. I think that we've adopted the language from the GHG protocol to say you're transferring this indirect production but it's tricky and I think the EPA position that the climate leaders distributed, I think is getting us in the right direction. But it's clearly saying it's not the same as a verified emission reduction where you've got a whole set of activities that go into the creation of that environmental product and real third party attestation and clear delineation and there's usually a big report on that. You don't go through that process with a REC.

>>HAMPTON NEWSOME

Certainly differing opinions on that as we've seen today. Why don't we go to Anja.

>>ANJA KOLLMUS

Thank you. Couple of things, I wanted to comment on Eric's comment on certification. Certification can only be as good as the standard is that it certifies by and that's actually something where I feel there can also be some consumer confusion and possibly deception because if you certify a weak standard that doesn't have a definition of (indiscernible) you can put a label saying this was certified but it's really kind of a meaningless certification. I have talked to certifiers and they weren't really aware of that. They say we only go in there to see if the emissions reductions have actually cured. We don't question the additionality assumptions. So there's a little bit of a qualifier, yes, certification is very important but the underlying standard is even more important. And to tie that in with your question about RECs, I think RECs are very different commodity from offsets. They have been deferring for a very different market and there are two issues why in my opinion they cannot be easily used as carbon offsets. One is ownership issues. The other one is additionality. And we've heard some people say today that the additionality, people are getting tired of the additionality discussion. I actually disagree with that. It's a very complex issue and it needs to be discussed. And we need to have a continuous conversation about it. There is no sort of bullet -- silver bullet, there might be a silver bucket though. And in terms of RECs, for me if -- Jim from EPA said market penetration is small. If it's less than 2% why bother with this whole additionality question? But if it turns out even the market penetration is so small, if the renewable facilities (indiscernible) unable to (indiscernible) because I'm getting a huge tax credit so renewable energy just to give an example, you probably earn around \$90 per megawatt and about 50 or so or 40 or so of that comes from the tax credit. If only an additional \$2 for a mega watt comes from a REC how could that possibly claim that those \$2 are the ones that enable me to build that facility?

>>HAMPTON NEWSOME

Adam.

>>ADAM STERN

This is a debate going on four or five years. And I don't want to necessarily represent the renewable energy industry but I'm sure there's people in this room who would be happy to present in written comments their support there is in the world for applying RECs as an offset. They're a very reputable organizations including some who appeared on the panel earlier like the World Resources Institute, concerned scientists, natural resources Defense counsel that have all indicated a support for using RECs as an offset value. I can tell you from Terrapass's experience that we buy green RECs. Those are ones not in states that have renewable portfolio standards so they're not just meeting a regulatory cap. It's some level, we don't buy in REGI states where there's an emerging cap taking shape there. We register our transactions so there's a record of them. And we retire the credits so they can't be traded again. I think these kinds of procedures, they are business follows and some of my colleagues on the panel do as well, the kinds of things that can reassure customers that they're getting, they know what they're getting and this it's a legitimate way to offset a portion of your activities whether they be driving, flight or using electricity.

>>HAMPTON NEWSOME

Thank you. Eric.

>>MALE SPEAKER

Happy to weigh in here. First on the -- first let me say I think that we need to keep in mind here exactly what it is we're trying to do. Hate to sound pithy but the goal is to reduce carbon dioxide emissions if there is anybody here who is not you're probably at the wrong forum. To that end the planet doesn't care how you reduce your emissions, whether it's through Central Europe imploding in the 1990s through renewable energy, energy efficiency or some other form: Doesn't care where, whether in Boston, Brazil or Bombay. And it really doesn't care why. The fight here is against climate change in reducing carbon dioxide emissions as quickly as possible. I think that the certification bodies that are out there have taken into account additionality in as objective a way as you can without trying to tie up the industry in knots and trying to figure out what is exactly a financial additionality, a 1% return on investment, 5%, 3%, 10% above coal, 15, 20, something like that. But I would go back to saying that I think we can all agree that at least with a certification, I'm going to disagree with Anja here, you know what those criteria are. And you know that there's a body of support behind that. Rather than saying taking the words from say marketer that self-verifies, self-certifies, whatever and maybe puts a lot of language up on their website that's not the same as saying that all of these bodies, the Green-e says this and all of these bodies back Green-e. I think we need to -- we need to take that into account. My own feeling is that RECs are offsets. That again, go back to the planetary guidance here, if wind direct is not reduced emissions or offset emissions, my question then is what does it do? If I use 10,000-kilowatt hours of electricity, and I can either go to my -- go to my utility or I can go to the market and get say wind energy or something like that, I'm buying a very real certifiable

commodity and the environmental claims to say such. According to who? The EPA. And according to the EGRID the formula for how a REC becomes an offset is simple. One REC is one environmental hour of attributes and one megawatt hour is determined using EGRID. There are absolutely technical details of where these things take place. The regulatory issues coming into effect and all that. But at its core, if buying a wind REC or some other REC that's certified and is not double counted and all that doesn't reduce pollution, then it's not really clean. We're saying buy clean power but if it's not clean than what is it? It's absolutely offsetting what is being used in the grid.

