



Chicago Climate Exchange

Ozone Depleting Substance Destruction Emissions 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, renewable energy and destruction of ozone depleting substances, among others.

- New income source
- Incent environmental improvement
- Facilitate permanent reductions

Basic CCX Specifications for Ozone Depleting Substance Destruction (ODS) Emission Offset Projects

- ODS destruction offset projects undertaken on or after January 1, 2007 may qualify.
- Qualifying projects may earn offsets during the years 2007-2010.
- Eligible projects must not be required by law.
- All reductions must take place at hazardous waste combustors in conformance with the CAAA and RCRA requirements.
- Project owners must demonstrate clear ownership rights to the destruction of ODS.
- All projects must be verified by a CCX-approved verifier.

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

Eligible projects include:

- Agriculture, landfill and coal mine methane capture and combustion
- Continuous no-till and strip-till cropping in the U.S. and Canada
- Grass planting
- Improved rangeland management
- Tree planting
- Ozone depleting substance destruction

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Frequently Asked Questions About CCX ODS Emission Offsets

➤ What are the global warming impacts of ODS?

In addition to depleting stratospheric ozone, ODS have global warming potentials up to 10,000 times that of CO₂.

➤ How does the Montreal Protocol affect destructions of ODS relative to this offset project type?

The Montreal Protocol on Substances that Deplete the Ozone Layer stipulates phase out schedules for production and consumption of ODS. However, while production of these chemicals has been or is being phased out in the U.S. per Title VI of the Clean Air Act Amendments (CAAA), there are no regulations or market incentives to either ensure the destruction of used or unwanted ODS contained in old equipment and products (e.g., refrigeration and air conditioning equipment, insulation foam, fire suppression systems, storage cylinders, and other “banks”), or prohibit continued use and consequent losses. Unless these ODS are destroyed, they will eventually be released into the atmosphere through leakage, emissive uses, or through accidental release.

➤ What are CCX ODS destruction emission offset projects?

ODS destruction projects are projects in which parties facilitate the destruction of ODS in a licensed hazardous waste combustor. ODS emission offsets are issued to owners of greenhouse gas (GHG) emission reductions achieved by ODS destructions undertaken on or after January 1, 2007.

➤ How many offsets do I get?

CCX issues ODS destruction emission offsets based on CO₂ equivalence of the 100 year global warming potential of the ODS less 25%. For example, if one metric ton of methyl chloroform (1,1,1-trichloroethane) was completely destroyed, then the CO₂ equivalence of this destruction would be 144 metric tons and the project owner would be eligible to receive 108 metric tons of offsets (i.e., 144 mt CO₂e * 75%).

➤ Who is eligible to undertake an ODS project?

ODS projects may be undertaken by any CCX Member, Offset Aggregator or Offset Provider. Under the protocol, the party that pays for the destruction of the ODS is assumed to be the project owner.

➤ 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 credits to overcome administrative costs may find it advantageous to work with an Aggregator in bringing a project to the CCX. Aggregators are responsible to interact with the CCX, explain CCX rules and requirements to project owners and coordinate with CCX approved verifiers. In addition, the Aggregator is responsible for trading activities and the maintenance of the registry account.

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

Third party verifiers are responsible to ensure that the ODS destruction took place in a manner consistent with the protocol. CCX-approved verifiers provide independent third party review of project reports and attest to the accuracy of data. CCX approves ODS destruction verifiers that meet specified eligibility criteria. Interested verifiers should contact CCX for information on the application process.

➤ What types of evidence must I be able to provide in order to receive credit from CCX?

Among other documentation, the project proponent must include in the verification report the “Second Party Destruction Annual Report (Sec 82.13)” submitted to the US Environmental Protection Agency. To obtain a copy of the complete protocol for quantifying GHG reductions from ODS destruction projects, please contact CCX.

CCX Price and Volume History 2003-2007

