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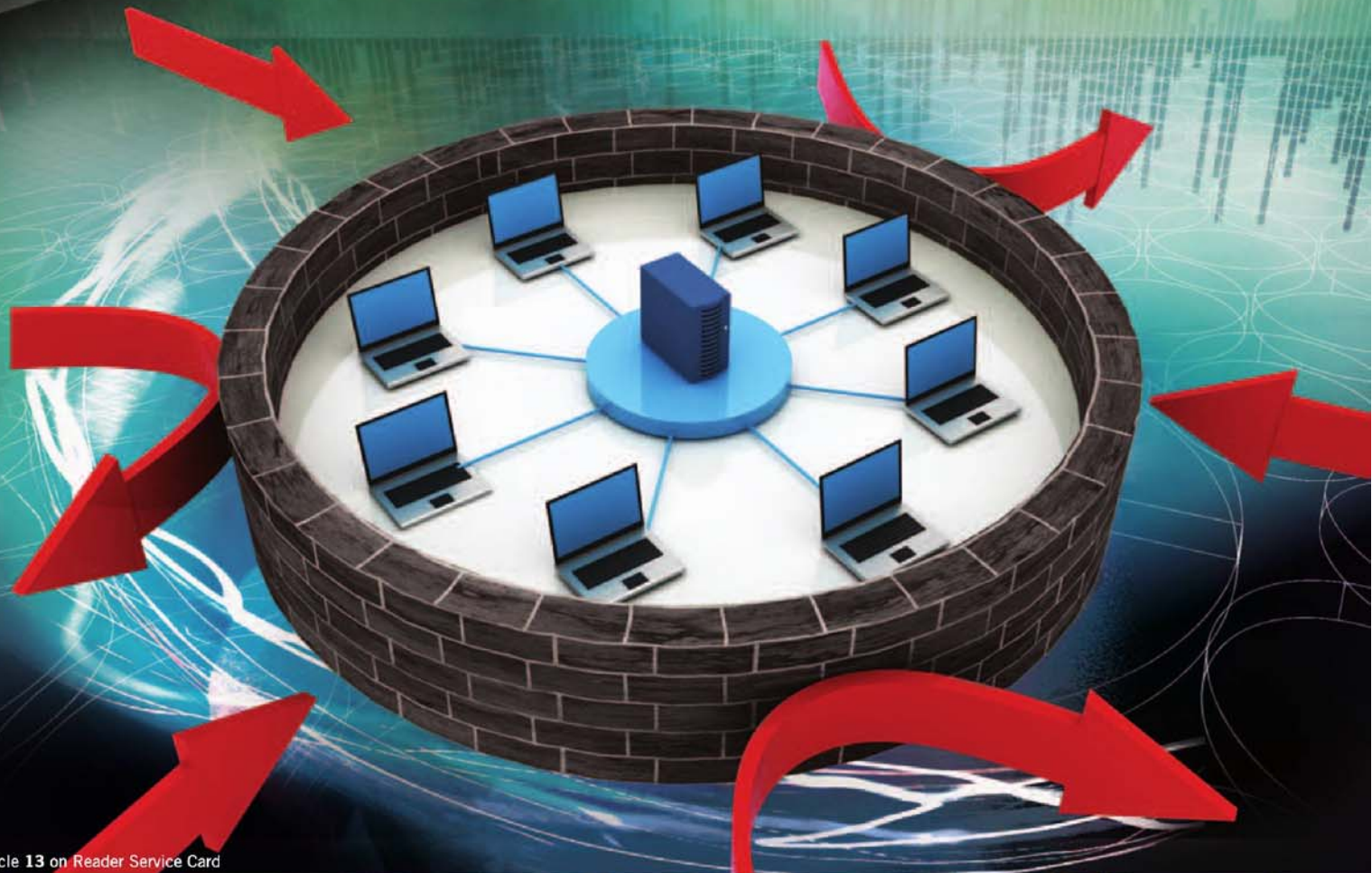


# Electric Energy T&D

## MAGAZINE

NOVEMBER-DECEMBER 2010 Issue 7 • Volume 14

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## GUEST EDITORIAL

### Renewable Electricity Without Greenwashing

By Susan Herbert, VP Science Strategy  
TerraChoice and TerraVeritas

The U.S. power grid is said to be the largest interconnected machine on Earth and represents an immense opportunity to make an impact on climate change. As worldwide renewable electricity consumption increases by 3 per cent per year – according to the U.S. Energy Information Administration in 2009 – more advanced and interconnected transmission systems will be required to meet this need.