>>HAMPTON NEWSOME

Thanks. Cameron next, I see a lot of cards up. And I don't want to go into my hour on RECs so if we're -- if we have comments on RECs let's try to keep them as brief as possible but I want to make sure everybody gets a chance to speak. Cameron.

>>CAMERON BROOKS

A couple of quick thoughts. I couldn't agree more with you that the standard is critical. And conversations about quality take place at the standard and that's key. On the question of RECs as offsets I do think that comes down or comes back to a question of scope. And whether you're talking about scope 1, 2 or 3 emissions and there are differences there. As Wiley pointed out, there are real questions about property rights which right now I think the property rights are captured either through a contract path that retailers have to sellers or through some kind of regulation but that is clearly an area that the FTC could be -- help the industry quite a bit. As far as offering guidance and ultimately I suppose a lot of that stuff will be tested in case law that I'm not going to comment on. I also won't comment on the question of whether or not consumers are growing tired of talking about additionality. I think what is very clear is that customers are not growing tired about talking about change. So these are the same customers that are voting to enact new policies that as Wiley wants to see and I think all of us want to see, tough, aggressive mandatory policies that require change as far as auto emissions, energy use, a whole panoply of things that relate to carbon emissions. One anecdote that I would offer that would point out perhaps some of the complexity of how you judge two or five or \$10 REC within a financing picture that looks at a 90-megawatt hour project development, one of the leaders in the industry spoke at the Green Power marketing conference so he's helped to develop one of the major project development companies and a lead Green Energy space. He made the observation that not one project moving forward today is doing so without incorporating the value of RECs into their core financing of that project. That is a fee change from a couple of years ago. (indiscernible) expected to be a significant shortage between supply and demand we demonstrate it is aggregated demand consumers and corporate buyers have, we like to think that we and others that are forming associations around marketing are playing a role in aggregating that and driving and shaping it in ways that can be integrated into that financing but's clearly playing a role adding a new

financing stream to project development and I think that's core change and important to recognize and I think that's an area that is to be applauded and be promoted at all opportunities.

>>HAMPTON NEWSOME

To Urvashi. Thanks, Cameron.

>>URVASHI RANGAN

As someone who looked at over 150 labels on products I can tell you that we look at how meaningful those standards are is the first criteria. I want to echo what Anja had to say about that. We have seen certification programs that -- whether it's the whole standard or part of the standard that has very weak criteria in terms of what they're doing to enforce the standard. One example is a certifier who says they have chemical management going on, forest management. The way they actually put that into practical use is leave it up to the forester to decide how to manage their chemical use. That is not a standard, not meeting chemical management so sometimes you have to look beyond the rhetoric of what's being said and look how the standard is indeed being verified. To get underneath whether a standard is particularly meaningful. That said the next criteria to look at is verification. That is important step but I don't think we're here today to mandate certification programs. That wasn't my understanding. And there may very well be certification programs and those judged by ratings and consumers and then the voluntary claims and what can we do in the marketplace to prevent deception with regard to those voluntary claims. And I think that sort of is where we are. In the discussion. I want to echo some things and incorporate tips for consumers. Additionality is a wonky term used here but for consumers it is what is the value over the baseline, what is the value over conventional? What that's how consumers make judgments about whether they're willing to spend extra money for something. So if you're doing something that's 10% over baseline versus 80% over baseline, that's a meaningful difference to a consumer. It may mean a difference in one consumer supporting that product, buying that product, buying that service. And one not. And I don't think this is a one size fits all kind of issue or value. I think consumers are going to make their value judgments based on their own interpretations of whether you're meeting their expectations or not among that realm but what we clearly need is full disclosure and transparency in order for consumers to be able to adequately make those judgment calls. So for example, if you're doing offsetting, quantifying that offsetting in some way for consumers, I think would be an incredibly important element to add to your labeling schemes so that consumers could make a judgment among products as to whether or not there is a difference in the value that you're adding.

