



CHICAGO CLIMATE EXCHANGE®

CCX® GHG Emission Offsets from Renewable Energy Systems

CCX issues tradable Carbon Financial Instrument™ (CFI™) contracts produced by eligible renewable energy systems. CFI contracts are GHG emission offsets that are issued on the basis of displacement of CO₂ emissions associated with fossil fuel based electricity production.

The CCX Offsets Committee will consider renewable energy projects in any location around the globe.

CCX GHG Emission Offsets can be earned from renewable energy systems such as:

- Wind
- Solar
- Hydropower
- Biofuel

Introduction

Chicago Climate Exchange (CCX) is North America's only, and the world's first, legally binding multi-sectoral, rule-based and integrated greenhouse gas (GHG) emission registry, reduction and trading system. CCX employs independent verification and includes all six GHGs. CCX Members include corporations such as Ford, DuPont, Baxter and Bayer; utilities such as American Electric Power and Tampa Electric; universities such as Tufts and University of Minnesota; non-governmental organizations such as World Resources Institute and Rocky Mountain Institute; cities such as Chicago, Illinois and Oakland, California; farmers in Iowa and Nebraska and the Iowa Farm Bureau; and the state of New Mexico, the first U.S. state to join CCX.

CCX Members who cannot reduce their own emissions can purchase Carbon Financial Instruments (CFIs), emission allowances from those who make extra emission cuts or offsets from verified projects. Certain renewable energy projects qualify to earn tradable GHG emission offsets on the basis of displacing CO₂ emissions from grid supplied power. Eligible projects include wind, solar, hydropower and biofuel systems.

Guidelines for CCX GHG Emission Offsets from Renewable Energy Systems

- Renewable energy systems activated on or after January 1, 2005 may qualify.
- Qualifying projects can potentially earn CCX CFI offsets during the years 2005-2010.
- 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 CCX Offsets to be issued.
- For renewable energy systems that displace electricity, CFIs are issued at a rate of 0.40 metric tons of CO₂ per megawatt hour, the emission rate of a typical gas combined cycle power plant.

CHICAGO CLIMATE EXCHANGE

190 South LaSalle St., Ste. 800
Chicago, Illinois 60603
www.chicagoclimateex.com

Contacts

Angela Leontis
aleontis@theccx.com
312.229.5126

Nathan Clark
nclark@theccx.com
312.554.0819



Eligibility

Entities that have significant GHG emissions are eligible to submit renewable energy offset project proposals only if they have committed to manage their own emissions as a CCX Member.*

Entities that do not have significant GHG emissions may submit CCX renewable energy offset project proposals when such projects offset emissions at sites of entities that are not CCX Members.

All projects are subject to review by the CCX Offsets Committee.

* All internal actions that reduce emissions would contribute to achieving emission reductions as per that entity's CCX membership.

Frequently Asked Questions about CCX GHG Emission Offsets from Renewable Energy Systems

What are CCX GHG Emission Offsets from Renewable Energy Systems?

CCX GHG Emission Offsets from Renewable Energy Systems 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, 2005. CFIs are issued in increments of 100 metric tons of CO₂.

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 GHG emission offset from renewable energy 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 CFIs?

CCX CFIs are sold at market prices on the CCX trading platform. Prices have ranged from \$1 to \$5 per metric ton of CO₂. Total trading volume on CCX as of May, 2006 exceeded nine million metric tons. Up-to-date and historic CCX market data can be found at www.chicagoclimateexchange.com