

Chairman Rostin Behnam  
Commodity Futures Trading Commission  
1155 21st Street, NW  
Washington, DC 20581  
Submitted via CFTC.gov

October 7, 2022

**RE: Request for Information 87 FR 34856 titled Climate-Related Financial Risk**

Chairman Behnam:

Anew Climate, LLC (“Anew”) appreciates the opportunity to provide formal comments on the Commodity Futures Trading Commission's efforts around climate-related financial risk and voluntary carbon markets. Formed through the merger of Element Markets and Bluesource in February 2022, Anew is one of the largest climate solutions companies in North America and, through its legacy companies, has a successful track record within the markets for voluntary carbon credits, renewable natural gas, low carbon fuels, electric vehicle credits, emissions credits, and renewable energy credits. We respectfully submit the following comments:

With respect to the oversight of the voluntary carbon market (“VCM”), we support the Commission’s desire, as stated by Chairman Behnam at the Commission’s Voluntary Carbon Market Convening earlier this year, to “build its capacity to ensure the ongoing integrity of these markets, identify and pursue any potential fraud or other abusive practices in the underlying markets, and promote responsible innovation and fair competition.” As companies are turning to the derivatives market to manage risk and decarbonization efforts, we also commend the Commission for facilitating risk management and “fostering innovation in crafting solutions to the climate crisis while ensuring integrity and customer protection.”

We see several ways in which the CFTC can support the energy transition via the VCM, including ensuring the integrity of carbon derivatives markets, assisting exchanges and other market participants with development of new products to help companies meet compliance obligations and manage risks; and by developing a framework for disclosure of climate risks.

Transparency, predictability and integrity are all key attributes of a robust VCM. The primary goals of regulatory oversight by the Commission should be to ensure, within the boundaries of the Commission’s authority, that carbon markets are protected from fraud and manipulation and can function in an efficient, secure and transparent manner.

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Anew has an established track record of supporting measures that help ensure transparency and integrity in multiple environmental markets, including the VCM. This includes self-regulatory measures intended to prevent potential fraud and manipulation that could undermine the integrity of and confidence in the VCM. We also agree that scalability is crucial for the VCM to serve as a meaningful financial mechanism to address climate change.

All offsets created and traded in the VCM should be of the highest quality, reflecting reductions, avoidance or removals that are additional to those that would occur in the absence of demand for the offsets. The offsets must be measurable and verified by a third party. They must also be generated from activities and programs that have measures in place to address ongoing risks of non-permanence and leakage. In addition, they should be associated with a credible standard-setting body that provides transparent processes for registration, validation, monitoring, verification, methodology assessment and revision over time, as well as retirement tracking.

Recognized, science-based, peer-reviewed carbon registries have a long, credible history and should be allowed to drive the establishment of methodologies in the VCM. The registries have a number of regionally experienced and topic-specific experts in house that can be leveraged to ensure any framework meets stakeholder requirements. In addition, registries should continue to regularly review existing methodologies, including baseline determination, additionality assessment and monitoring and quantification protocols to ensure all methodologies reflect the latest science, economic and technological advances and any changes in domestic regulation.

Markets need regulatory certainty, and they cannot function if the rules that govern them are vague or subject to change through unpredictable processes. The VCM has matured over the past few decades, and the four major carbon registries have created systems and procedures that continually monitor projects and adapt methodologies to ensure they are rigorous and reflect current technologies across a variety of project types. We believe these systems and procedures are serving the market well. We have noticed a more concerning trend in the carbon market - project developers who create projects that are not affiliated with a third-party registry and therefore not subject to transparent and verifiable procedures and processes.

While we do support the Commission's effort to prevent fraud and manipulation in commodities markets, we would like to stress the importance of avoiding confusion through regulations that could interject uncertainty into the markets. Multiple other regulatory and self-regulatory efforts are currently underway to help ensure the integrity of the fast-growing VCM. These include the Securities and Exchange Commission's proposed rules on climate disclosure, the Integrity Council for the Voluntary Carbon Market (ICVCM) proposed Core Carbon Principles and Assessment Framework for the VCM, and the Voluntary Carbon Markets Integrity Initiative (VCMI), to name just a few.

We commend the Commission for closely following these related efforts and recommend continued close engagement with all relevant stakeholders as the Commission determines its role in regulating the VCM. Should you have any questions pertaining to Anew and our

statements here, please do not hesitate to reach out to Janet Peace, Head of Advisory, via [jpeace@anewclimate.com](mailto:jpeace@anewclimate.com).

Sincerely,

Angela Schwarz, CEO