>>HAMPTON NEWSOME

Thank you, Urvashi. That's a good segue. So let's talk about consumers and Anja, you're next. So I'll let you -- let me just frame the question and we'll go into it. I want you to answer it too because you have done that report that you did last

year focusing on the consumer end. The question is a basic one your neighbor comes up to you over the fence and says I want to buy these offsets online or I want to buy RECs. What are the four or five things. They really want to dig into it and want to learn about it. What are the four or five things you tell them to look out for? And to ask and the kinds of information that they should seek when they're looking at these products? So Anja, let's start with you.

>>ANJA KOLLMUS

The first thing I would tell them that first they should reduce their own emissions. It's important to keep in mind that we have to reduce emissions by 80% if we want to minimize the possibility of having a larger than 2-degree centigrade warming. That doesn't mean we're not going to see some major changes already. So the stakes are very high and the reductions we are required to make are very, very large. And offers have to be put in perspective with that ultimate goal we have and that's true for national, international policy as well as personal action. So that's the first thing I would say you have to reduce your own carbon footprint first. And then I would say additionality certainly an important -- thing to question or the offsets you purchasing really additional. And of course no one argues with Eric that windmills aren't -- are producing fewer emissions than a coal plant. The question -- the key question is are you the one who is causing the change? So if your contribution is not causing any change you cannot really claim that you're helping to reduce those emissions. The little example I often use is if say Urvashi comes to me and says I would like to buy a PRIAS but I can't afford it and I say I'll give you \$3,000 so you can buy it but I want to claim the benefits, the carbon benefits you get from having a more efficient car, that I will consider an additional project. Because she wouldn't be able to buy her PRIAS if I didn't help her. If she came to me and said I bought one and I said can I give you \$3,000 so I can claim credit for the carbon offsets, it's exactly the same. But in a second example, it's not additional because she already bought the PRIAS. So -- and I think the FTC could -- it would be helpful for consumers to have a little bit of a guideline, a little bit of an explanation, why is this such a complex issue and what really is it about? So additionality would be one. The second would be what kind of project do you want? Do you want to have a project that has additional benefits, that has additional social or environmental benefits? Do you want a project that is implemented in the U.S. or do you want the project implemented in the developing countries? So -- and then what type of project. And I think there is in each category renewable energy, energy efficiency, forestry, there's valid good projects and it's up to the consumer to choose what he feels most comfortable in supporting.

>>HAMPTON NEWSOME

Thank you. To Wiley next but the -- added to that, just curious whether we're seeing how or we expect to see competition or advertising based on different types of offset activities and whether there's an indication that consumers prefer offsets from one type of activity because maybe it's less complicated or they're more comfortable with it. Just an extra question there. I would like us to

continue to talk about the -- over the backyard fence discussion with your neighbor, Wiley.

>>WILEY BARBOUR

I'll take a question, I don't think it's tied in, in any conference you'll hear a variety of people say additionality is the most important characteristic of a project. I don't particularly believe that myself but you'll hear that over and over again so your question is when people come and I often get calls from people saying I'm looking for an offset project, how many times is it I'm looking for the most additional project. And the answer is not very often. Additionality is a great idea in theory, it's really hard to implement and practice. It's an idea that says we can choose, we can pick winners in this marketplace and figure out objectively what's the best place to direct capital to where it will achieve the greatest environmental good. It's a great idea but it's really hard to put into place. When I get people -- when I get calls for offsets it's often I need offsets in the Southwest. I need offsets from the transportation sector. I need a land based offset in China. I need offsets from a Muslim country. When you ask what does the public want, the answer is a whole huge variety of different types of characteristics. And when I think about what we can reasonably expect members of the public to understand in terms of these disclosures I'm not at all convinced after having heard these comments that we can expect the public to dissect and understand all these arguments and therefore it's okay to have multiple different types of standards that would quantify things very differently. I think there is a real problem with standards and with these concepts and ultimately we will need some clear policy guidance, and I think it's a real challenge to try to think about where those signals could come from the quickest and with the most authority. And again, we keep our eye on the prize. We are going through an enormous change in this country so what we ought to be thinking about is what voluntary market do we want to see when we have a mandatory cap on greenhouse gases in place. And in thinking about that we ought to think about how should we design this market right now so that that transition is smooth? And if we build a set of expectations from the public on what might be contained in a product and once the cap comes in, it's no longer contained in that product, what have we just done? I don't think we've done the right type of service. So I think really -- this is part of the transition that needs to happen, we need to rethink all these issues in terms of where we are right now and yes on the brink of a completely different approach to our emissions. As Anja pointed out we need to reduce not 5, 10% but ultimately 80%. The whole idea of additionality, it's challenged once in a compliance regime, once you're dealing with a refined environmental product with clear ownership of that right to pollute and someone wants to buy it out like buying an SO-2 allowance and retiring that, that is a very efficient and reasonable way to reduce pollution that's available to all members of the public. My organization owns 16,000 SO-2 allowances and will sell them to any one of you who wants to retire that allowance but it costs real money, more than most of these products are priced at. And it's really not something that passes an additionality test. It is simply the ability by the development of an environmental

