



Renewable Energy 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 emission reducing activities
- Incent sustainable energy production

Basic CCX Specifications for Renewable Energy Offset Projects

- Renewable energy systems activated on or after January 1, 1999 may qualify.
- Qualifying offset projects can potentially earn offsets (CFI contracts) during the years 2003-2010.
- Project proponents need to demonstrate clear ownership rights to the environmental attributes associated with the renewable energy production.
- Eligible renewable energy and associated environmental attributes are those not being used to meet obligations established by state or local mandates (e.g., renewable portfolio standards).
- The energy generated by the renewable energy system is not being sold as "green".
- To prevent double counting of benefits, any renewable energy credits (RECs) generated by qualifying systems must be surrendered to and retired by CCX in order for offsets to be issued.

CCX issues tradable Carbon Financial Instrument (CFI) contracts to qualified renewable energy projects on the basis of displacing CO₂ emissions from grid supplied power.

The CCX Offsets Committee will consider renewable energy projects in any location around the globe. CCX offsets can be earned from renewable energy systems such as:

- Wind
- Solar
- Hydropower

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Chicago Climate Exchange

Frequently Asked Questions About CCX Renewable Energy Offsets

➤ What are CCX renewable energy offsets?

CCX renewable energy offsets are tradable Carbon Financial Instrument (CFI) contracts issued to legal owners of offsets produced by eligible renewable energy projects placed into service on or after January 1, 1999. CFI contracts are issued in increments of 100 metric tons of CO₂.

➤ What is the offset issuance rate?

The default offset issuance rate for U.S. projects is 0.4 metric tons per megawatt hour, the emission rate of a typical gas combined cycle power plant. Different rates may apply outside the U.S.

➤ What is the difference between Renewable Energy Credits (RECs) and CCX GHG Emission offsets?

RECs (also known as Tradable Renewable Certificates or TRCs) generally represent the environmental attributes associated with the production of one megawatt-hour of renewable energy. A CCX renewable energy offset represents the displacement of GHGs that would be emitted by the equivalent amount of non-renewable electricity.

➤ What types of evidence must I provide in order to receive CCX GHG emission offsets from CCX?

Applicants must provide evidence of clear ownership rights (via contract) to the environmental attributes associated with the renewable energy generation and should be able to attest that the energy generated by the renewable energy system has not been sold as “green” AND has not allowed other entities that may resell the energy to make such claim.

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

Third-party verifiers confirm project eligibility, ownership of environmental attributes and ongoing project performance. At least once per year, data (i.e., meter readings, fuel purchases), 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 to the accuracy of the data. CCX approves verifiers if they meet specified financial and technical criterion. Interested verifiers can contact CCX for application information.

➤ How much money will I receive from selling CFI contracts?

CCX CFI contracts are sold at market prices on the CCX trading platform. Prices have ranged from \$1 to \$5 per metric ton of CO₂. Up-to-date and historic CCX market data can be found at www.chicagoclimateexchange.com.

CCX Price and Volume History 2003-2007

