



CHICAGO CLIMATE EXCHANGE

CCX Agricultural Methane Emission Offsets

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

Eligible projects include:

- **Methane capture and combustion**
- **Continuous no-till, strip-till, or ridge-till cropping in the Central U.S.**
- **Grass planting in the Central U.S.**
- **Tree Planting**

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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, includes all six GHGs and has been trading GHG emission allowances since 2003, which is prior to the commencement of trading in the European Union through the ETS. CCX Members range from large U.S. corporations such as Ford, DuPont, Baxter and Bayer, to utilities such as AEP and Tampa Electric, to universities such as Tufts and University of Minnesota, to non-governmental organizations such as World Resources Institute and Rocky Mountain Institute, to cities such as Portland, Oregon; Oakland, California and Chicago, Illinois, to farmers in Iowa and Nebraska and the Iowa Farm Bureau, to the state of New Mexico, the first U.S. state to join CCX.

CCX Members that cannot reduce their own emissions can purchase credits from those who make extra emission cuts or from verified Offset Projects. Eligible agricultural projects include methane collection at livestock operations, no-till and low-till farming and grass planting.

NEW INCOME SOURCE

REWARD SUSTAINABLE FARMING

IMPROVE ENVIRONMENTAL QUALITY

Basic CCX Specifications for Agricultural Methane Emission Offset Projects

- Methane offset projects activated after December 31, 1998 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 18.25 metric tons carbon dioxide per ton of methane combusted.



Frequently Asked Questions About CCX Agricultural Methane Emission Offsets

⇒ What are CCX Methane Emission Offset Projects?

Agricultural Methane Emission Offsets are issued to owners of GHG emission reductions achieved by agricultural methane collection and combustion systems placed into operation in the U.S., Canada, Mexico or Brazil on or after January 1, 1999. Eligible agricultural methane collection/combustion systems include covered anaerobic digesters, complete-mix and plug-flow digesters.

⇒ How many offset credits do I get?

Exchange Agricultural Methane Emission Offsets are issued on the basis of all methane collected and destroyed. Offsets are issued at a rate of 18.25 metric tons CO₂ per metric ton of methane combusted.

⇒ 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 individual participants. Iowa Farm Bureau and the Delta Institute currently serve as Offset Aggregators, and various other organizations are preparing to provide this service.

⇒ 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.

⇒ Is my project still eligible for participation if I sell the energy created by my digester to an outside party?

Yes. Projects that sell energy to a third party or use the gas to power their own operations are still eligible for credit provided that the greenhouse gas (GHG) attributes of the project have not been sold along with the power.

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

Among others, the records of methane content of the recovered biogas, the methane destruction efficiency in the control device, total gas flows or total electricity generation and the engine manufacturer's efficiency rating must be provided. To obtain a copy of the complete protocol for quantifying GHG reductions from anaerobic manure digesters, please contact CCX.

⇒ How much money will I receive from CCX Agricultural Methane Emission Offsets?

CCX Agricultural Methane Emission Offsets are sold at market prices on the CCX trading platform. Prices have generally ranged from \$1 to \$3.25 per metric ton. Average historic daily trading volume on CCX is approximately 7,000 metric tons. Total trading volume on CCX as of December, 2005 exceeds 4.6 million metric tons.

Snapshot of CCX Trading Platform

The screenshot displays the Chicago Climate Exchange (CCX) trading platform interface. The main window shows a list of Carbon Financial Instruments (CFI) for various vintage years (2002, 2004, 2005, 2006). The table includes columns for Bid, Ask, Last, and Volume. The data is as follows:

| Instrument | Bid | Ask | Last | Volume |
|--|------|------|------|--------|
| CCX CFI - Carbon Financial Instrument - Vintage 2002 | 2.75 | 2.80 | 2.75 | 2.87 |
| CCX CFI - Carbon Financial Instrument - Vintage 2004 | 2.25 | 2.80 | 2.87 | 2.85 |
| CCX CFI - Carbon Financial Instrument - Vintage 2005 | 2.10 | 2.40 | 2.20 | 2.20 |
| CCX CFI - Carbon Financial Instrument - Vintage 2006 | 2.02 | 2.20 | 2.20 | 2.12 |

The CCX Trading Platform provides a unique combination of trading services to its customers. Its fully electronic functionality does not require intervention or assistance from brokers. Its many-to-many design allows any registered user to interact and trade with all other users. When you post quotes on the Exchange you remain anonymous to other users.

Key features of the trading floor include:

1. Live, firm market quotes (bids and offers) posted anonymously by you and/or other users.
2. Portfolio Filters, which you can pre-program to show a custom list of product markets when you click the portfolio tab on the trading floor. Portfolios make it easy for you to view a custom cross section of the entire market.
3. Easy action buttons allow you to "hit" bids and "lift" offers with a click of your mouse.
4. A trade ticker at the bottom provides a chronological list of transaction details with the most recent trade at the top of the ticker.