market to transfer title to the right to pollute and you as an individual have a right to throw it in the garbage. That's a highly credible environmental product but I don't know if it keeps the definition of additionality or not. So.

>>HAMPTON NEWSOME

Matt. To you.

>>MATTHEW CROUSE

I have a number of follow-up comments and Wiley prompted one. I would like us to not think that the potential future carbon market will eclipse voluntary markets as we see them now. I don't think we need to have these markets be entirely the path to the future, I think if the future if we do have regulation there will be sectors that aren't capped or fully covered. I think there will be businesses that want to go beyond what they have to do. I think -- we have to think of them as separate markets. And do separate activities. They both -- especially the voluntary market needs to be credible otherwise it doesn't move forward. If I could go back to the hybrid purchase example on additionality. I'm growing frustrated with the financial additionality tests. I think it's very simple to understand by many people. That's part of the problem. Because when you start looking at the details of how you prove additionality through financial means, it's quite complex. If you look at a wind farm, somehow that wind farm financed? Is it financed through debt or equity? There's a number of ways that gets quite complicated to get at financial additionality, the idea of RECs are that you're paying a small portion but it's a small portion that make as significant difference. How much of a difference? How do you prove that made a difference? I think moving towards performance-based standard make as lot more sense and that you're looking at what happens overall in that sector and setting a standard for what is really above and beyond what's happening in that marketplace at a business level. And then last thing on ownership, I think EPA has tried to take a prudent position at this time in the absence of a policy call over who can make ownership claims. And that current prudent path is to have separate accounting as you see in client, as you see in the WRI guidance for indirect and direct. It gives credit to those who can control the purchases like Pepsi when they can go out and choose not to buy conventional power but buy RECs. And they can account for that and encourage them to take action now. There's also incentives for those who have generators to register their own direct emissions there too. So some folks in the room are taking kind of an advocate position towards ownership that seems somewhat reasonable, given that we haven't seen claims from fossil generators saying you stole my claim. We haven't seen those. This markets has been in existence ten years, there hasn't been that battle to date. But as EPA, as we are advising the companies we work with like Pepsi sitting next to us like many other very large companies, we advocate a very prudent approach until that policy call is made. And those are my comments P.

>>HAMPTON NEWSOME

Thanks Matt. Rob.

>>ROB SCHASEL

Back to the question of what to say to the neighbor when asked about environmental claims. I walk out on a limb here and say I think the average residential consumer is more likely to be struggling with the question of which consumer product do I buy based upon the environmental claim associated with it than they are ever to be faced with the which REC or which carbon offset do I buy. So I'm going to direct my comment answers towards which consumer products based upon environmental claims. And if my neighbor asked me the question, after I got through the obvious answer which is obviously PepsiCo products, I think I would try to give the answer that Anja gave which is make sure that the company from which you're buying is first off doing everything they can to minimize their own emissions and their own consumption in their indigenous operations because I think she brought up a very salient point which is if we're serious about this and going to make a difference we do need to get to 80% emission reductions from what we're emitting today in order to stave off some severe consequences. So I think each consumer what the FTC can recommend is if it's important to you as a consumer you need to take the effort to educate yourself and you need to demand that your consumer products companies take a part in educating you as well. So that they can tell you what they're doing within their own operations to minimize their energy consumption and what it is they're doing outside of their own operations to make an external impact and only as a final resort what will offsets or RECs play in their performance.

>>HAMPTON NEWSOME

Thank you. Next we have Eric, Cameron, then Adam. And when y'all answer if you could provide a brief explanation or just description of the kinds of things, kinds of information you provide to consumers when you go to your website, things you have identified as important information for them to have when they're looking to choose these products. So let's start with Eric.