#### The Rise of “Green Power”

Over the last several years, talk is increasing about the new green transmission superhighway and getting the U.S. transmission system up-to-date to be able to handle all of the new “green” power. As the transition to this new superhighway begins to take shape, transmission and distribution (T&D) companies may be tempted to promote their activities in a way that makes direct linkages with the green power itself.

Hand-in-hand with these green marketing opportunities are the challenges of keeping the message accurate and not open to misinterpretation by consumers. These are challenges faced by companies of all shapes and sizes, which are finding ways to market their environmentally responsible practices, and the energy industry is no different.

For transmitters and distributors, there is a lot of good “green” news to brag about. Smart meters, the smart grid and reducing transmission line losses are but a few examples of the important role that T&D companies are playing in making our entire system greener. These are really good “green” solutions, however, companies must be careful not to exaggerate the facts.

The development of additional transmission systems to meet the growing need for green power, for example, can have its own set of impacts (e.g. the building of

these lines in new areas will mean road construction and may have impacts on flora and fauna). Messaging, then, needs to be careful not to overstate the good news (more transmission lines for renewable energy) when there may also be some bad news (impacts from building the transmission lines, high transmission losses, etc.).

#### What is Greenwashing?

The impulse to overstate “green” claims in marketing is a trend that crosses all products and services and even company practices. In a report on environmental claims in consumer markets released by TerraChoice Environmental Marketing in 2009, *The Seven Sins of Greenwashing*, 98 per cent of the products surveyed were found to be greenwashing (the act of misleading purchasers regarding the environmental benefits of a product or a company's practices).

On the upside, the study indicated that environmental claims are becoming more evidence-based. Legitimate certifications and transparent proof were both found to be on the rise. On the downside, greenwashing was found to be rampant. The problem of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service appears not to have slowed since the first study, *The Six Sins of Greenwashing*, released in November 2007.



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### The Rise of “Green Power”

In an unpublished study on “green” advertisements, TerraChoice found ads promoting environmental marketing claims had increased almost tenfold in the last 20 years and has nearly tripled since 2006. The attempt by manufacturers and marketers to meet consumers increasing demand for greener products could not be clearer.

The reality is that claims of “green” are also being scrutinized today more than ever before, and that includes the environmental marketing claims made by the energy industry. Calling your company “green” in an advertisement can be viewed with scrutiny if not backed up by reliable evidence and competent explanatory information.

### Green Guidelines

Adding regulation into this mix, the U.S. Federal Trade Commission (FTC) and the Competition Bureau of Canada have taken strong actions against false or misleading green marketing claims over the past couple of years. While the FTC’s Green Guides (environmental marketing guidelines) at the time of writing this editorial have not been updated in more than 14 years, newly revised guidelines are expected to be published imminently, with the possibility that the revisions will include issues specific to the marketing of greener electricity and related products and services.

Under the FTC Act, unfair or deceptive trade practices are prohibited. For product and service marketers, this means they must have a reasonable basis to support their advertising claims. The FTC’s Green Guides are meant, at least in part, to help marketers avoid making misleading claims. The dynamic nature of the environmental marketplace means that consumer perceptions of “green” claims will shift as education and advances are made in the science behind the environmental issues. The regulators’ desire to protect consumers from deceptive and unfair practices, however, will not.

Similar to the communication challenges surrounding the promotion of renewable energy certificates (RECs)

and carbon offsets, the potential benefits of green transmission and distribution practices are hard to quantify. Stakeholders may be wary of these claims, and, with this kind of uncertainty comes the potential for deception.

Transmission and distribution companies looking to communicate with their stakeholders and customers about their greener business practices or elements should be genuine and transparent, and follow three simple steps:

- 1) Make your message as credible as possible – look for ways to have its key elements independently validated, verified or certified;
- 2) Clearly communicate specific and, if possible, tangible details in the message – focus on the green “whos”, “hows”, “whys”, “wheres” and “whats”; and,
- 3) Seek advice on the most accurate, yet meaningful, language possible in order to avoid overstating any environmental benefits and therefore possibly misleading the reader.

### Conclusion

Communicating “green” progress should be encouraged, and companies should not be afraid of sharing their advances and improvements. “Green” is a trend that is here to stay and companies will find success in communicating clear and transparent environmental marketing messages about their products, services and company practices. Supporting “green” marketing claims with third-party validation and verification as well as specific, tangible details will ensure a company’s reputation and credibility are preserved. ■

### About the Author

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