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Carbon Value in Transactions: A Legal Perspective

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Abstract

As market-based caps on greenhouse gas emissions have emerged as a primary policy response to climate change, carbon markets have become a critical component of the regulatory landscape. In this article, Tessa Schwartz and William Sloan consider the principal legal and practical issues that lawyers, investors and businesses should consider in the context of carbon-related business transactions, including the concept of “ownership” of the benefits and liabilities of carbon reductions. Schwartz and Sloan propose strategies for capturing the value of carbon reductions under different regulatory regimes and how to account for the risks and liabilities in transactions under those regulatory frameworks.

Key Words: carbon reduction, carbon offsets, liability, transactions, cap-and-trade, Kyoto, UNFCCC, EU-ETS, valuation

1. Introduction

To appreciate the economic and legal significance of greenhouse gases (often referred

to simply as “carbon”) in transactions, it is imperative to understand the current and proposed markets and regulations related to carbon reductions and credits. As carbon emissions are increasingly regulated, carbon

markets in the United States will continue to grow at an exponential pace and “carbon” will become a significant driver behind a myriad of business transactions. This article raises key legal and practical considerations to take into account in the context of carbon-related business transactions, including “ownership” of the benefits and liabilities of carbon reductions.

2. Understanding Carbon and the Carbon Markets

Given the potential size of the carbon market, investors, start-ups and established companies all need to consider the relevance of carbon in their business strategy.¹ According to a report by the World Bank, the value of the global carbon market in 2007 was approximately \$64 billion, up from approximately \$31 billion in 2006.² According to the latest figures, the global carbon market doubled in size in 2008, with figures varying from \$118 to \$125 billion.³ Europe and Japan currently make up a dominant portion of the world market. In the event cap-and-trade regulations are enacted in the U.S., some analysts predict that the carbon emissions market will be valued at \$1 trillion by 2020.⁴

A. The Importance of Being Regulated

The inauguration of Barack Obama as President signals the likelihood that a federal framework for carbon reductions (and, perhaps, trading) will be adopted in the near future. President Obama’s plans include the institution of an economy-wide cap-and-trade system with investment of much of the funding from cap-and-trade auctions in alternative energy research and efficiency improvements. In fact, the White House’s proposed budget calls for an economy-wide (i.e. not limited to only certain industries) cap and trade system that relies on the auction of 100% of the permitted allowances. That budget proposal anticipates that, starting in 2012, such auctions will raise seventy to one-hundred billion dollars.

Government regulation, whatever form it takes, will drive the carbon markets in the United States. In Europe, Japan and certain

other foreign markets, regulations already require certain emitters to measure, track and report reductions in the emission of carbon dioxide or carbon dioxide equivalents. Although a regulatory regime in the United States will likely take the form of a “cap and trade” program, it may well include aspects of a “command and control” structure driven by government mandated reductions or even a “carbon tax” approach for excessive emissions. In either case, which industries will be regulated and to what degree will have a huge impact on the market for carbon “credits” and products and services designed to reduce carbon emissions.

B. International Climate Change Regulation—Kyoto and the EU Lead the Way

In any case, the system that emerges will likely be influenced by the Kyoto Protocol and the EU Emissions Trading Scheme as well as the existing structure created by regional players in the United States.

Entering into force on March 21, 1994, the United Nations Framework Convention on Climate Change (“UNFCCC”) became the world’s first treaty designed to address global warming by limiting greenhouse gas emissions. A first step toward achieving this objective was the creation of a national greenhouse gas inventory that requires signatory countries to submit annual inventories of all anthropogenic greenhouse gas emissions from sources and removals through carbon sequestration.

On February 16, 2005, the Kyoto Protocol to the UNFCCC was adopted, creating an international greenhouse gas reduction scheme that imposes caps on the emissions of Annex I countries, with reductions to be achieved by 2012.⁵ Most countries target individual industrial entities, such as power plants, in order to achieve their emissions reductions. The United States is the only Annex I country that has not ratified the Kyoto Protocol.

The first commitment period for Kyoto ends in 2012. While a successor agreement is due to be adopted in Copenhagen, Denmark in December 2009,⁶ a number of geopolitically

charged disagreements (including whether developed and developing countries should share the financial burden of addressing climate change through the imposition of emissions caps) must first be reconciled.