>>MALE SPEAKER

I want to agree with what Matt said and what Maurice from the EPA said before. I think if I can take 30, 40 seconds first, with additionality we need to keep in mind Maurice pointed out 8 if I'm not incorrect additionality criteria beyond business as usual, baseline not capped, no double counting and several others. All these certifications have those built into it. What we're really struggling here with and I think Matt pointed out, is what about the criteria that are strictly subjective that anybody

>>JAMES KOHM

Out and say I do this and that's the right thing to do. We clearly -- I think everybody agrees moving forward to promote more carbon climate friendly projects there has to be a marketplace that we all understand and accept. That means using objective criteria and not leaving it up to the whims of certain folks so say I think this is wonderful and I say so. In terms of the information we

provide to consumers, when folks come and support us we have a number of -- we have a number of projects listed on our website. We have information about those. We have the project selection criteria that we use. We have the verification report like Terrapass does. We have our financial audit is available. One of the things that makes carbonfund.org a little on the unique side is we let consumers choose which types of projects they support, whether it's renewable energy, energy efficiency or reforestation. So once you're in there we're telling the consumer based on that choice we're going to do this. So that means our reforestation projects meet the climate community and biodiversity alliance standards, renewable energy is ERT certified under Wiley's protocols, so on, so forth. So I think providing that information is very important, certainly for very large customers who really want to select specific projects, we send them the project design document and that sort of information.

>>HAMPTON NEWSOME

Thanks. Cameron.

>>CAMERON BROOKS

As far as -- I'll try to answer a couple of questions. As far as what I would say over the fence to my neighbor I think it comes down to credibility, it comes down to a matter of standards and to follow perhaps from the Google model of searching a lot of that credibility I think comes from who is linking in to those standards, who is supporting those standards. What does environmental defense say, what does WRI say, what does the EPA say? How is the general community responding to that? And I think that that's probably our current market. That's the measure of credibility that's out there. And I think it also I would say to them it comes down to a matter of community. To answer your second question about what do we see? With this disclaimer I work on the supply side of the business so I tend to opt out of a lot of those conversations about exactly what we're seeing. But I know for example on our website whether this has launched or will soon be launched, you heard my disclaimer before so I can't quite say but a lot of our website presence is based around community and many of our customers come to us from our commercial clients, whether it's whole foods or vail or something like that and they can choose to be affiliated with that community and they can choose to be affiliated with other communities. Much in the sort of peer to peer networking way on the Internet. I think that's important because when you get down to the question of where the impact happens especially at the consumer level it's fair to say the impact does not happen at the margin. It pains me to be in front of, what is it, three projector screens because I have a cute picture of my kids buying a wind power card which is a product that we have at whole foods market and I always like to throw up pictures of my kids in front of captive audiences. It's painful but that \$5 card in and of itself is not going to lead to a new \$2 million wind turbine being put in the ground any more than when I go to whole foods and buy one tomato which maybe costs more than my wind power card. I don't expect there's farmer at the other end who plants another tomato because of that purchase. But there is a

power in community and aggregate that demand and shape it so I think a key question is (indiscernible) to touch back I will wrap up, I promise. On the question of additionality I think this is a very key concept because you have every reason to paint the picture this wind farm was going to happen or here we came along and it happened because of us or in the previous example. But (indiscernible) project development world most project development and most financial investment in a larger context happens with either a small or in most cases a large degree of risk. Of the 2400-megawatts that were put into the ground last year, Lawrence Berkeley labs did a study and showed only 20% employed that at the project level so most wind is going in with an element of risk. I know one of the pears in we work with in the wind space, they're in the (inaudible) belt, they're a heavy fossil fuel industry player. They looked at a project where they did not mark up the value of the RECs, they didn't enter into a forward agreement to sell the RECs because of their experience with another wind farm selling RECs they felt comfortable about the value of what they would be able to get if they moved forward so they could feel comfortable that they're financing projections had an element of risk but were within a comfortable range that they could approve that project and it got put in the ground. What happens with those RECs if they're sold into the market? And we have stipulated they cannot be considered to be additional because that project was already built. I think we've lost an opportunity in that sense to achieve the scale that this industry is capable of achieving. So for every megawatt of wind going in the ground there's scores of fossil projects that are on the books moving forward. I think it's just very important that we encourage the opportunity and we protect for the consumer back to this idea before, the consumer wants to see change. They want to see things moving forward and that is one of the things that the FTC and others can help protect the ability of the consumer to have an impact on the market today.

