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

August 18, 2023

**RE: CFTC Convening on the Voluntary Carbon Market**  
Chairman Behnam:  
  
Anew appreciates this second opportunity to provide formal comments on the Commodity Futures Trading Commission's efforts around climate-related financial risk and voluntary carbon markets. Formed by 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 twenty year track record of success within the markets for voluntary carbon credits, renewable natural gas, low carbon fuels, emissions credits, and renewable energy certificates.  We respectfully submit the following comments:

We support the Commission’s desire to ensure appropriate oversight of the voluntary carbon market (VCM) and to use its statutory authority to prevent fraud and manipulation in the VCM. We have long advocated for and supported measures that improve the transparency, integrity, and quality of the VCM. In this regard, we have often stated our position that 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 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.

We commend the Commission for convening a broad range of VCM stakeholders at its offices for the second time in two years on July 19. This second meeting provided an important opportunity for diverse stakeholders in the VCM to discuss existing frameworks as well as ongoing and evolving multistakeholder initiatives which share the goal of ensuring the integrity and scalability of the VCM.

Without repeating much of the information that was shared during the July meeting, we would like to share recommendations regarding the Commission’s stated intent to provide some oversight of the primary or “spot” market for voluntary carbon credits and the Commission’s important role in regulating secondary markets for futures, options, and derivatives of voluntary carbon credits.

With respect to the underlying primary or “spot” market for voluntary carbon credits, we recommend that the Commission leverage the ongoing work of initiatives such as the Integrity Council for the Voluntary Carbon Market, ICVCM. As described by the Honorable Ms. Nazareth, Chair of the ICVCM, during the Commission’s VCM convening, this initiative resulted in development of “Core Carbon Principles” and an assessment framework for carbon registries and different categories of carbon credits, all with the objective of ensuring that voluntary carbon markets are transparent and of high quality. The first CCP-approved carbon credits could be available to voluntary buyers later this year, with additional categories of credits to follow in 2024 and beyond. The ability to identify credits with a trusted stamp of approval will be an important tool for buyers.

From our perspective, true cases of fraud and manipulation with respect to voluntary carbon credits – such as the sale of already retired credits or sellers manipulating market prices - are rare. Some negative reports about voluntary carbon credits are focused on the types of claims entities are making when they are using carbon credits (e.g., carbon neutrality). Little public guidance has been available to specify what must be done to substantiate different types of claims but that is expected to change, especially with the release of the updated FTC Green Guides. Further, some concern has been raised about the validity and transparency of certain projects from which carbon credits are being sold. The existing voluntary registries require third party review and transparent disclosure of project documentation. The same is not always true for projects and credits created off-registry. In addition, the ICVCM is attempting to harmonize and further increase transparency, which we welcome. While the ICVCM’s Core Carbon Principles may not be mandatory, we believe that a majority of buyers and sellers will conform to their requirements.

While we see room for oversight of the VCM by the Commission within its stated mission to prevent fraud and manipulation in commodities markets, we also urge the Commission to consider the uncertainty and confusion that can be created in the market during a regulatory process.

Oversight and regulation of secondary markets for futures and derivates of carbon credits, of course, is squarely within the Commission’s authority. The market for voluntary carbon credits is expected to grow with the increased implementation of standards and guidance, and this could lead to significant growth in secondary markets. As a globally respected leader in financial regulation, the Commission can play an important role in ensuring that these markets continue to grow transparently and with high integrity.

Should you have any questions pertaining to Anew and our statements here, please do not hesitate to reach out to me at jpeace@anewclimate.com.

Sincerely,

Janet Peace, Head of Advisory Services

Anew