In Europe, the European Union Emissions Trading Scheme (“EU-ETS”) was enacted to comply with EU obligations under the Kyoto Protocol; it began operation in 2005. Under the EU-ETS, some 10,000 energy-intensive plants across the EU are able to buy and sell permits, representing about 40% of the EU’s total greenhouse gas emissions.

C. California Dreamin’—Efforts to Curb Emissions in the Golden State

In the absence of leadership from the Bush Administration and the failure of Congress to enact federal legislation regulating greenhouse gases, states and regions stepped in to fill the void. California emerged as one leader with its enactment of a comprehensive program for greenhouse gas emission reductions. Assembly Bill No. 32 (the California Global Warming Solutions Act of 2006) sets emissions limits to cut California’s greenhouse gas emissions to 1990 levels by 2020.⁷ This legislation is serving as a model for similar initiatives in other states such as Florida, New Mexico, Arizona and Illinois.

D. Regional Initiatives

Regional initiatives include the Western Climate Initiative, launched in 2007 by several western states; the Regional Greenhouse Gas Initiative (“RGGI”), formed in 2005 by a group of northeastern states; and the Midwestern Greenhouse Gas Reduction Accord, established in 2007 by Midwestern states. Typical of these initiatives is the setting of goals for emission reductions by a given date and the recommendation for a cap-and-trade system. RGGI has already begun successful quarterly credit auctions.

E. Carbon Registries

New registries for reporting emissions and trading emission reductions are also emerging around the globe. In 2008, the Chicago Climate Exchange (“CCX”) announced the opening of the Tianjin Climate Exchange offices in China and launched an initiative to establish a climate exchange in India. In North America, the Climate Registry already includes 39 U.S. states, in addition to Canadian provinces and Mexican states and is well positioned to become a de facto national registry for emission reporting in the United States.

3. Impact to Legal Practice: Advising On Carbon-Based Transactions¹

Given the global warming crisis, the growth of carbon markets and the likelihood of stronger regulation of greenhouse gas emissions, carbon has become increasingly relevant to a wide range of transactions. Whether in connection with the transfer of carbon credits themselves, the sale of a business, the license or assignment of intellectual property, the building or financing of a project, the provision of services and products, or other transactions, carbon may be critical to a deal and the way it is structured. The second part of this article focuses on specific issues to consider in the context of carbon-related transactions.

A. Valuing Carbon

In determining what kind of value can be extracted from transactions with a carbon component, the parties to a transaction should identify “positive” and “negative” value. On one hand, the positive value associated with carbon can take the form of, for example, credits which may be bought and sold, revenue share from carbon reduction products and services, or intellectual property rights for carbon reduction and carbon capture technologies. On the other

¹ This article does not address the particularities of transactions traded through the Kyoto Protocol and, specifically, the Clean Development Mechanism, as a detailed set of existing regulations and guidelines apply to those transactions.

hand, there may be value gained from mitigation or avoiding carbon-related risks, e.g., risks associated with reductions in the market for carbon credits, litigation risks for excess pollution, director/officer liability for climate change and the like. Being able to recognize all types of value to carbon in transactions is critical to structuring transactions and business operations with a carbon component.

1. *Affected Entities*

Cap-and-trade schemes will likely become a large part of the carbon regulatory landscape in the U.S. in the near future. Unlike schemes that do not allow for trading (such as setting hard caps on emissions and penalizing excess emissions or indirectly setting soft caps by taxing emissions), cap-and-trade systems have the potential to create value for both regulated and unregulated entities. The ability to identify those companies included within the scope of a cap-and-trade scheme or otherwise subject to carbon emission regulation (whether as clients or as counterparties) will be critical to maximizing carbon value. That is, a company that must cap its emissions will likely require and value emissions reductions and create the most significant markets for carbon reduction technology, products and services.

Under certain regulatory scenarios and in voluntary markets, unregulated entities may also be able to derive value from reductions, for example, by selling offsets from reductions to companies within the cap, using reductions to meet other needs, i.e., public relations and stakeholder requirements, selling products or services that reduce emissions, or licensing carbon reduction and sequestration technology. Whether part of a regulated industry or not, companies can benefit from the development, implementation and commercialization of technology, products, or services that reduce emissions.