>>HAMPTON NEWSOME

Thank you. The -- that wasn't a hook for you.
[Laughter]

>>HAMPTON NEWSOME

Adam. Let's go to you.

>>ADAM STERN

Thank you. I wanted to build on some comments Cameron made and some earlier statements made this morning where a number of people described carbon offsetting as a symbolic act. I think a number of other people used the phrase, the warm glow that one feels when one buys these or pushes the purchase button on website. In fact, as professor from Santa Barbara said we studied the customer base and the reality is a lot of people out there who have seen Al Gore's movie, they watched what happened with Katrina, seen the shifts in the weird weather, it's 70-degrees on January 8th in Washington D.C. and they

want to get involved and start doing something now. Congress is having a useful debate on legislation about how many tons should be reduced by 2040 or 2050. And that's great and that needs to happen. But there are people and their company whose want to take responsibility for their share of the problem. They all understood increasingly that we all even if we try to conserve still have some dimension of a carbon footprint. If you conserved and taken those steps carbon offsets are reasonable way to take care of the rest for the time being until new technologies and other things develop that will allow us to have an even smaller footprint. Today not everyone can afford to buy a PRIAS. I think our view is there's nothing wrong with doing what you can, offsetting the balance, educating yourselves so that you learn more about what you can do to be as environmental as possible. As long as the offsets are independently verified, mashed against the standard, have clear dates as to when these projects occurred, what kinds of projects there are, and an annual audit that's published on the website or easily accessible so that you know you really got what you paid for.

>>HAMPTON NEWSOME

Thank you. So we have about 15 minutes. I would like to get to -- we've got David next. I would like to get to at least two things before we end. We may have time for more. I would like David in addition to the comments that you -- you're probably talking about consumer tips but I would also like if you could give us some information about the state perspective on these issues. David is from an office that they do a lot of the kinds of things that FTC does on the federal level they do on the state level. The state AGs offices and consumer protection agencies are very important partners for the FTC and they have the same kinds of experience addressing these issues and they're also very similar perspective from us. So I'll ask David if you could address that. Then what I would like to do is because nobody seems to want to talk about additionality, I would like for us to talk a little bit about that, at least have a question for me. A very specific question. There's so many different views on additionality. And its on going debate and we talked about all this. One thing that there seems to be a general consensus about is the idea that if a regulatory additionality. If the activity is required by regulation then it shouldn't be used for offset activity because it's something that -- what has happened anyway. First question, is that the case? Is there a consensus on that? Second, would it be useful for FTC to provide an example in its guidance of regulatory additionality or is it such a no-brainer that it wouldn't be helpful to anyone? Let's start with David. And then if the panelists could address that very specific question under additionality that would be great. David.

>>DAVID ZONANA

Let me is that right with your very specific question. It strikes me that some of the articles in the press that have been critical of the voluntary offset market have set examples where the seemingly simple test of regulatory additionality hasn't been met or the test of whether or not the project already existed and whether it was business as usual had not been met. So I think it would be helpful to in

some sense state what is obvious to those in the room, but not obvious necessarily to everybody thinking about getting into the may recollecting of voluntary office heads, much less the average consumer out there. You wanted me to talk about state perspective. Let me do that very briefly. I think we are or will shortly be wrestling with the question of how voluntary offsets fit in, in a or exist in a compliance market. California may very well have a capital and trade system that's not determined by any means yet. But if it does, does that mean that we would consider any projects in California not fit for a voluntary market? And we just haven't reached a conclusion on that question at this point. We are I think taking a close look at, as are other states this, voluntary offset market because it is growing so fast. And picking up on something Adam said, because it has broad implications for climate change policy and the public support for climate change policy in the long term. If there is a crisis of confidence in the voluntary market, there's a concern that that would bleed over into support for -- excuse me. For mandatory programs, for mandatory regulation, reducing greenhouse gases and we would -- I think that would be regrettable if we saw that. So keeping -- getting government involved, getting enforcers involved is beneficial to this market. The market is already doing a lot of things to police itself as it matures. And we're certainly interested in everything that's gone on in that front and we'll be talking to those who are both marketing the products and those who are coming up with certification and self-regulation regimes.

>>HAMPTON NEWSOME

Thank you. Wiley let's go to you.

