



Agricultural Methane Emission Offsets

Introduction

Chicago Climate Exchange® (CCX®) is the world's first and North America's only active voluntary, legally binding integrated trading system to reduce emissions of all six greenhouse gases (GHGs), with offset projects worldwide. CCX employs independent verification and has been trading GHG emission reductions since 2003. CCX Members that cannot reduce their own emissions can purchase credits from those who make extra emission cuts or from verified offset projects.

CCX issues tradable Carbon Financial Instrument® (CFI™) contracts to owners or aggregators of eligible projects on the basis of sequestration, destruction or displacement of GHG emissions. Eligible projects include: agricultural methane, landfill methane, coal mine methane, agricultural and rangeland soil carbon, forestry and renewable energy, among others.

- New income source
- Reward sustainable farming
- Improved environmental quality

Basic CCX Specifications for Agricultural Methane Emission Offset Projects

- Methane offset projects activated on or after January 1, 1999 are eligible.
- Projects eligible to earn offsets during the years 2003-2010.
- Project owners need to demonstrate clear ownership rights of the emission reductions from the destruction of methane.
- Offsets issued at a rate of 21 metric tons carbon dioxide per ton of methane combusted.
- Offsets are issued at a rate equal to the lesser of the metered amount and a per animal default methane emissions rate.
- Methane collection projects that include electricity generation may also qualify to earn offsets on the basis of displacing CO₂ emissions from grid supplied power (see Renewable Energy Emission Offsets brochure).

CCX has developed simple, standardized rules for issuing credits for carbon emission reductions and sequestration.

Eligible projects include:

- Agricultural methane
- Landfill methane
- Coal mine methane
- Agricultural and soil carbon
- Forestry
- Renewable energy

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Chicago Climate Exchange

Frequently Asked Questions About CCX Agricultural Methane Emission Offsets

➤ What are agricultural methane emission offsets?

Agricultural methane emission offsets are issued to owners of GHG emission reductions achieved by agricultural methane collection and combustion systems placed into operation on or after January 1, 1999. Eligible agricultural methane collection/combustion systems include covered anaerobic digesters, complete-mix and plug-flow digesters.

➤ How many offsets do I get?

Agricultural methane emission offsets are issued on the basis of methane that would have been emitted in the absence of the capture system. This amount is determined to be the lower of the actual amount of methane captured, combusted or the amount of methane emissions as calculated using a per animal head default methane emissions factor.

➤ Why does the CCX issue offsets on the basis of the lesser of the two methane amounts?

Many digester systems include processes which increase methane production. As a result, the quantity of methane measured may exceed the amount of methane that would have been created in the absence of the system. CCX protocol corrects for this by awarding offsets for methane destruction on the basis of what would have been emitted in the absence of the capture system.

➤ Does the methane destruction technology affect how many offsets the project will be issued?

Yes, the default methane combustion efficiency for flared biogas from anaerobic digesters is 90%. Higher efficiencies may be used if supported by manufacturer's specifications or other acceptable data. The default methane combustion efficiency for biogas utilized by electricity gensets is 100%.

➤ What is an Offset Aggregator and what does one do?

An Offset Aggregator is a CCX-registered entity that serves as an administrative and trading representative on behalf of multiple project owners. Individual projects which may not generate enough offsets to overcome administrative costs may find it advantageous to work with an Aggregator in bringing a project to CCX. Aggregators are responsible to interact with CCX, explain CCX rules and requirements to project owners and coordinate with CCX approved verifiers. In addition, Aggregators are responsible for trading activities and the maintenance of the project registry account.

➤ What is the role of an Independent third-party verifier?

At least once per year, biogas flow measurements, records, and procedures must be verified by a CCX-approved verifier in accordance with CCX protocols. CCX-approved verifiers provide independent third party review of project reports, maintenance of project activity and attest for the accuracy of the data. CCX approves agricultural methane verifiers if they meet specified financial and technical criteria. Interested verifiers can contact CCX for information on the application process.

CCX Price and Volume History 2003-2007