2. *The Obstacles to Determining Value*

One concern for attorneys advising their clients is properly reflecting the value of carbon credits in transactions, particularly where such credits are future assets or where they arise in

transactions other than for the sole purpose of compliance with emissions regulations.

The value of a carbon credit is often not linked to a material asset. Rather, the value of carbon credits (at least, in a compliance market) is determined by a need-based cost/benefit analysis, i.e., the difference between a buyer's assessment of the potential credit acquisition cost and the potential cost of non-compliance/failure to purchase.

A number of variables affect this determination, from the cost of governmental fines for non-compliance with regulations and penalties under contract for failure to hit certain benchmarks, to less tangible costs such as a loss of goodwill for failure to appear "green." A lack of regulation makes current valuation attempts even more uncertain. While this may be viewed as an opportunity for futures market traders, it can adversely affect negotiations in valuing transactions today with an eye to carbon value in the future.

3. *Addressing and Capturing Value*

Given the uncertainties about carbon valuation, how can attorneys advise clients wanting to account for carbon in anticipation of forthcoming regulation? While it is tempting to wait until a regulatory framework is in place, clients (especially those with long-term contracts with a significant carbon component) will want to account for carbon issues or risk losing any rights they may have had to extract value from carbon. This lesson has already been learned the hard way in the context of renewable energy credits.

Thus, parties to a transaction can and should account for carbon value in contracts and can do so even without assurances of the actual value of carbon in the marketplace. For example, negotiated value can include an agreed-upon metric for adjustment, or the parties can agree to assess value once regulations have been implemented.

In addition, parties may allocate all carbon value benefits to one party or the other with a resultant cost adjustment to reflect such allocation; or benefits may be allocated among

parties (e.g., through revenue sharing), leaving the upfront transaction costs unaffected, but providing for a source of future revenue. For example, the price of the project, technology, product or service may be increased to reflect anticipated earned offsets by the buyer or user; or the parties may instead agree to share future revenue streams from offsets based on the actual value of the sale of carbon credits that result from reductions in carbon emissions.

In any case, the parties will want to address issues related to the mechanics of measuring, tracking, reporting and trading credits and the parties' obligations and expenses in connection with such activities.

B. Ownership

One challenge in this rapidly evolving field of law related to transactions that involve greenhouse gas emissions is determining ownership of value created by carbon credits. Once the reduction of greenhouse gases can be turned into a currency or commodity-like tradable unit, ownership can be more readily determined, particularly if the unit is assigned a unique serial number or other similar unique identifier. Until such reductions are expressly defined, however, it is not entirely obvious how to assign "ownership" of carbon and its associated rights and obligations.

Existing regulatory regimes provide some guidance on how ownership and its attendant rights and obligations may be allocated in the context of carbon credits. For example, Title IV of the 1990 Clean Air Act Amendments, which allowed trading of SO₂ emission credits to control acid rain, expressly refrained from conferring property rights in those credits.

In any event, the parties to a transaction may (and should) resolve such issues by contract. Parties to any transactions that may involve greenhouse gases can best address ownership concerns by including in their contracts clear language allocating ownership rights to carbon credits (e.g., who will own the right, title and interest in and to all carbon credits, including revenue, monetization, or other value generated from or otherwise related to such credits, as well

as who will have the right to sell, trade and otherwise dispose of credits and any generated value). Such proactive drafting may not seem, at this early stage in the development of carbon markets, to add any value to a transaction. However, to the extent that past verifiable carbon credits may be deemed marketable in any future carbon markets, an absence of a clear intention with respect to the allocation of ownership rights may result in the loss of such rights.

California Senate Bill 107 (2006) presents a classic example of this kind of retrospective loss of rights in a similar context. Under Senate Bill 107, unless renewable energy providers had the foresight to retain or reserve ownership over renewable energy credits in pre-2005 contracts, the law would assume that the benefit of such credits had been transferred to the purchasers of the energy sold.