>>WILEY BARBOUR

On the topic of regulatory additionality, my first thought was, well, no of course you don't need to do that. Everybody agrees that a project required by regulation is not eligible for participation in a market because it's already been required. Then I thought it's not quite that simple. We are developing a infrastructure and an accounting system to enable us to have meaningful environmental markets. Though we often talk about renewable energy and greenhouse gas reductions as though those were the only commodities, there are at least 71 programs in the U.S. and Canada for nutrient trading, nitrogen or phosphorus trading wan water shed or tributary, and SOX and NOX and other local pollutants. The answer of regulatory additionality becomes complicated when you think about an acetylcholine project impacted by regulations on dairies or on water quality or on noise or odor abatement. So you use a little nuanced and perhaps something would be useful to address, if a project has multiple environmental impacts, many biomass projects do and they're subject to a variety of types of environmental regulatory processes, land fills is another case where you might have a variety of things that impinge on a project developer that would influence their decision to enter into various conditions. The issue of was it required is a little bit more tricky once you delve into those details than might appear at first so I think perhaps some looking into that would be a point. One thing also, I'm glad that I heard I think Matt and others pick up on. I didn't want my -- that we would not have a

viable and dynamic voluntary market on top of and side by side with a mandatory market I truly believe that. So I didn't mean to sound like I'm thinking of the mandatory market as a ramp up to that market. I think it will be (inaudible) in size by the mandatory market but if we can harness additional environmental activity and benefit through voluntary purchases and investment that's a great thing so that's what we want to preserve. The integrity of the voluntary market as we transition to a mandatory market.

>>HAMPTON NEWSOME

Thank you. I think one thing to keep in mind here is with this example that I have asked about regulatory additionality and there are some nuances. Some examples in the green guides are examples that if you put 50 experts in the room they would all say obviously you don't make that kind of claim. But but having that example would be helpful to new market entrants or others involved that maybe have more -- they don't have as much knowledge or maybe more of a casual acquaintance with what's going on. So let's go with Matt next.

>>MATTHEW CROUSE

To add further do that we get calls at the Green Power Partnership at EPA about what counts and this issue comes up whether or not they can count. The renewables that they already get and products they buy from the part they would get otherwise when they buy electricity. And the answer is no and we have to explain further why. But don't regulate the additionality regulatory portfolio to the -- there are consent decrees and others, we're happy to provide you a longer list but those things should also be filtered out in the -- in that regulatory additionality test.

>>HAMPTON NEWSOME

One example I hear from a lot of people are the regulated and non-regulated land fills in terms of methane capture so there's probably several exam preponderances there. Let's go to Anja.

>>ANJA KOLLMUS

I get to talk about additionality again. My favorite topic. Couple of things. What Cameron and Matthew said about things being more complex than my example indicated, my previous example, that's absolutely true. That's definitely true for the REC market, how projects are financed very much have an impact on the viability of the project itself. In a way also -- the flip side of having very stringent additionality requirements is that you potentially punish someone who is a very good project developer if you have a project developer say somewhere in India that really wants to bring this biomass project online. And they're just a really creative entrepreneur and they're going to say I'm going to do this because it's good thing no matter if I can sell offsets or not. So it is a complex topic and there's always several sides to it. In terms of the regulatory test, I think it's in theory very accepted that in some instances simple, methane projects with land fill if required by law that you cannot sell offsets from it. It is though as all things

related to additionality, more complex than that. One is the potential perverse incentives you create by the offset market so if you have certain regions who don't have legislation and then can sell their offsets, those land fill owners are very likely going to be opposed to regulation that are going to force them to do that because they would lose the revenue stream. Second example which shows that the regulatory test is not always that simple. This is a hypothetical example too. If you have a city that has commitment to reduce emissions and within that city you have a company that is a member of the Chicago climate exchange and they are doing a very good job reducing their emissions and they want to sell their excess, they have exceeded their goal. And they want to sell their excess allowances through the CCX market. City will look at the inventory, they're going to do a city wide inventory to see if they met their commitment and they of course going to look at that time reduced emissions from that company. So should that company then be able to sell their excess reductions through CCX? If yes, they would be double counted. There's no simple answer to this. There's many examples like that.

>>HAMPTON NEWSOME

Thank you. Let's go with Eric then Cameron and I guess Cameron that means you'll have the last word. One thing to think about with this additionality example, from the FTC's perspective when I'm essentially asking is if you sold an offset and you just made a generic claim about the offset and the it was based on say a land fill that was regulated and EPA or the state or whatever required methane capture, would that -- the sale of that offset and the claims, would those be deceptive to the consumers? And what -- the missing step there is, well, that kind of assumes that the consumer has a general idea about an expectation about additionality. So there is a lot wrapped up in this example. But so let's go with Eric and then Cameron.

>>MALE SPEAKER

You have raised a really important point about what we can define and what we can't. And I don't know of a certification body that would allow this sort of project that you're referencing. I guess it could happen. And the other thing I think is Anja and Wiley and others have pointed out, you can see how this stuff can suddenly get very complex on something on one of the objective addition -- additionality criteria. All the more reason to have technical experts dealing with this, dealing with this in papers and in symposiums and things like that and really talking about this. But let me point out, let me paint a different scenario, that is, can you imagine if all of the marketers here on the stage or out in the audience or around the country all had their own standards, their own -- did their own verification, did their own certification, had their own definitions of additionality and so on, so forth. One of the things that you rarely hear in the discussion about additionality that I would like to ask people is just define it. The EPA did a great job today defining what they mean by additionality. Green-e define what is they mean by that. Wiley does the same thing. To simply say wouldn't have happened anyways isn't a definition that any project developer can take to a bank

and say we meet this threshold. So I -- that's another reason I think we need to get away from this subjective area, away from allowing non-disinterested parties to define their own way around this. That's why I guess I have said it a number of times today and I'll just repeat it and be quiet, that I think third party certification answers the question, is it real, and who says so and what's behind it.

>>HAMPTON NEWSOME

Thank you. Cameron, you have an opportunity, if you can keep it under a minute you can give your friend Adam a chance to -- he has his card up too.

>>CAMERON BROOKS

I think you asked a question after the -- a question about regulatory additionality but quite frankly I didn't hear it because I was so flustered by the idea that I was going to have the last words. I'm glad you'll be taking the last word.

[Laughter]

>>CAMERON BROOKS

On that question, to me it's standards and I don't know a credible standard that suggests regulatory additionality is not a concern so I'm inclined to suggest it's not an important thing to include as a specific guidance in the FTC as long as you have included guidance to go to those standards. Again, none of those would include that. But as I was thinking about the last word I will offer up this last word then hand it over to Adam. Which is again, I would come back to the FTC has a great opportunity and I hope it seizes upon to protect the consumer and protect the -- there's a track record that in my personal life I would come back to not having to suffer the indignity of getting up in the middle of dinner to answer a telemarketing call. I suffer any indignities like having my son throw food on me or as I was coming out here giving a civics lesson to a 4-year-old girl who wanted to know what a capital was and she asked me earnestly daddy, is that where the King lives? I tried to explain New York City despite what any individual politician might think we don't have a King here, we have presidents and then that led to a question honestly if anyone here can help me answer, I couldn't answer, which is what's the difference between an emperor and a King. So usually when I get to these more philosophical but clearly unanswerable questions, my daughter has a great fondness for YODA and I would said that's the kind of question a JEDI master can answer. Testify question of additionality and all that, we need a master that can answer questions for us. In the absence of that we have at least one man in a green tie which is close to YODA. So maybe in the interim we can fill some of that void and it's all you.

>>ADAM STERN

I would do a YODA invitation but -- I want to thank the FTC and staff for preparing the session. I think it's been enormously informative and worth stepping back for one minute perhaps as a closing thought and recognizing this

is an emerging industry, it's still at a relatively early stage. Even in the last years there's enormous progress made on a lot of levels. You have some top rate providers that have served customers probably now in the hundreds of thousands, customer whose have been given a chance to get more engaged in solutions to global warming. You have two very respected accrediting bodies in Green-e and VCS that working through hundreds of public stakeholder comments have developed strong standards that now are available for the market to use. You have people getting more educated to the point that the word carbon offset makes it into the Oxford dictionary as the word of the year. You have constituency building in this country in part because people are buying offsets. That is pressuring Congressmen and senators to take action on this larger problem. And so for those reasons I hope the FTC will do as much as it can to nurture this industry to help strengthen it. There's a lot of good that can come out of it with all the provisions of consumer protection that can ensure people get a good deal, they know what they're paying for, it's verified. It's publicly disclosed. This is one of the more encouraging developments in m estimation in terms of where we're going to move if we're going to get our arms around this problem of climate change. I hope the FTC will help support that movement.

>>HAMPTON NEWSOME

Thank you. I want to thank everyone for participating today. This is a very useful. Thank you for coming and have a good evening.

[Applause]

[Captions performed by Caption IT, LLC, www.captionit.net]