Metrics for value calculation or, if such metrics are not available, agreed-upon standards for determining future metrics, need to be clearly established, as must the scope of allocations, to the extent that the parties agree to share in the burden and benefits of any credits. Where parties to a transaction choose to allocate ownership of carbon value in a contract, parties need to be aware, in drafting such contract, of a range of rights, obligations and liabilities attendant to ownership of "carbon reductions," which may include:

- the right to emit pollution;
- benefits from tax credits;
- the right/obligation to control measuring, tracking and reporting credits;
- the right/obligation to register credits;
- the obligation to comply with applicable regulations concerning credits;
- the right to sell credits and retain the value of such credits;
- the right to claim any reduction in emissions for regulatory purposes;

- liability for costs if credits do not accurately reflect emissions reductions;
- liability for early release of carbon (in the case of sequestration), sometimes referred to as “impermanence risk”; and
- other rights and claims for damages (e.g., rights to claim against a third party for diminutions of value).

C. Intellectual Property

In transactions involving technology that may reduce greenhouse gas emissions, counsel needs to carefully consider the value of the technology (and related intellectual property rights) and how the parties will allocate the benefits of carbon credits that result from application of such technology. For example, instead of requiring a licensee to pay technology license royalties based on the number of products sold, it would be possible to require that a licensee pay royalties on greenhouse gas reductions, carbon credits, or other such measures.

Parties should also consider the likelihood that improvements and new applications for carbon reduction technology and intellectual property rights will be developed by the parties to an agreement. These new developments and applications may hold significant value. Thus, in addition to addressing ownership of carbon credits themselves, parties should address ownership and rights to use new technology and related intellectual property rights.

D. Tax Treatment

Because a federal cap-and-trade program has not yet been enacted, there are no statutory provisions and no guidance from the Internal Revenue Service (“IRS”) to provide for the proper U.S. federal income tax treatment of carbon credits that may be issued or purchased under a cap and trade program. Thus, the proper treatment of the receipt of the carbon credits (if not required to be purchased), gain or loss from the sale of the carbon credits and amounts spent

to acquire the carbon credits is unclear for such tax purposes.

IRS guidance with respect to similar programs may provide a reasonable basis for predicting the tax treatment that might be accorded to the carbon credits.⁸ However, this IRS guidance applies to emissions trading programs that may have very different features from the programs that may be enacted with respect to carbon emissions; and, consequently, there can be no assurance that the IRS would reach similar conclusions regarding the proper tax treatment of a carbon emissions trading program.

In 2008, the IRS addressed the proper federal income tax treatment of gain from the sale of excess carbon credits granted under the EU-ETS. In Private Letter Ruling 200825009 (June 20, 2008), the IRS ruled that gain from the sale of surplus carbon credits did not constitute “foreign personal holding company income” for purposes of the “controlled foreign corporation” rules of the Internal Revenue Code. The IRS concluded that the emissions credits were excepted because they were intangible property used in the controlled foreign corporation’s trade or business. This ruling suggests that carbon credits under a cap-and-trade-program would be treated as intangible assets giving rise to capital gain or loss rather than ordinary income or loss for U.S. federal income tax purposes.

E. Treatment of Liabilities and Insurance Issues

Ownership of rights to carbon credits or reductions will likely be a key factor in determining liability for damage or injury related to the reduction. For example, a party in a carbon sequestration project should consider whether and how to allocate responsibility for maintenance costs at sequestration sites after the carbon dioxide injection is completed. The parties may also want to address “impermanence risk.” i.e. the possibility of unintentional emission releases from storage sites.

The importance of allocating environmental liabilities cannot be underestimated either. The United States Supreme Court has determined

that the Clean Air Act authorizes the Environmental Protection Agency to regulate carbon dioxide emissions and other greenhouse gases.⁹ In reaching its decision, the Court reasoned that emissions of carbon dioxide and other greenhouse gases fit within the definition of “air pollutants.”

Counsel should help clients to determine whether to obtain warranties, disclaimers of warranty and indemnities with respect to these issues and other liability issues as appropriate. Such risk allocation provisions should be drafted in the context of each party’s ability to insure against liabilities.

Insurance companies are also treating climate change more seriously as an emerging and significant risk, and some have begun asking potential insureds whether they have developed comprehensive strategies for dealing with claims relating to carbon emissions. Moreover, director and officer liability policies most often contain exclusionary clauses that permit insurers to deny claims made for environmental pollution. Insurance coverage for carbon credits (for the risk that such credit is of low quality or that sequestration fails) is an additional expense that companies may also have to address in future transactions.

On the carbon credit transaction side, insurers have developed new products offering coverage for the risks inherent with projects that intend to generate credits. Such coverage can encompass the failures or delays in the approval, verification and issuance of credits. By offloading some of the risk in these projects, insurers (such as Zurich and Swiss Re) are facilitating early financing of the projects—financing that typically must occur before the issuance of credits can be secured. As these insurance products become more mainstream, they will play a vital role in opening new opportunities to obtain investment in this field.

F. Disclosures and Carbon Claims

There is increasing pressure for companies to disclose their greenhouse gas emissions and for companies to appear “green.” However, the potential for litigation may increase where a

company’s actual emissions levels are greater than claimed.

While many entities are already voluntarily disclosing emissions data,¹⁰ certain regulated entities and public companies will soon face a legal obligation to do so. On March 10, 2009, the Environmental Protection Agency (EPA) proposed a rule that requires mandatory reporting of GHG emissions from large sources in the United States. The rule would require suppliers of fossil fuels or industrial greenhouse gases, manufacturers of vehicles and engines, and facilities that emit 25,000 metric tons or more per year of GHG emissions submit annual reports to EPA.¹¹

Moreover, there may be substantial liability for failing to appropriately disclose and address the risks associated with GHG emissions. While the SEC does not yet specifically require reporting on greenhouse gas emissions, the Sarbanes-Oxley Act of 2002, which governs corporate governance, disclosure and financial accounting, requires that responsible corporate officers personally certify the accuracy of quarterly and annual financial statements and disclosures. Over time, those disclosures are likely to be interpreted, including disclosures regarding liabilities associated with GHG emissions and climate change risks.¹² Other SEC regulations may also give rise to liability for failure to accurately disclose risks related to GHG emissions: Securities Exchange Commission (SEC) Regulation S-K Item 101 requires disclosure of the material effects that the costs of compliance with environmental laws may have on its financial position; Regulation S-K Item 103 mandates the disclosure of material legal proceedings involving environmental regulations; and Regulation S-K Item 303 requires a management’s discussion and analysis (MD&A) that discloses “currently known trends, demands, commitments, events, and uncertainties that are reasonably expected to have a material effect on liquidity or capital resources.”¹³

A company’s readiness to purchase carbon offsets in order to take advantage of the intangible benefit of being seen as “green” must also be tempered with the realization that the

Federal Trade Commission (“FTC”) is scrutinizing such carbon-based green claims. The FTC has begun a series of public workshops with the aim of revising its “Guides for the Use of Environmental Marketing Claims,” and indications are that there will be a stronger emphasis on the enforcement of green claims than in the recent past.¹⁴

G. Accounting

Often accounting issues drive aspects of commercial or corporate transactions. Currently there is no accepted standard for the treatment of carbon emission credits in the financial statements of corporate entities. Even in Europe, where the carbon credit market is more mature than that found in the United States, a 2007 survey by PricewaterhouseCoopers and the International Emissions Trading Association found that companies had used fifteen distinct approaches to accounting for EU-EUAs.¹⁵ The Financials Accounting Standards Board is also undertaking the development of standards, but guidance is not expected in the short-term. Concerns for clients will include the characterization of emissions as assets or liabilities, the effect of emissions pricing volatility on income statements and the fair market valuation of emissions (particularly in light of the revised rules on determining fair market value in FASB Statement No. 157).

Indeed, carbon value may even prove to be an additional concern in the bankruptcy context. Unless ownership and the various responsibilities and rights of the parties with respect to carbon credits or carbon reductions are sufficiently clarified in a transaction, bankruptcy and liquidation proceedings may prove much more complicated.

4. Conclusion

Every board of directors and executive team—and their legal, financial and other advisers—should consider how carbon regulation may impact business transactions and the way such transactions are structured. As a regulatory framework emerges in the United

States and carbon markets mature, it will become more common to focus on and document the “carbon value” of transactions. Until then, those who have the foresight to address carbon issues will have a distinct economic and legal advantage over those who do not.

ENDNOTES

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¹ Even now, lenders, as well as the venture capital and private equity community, are reducing their risks and shifting investment strategies based on carbon issues. For example, The Carbon Principles (“The Carbon Principles,”

(<http://carbonprinciples.org/documents/Carbon%20Principles.pdf>) developed by banking institutions with advice from energy companies and environmental groups, create an approach to evaluate and compensate for carbon risks in financing electric power projects. Press Release, J.P. Morgan, Leading Wall Street Banks Establish the Carbon Principles, (Feb. 4, 2008), http://www.jpmorganchase.com/pdfdoc/jpmc/community/CarbonPrinciplesPressRelease_FINAL.pdf (last visited Feb. 14, 2009).

² THE WORLD BANK, STATE AND TRENDS OF THE CARBON MARKET 2008, May 2008, <http://siteresources.worldbank.org/NEWS/Resources/State&Trendsformatted06May10pm.pdf> (last visited Feb. 14, 2009).

³ *Analyst: World Carbon Market Doubles in 2008*, BUSINESSGREEN.COM, Jan. 14, 2009, <http://www.businessgreen.com/business-green/news/2233973/carbon-markets-doubles-2008> (last visited Feb. 14, 2009).

⁴ Press Release, New Carbon Finance, Economic Researchers Predict \$1 Trillion U.S. Carbon Trading Market by 2020 (Feb. 14, 2008), http://www.newcarbonfinance.com/download.php?n=New_Carbon_Finance_Press_Release_US_Carbon_Market2.pdf&f=fileName&t=NCF_downloads (last visited Feb. 14, 2009).

⁵ Signatories to the UNFCCC are split into three groups: Annex I countries (industrialized countries); Annex II countries (developed countries that pay for the costs of developing countries); and Developing countries.

⁶ See Decision 1/CP.13, Bali Action Plan, 2007, <http://unfccc.int/resource/docs/2007/cop13/eng/06a01.pdf> (last visited Feb. 14, 2009).

⁷ Full text version of the bill is available at http://www.leginfo.ca.gov/pub/05-06/bill/asm/ab_0001-0050/ab_32_bill_20060927_chaptered.pdf (last visited Feb. 14, 2009).

⁸ In addressing the proper tax treatment of sulfur dioxide emissions credits allocated by the Environmental Protection Agency to electric utilities pursuant to the Clean Air Act, in Revenue Ruling 92-16, 1992-1 C.B. 13, the IRS

ruled that the allocation of sulfur dioxide emissions credits will not result in gross income to the utilities when issued. Thus, the utilities will not measure basis in the credits by their fair market value.

Revenue Procedure 92-91, 1992-2 C.B. 503, provided additional guidance on the treatment of the sulfur dioxide credits. Under Revenue Procedure 92-91, a utility or a non-utility facility acquiring an emission credit will generally be permitted to recover its basis in the credit by deducting the amount of its tax basis in that credit in the year the sulfur dioxide was emitted. Further, a utility will recognize gain or loss on the sale or exchange of emission credits in the year of the sale or exchange equal to the difference between its adjusted basis in the credit and the amount of consideration it receives by the purchaser, unless a non-recognition provision applies. In addition, the Revenue Procedure required the costs incurred to acquire or hold an emission credit to be capitalized (rather than depreciated) because the credit has a useful life substantially beyond the tax year to which it is allocated.

⁹ *Massachusetts v. Environmental Protection Agency*, 549 U.S. 497 (2007).

¹⁰ See, e.g., <http://www.theclimaterestory.org/about/mission-statement.php>.

¹¹ The proposed rule will be published in the Federal Register (www.regulations.gov) shortly under Docket ID No. EPA-HQ-OAR-2008-0508; see also <http://www.epa.gov/climatechange/emissions/ghgrulemaking.html>.

¹² Sarbanes-Oxley Act of 2002, § 302, 15 U.S.C.A. § 7241 (2007); 18 U.S.C. § 1350; see also Christina Ross, Evan Mills, and Sean Hecht, *Limiting Liability in the Greenhouse: Insurance Risk-Management Strategies in the Context of Global Climate Change*, UCLA School of Law Research Paper No. 07-18, STANFORD ENVIRONMENTAL LAW JOURNAL, VOL. 26A, P. 251, 2007.

¹³ See 17 C.F.R. § 229.101 (2007), 17 C.F.R. § 229.103 (2007), and 17 C.F.R. § 229.303 (2007).

14

See

<http://www.ftc.gov/bcp/grnrule/guides980427.htm>.

¹⁵ *Lack of consistency in carbon accounting – IETA, PwC, CARBON FINANCE ONLINE, May 17, 2007, <http://www.carbon-financeonline.com/index.cfm?section=lead&action=view&id=10541> (last visited Feb. 14, 2009).*