



CHICAGO CLIMATE EXCHANGE

CCX Landfill Methane Emission Offsets

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 Offset Projects include methane collection at landfills and livestock operations.

CCX has developed simple, standardized rules for issuing tradable greenhouse gas emission offsets for landfill methane capture and combustion.

Eligible projects include landfills in the U.S., Canada, Mexico, Brazil and other locations as approved.

NEW INCOME SOURCE

REWARD EMISSION REDUCING ACTIVITIES

IMPROVE ENVIRONMENTAL QUALITY

Basic Specifications for CCX Landfill Methane Offset Projects

- Methane offset projects placed into service on or after January 1, 1999 may qualify.
- Eligible landfills are those not required to collect methane under national law (e.g., U.S. New Source Performance Standards).
- Qualifying projects earn offsets during the years 2003-2010.
- Methane collection projects that include electricity generation may also qualify for Offsets based on displaced emissions.
- Project owners need to demonstrate clear ownership rights of the emission reductions from the destruction of methane.
- All projects must be verified by a CCX-approved verifier



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Frequently Asked Questions About CCX Landfill Methane Offsets

⇒ What are CCX Landfill Methane Offset Projects?

CCX Landfill Methane Offsets are issued to owners of GHG emission reductions achieved by landfill methane collection and combustion systems placed into operation on or after January 1, 1999.

⇒ How many Offsets do I get?

CCX Landfill Methane Offsets are issued on the basis of all methane collected and destroyed net of CO₂ released upon combustion, at a rate of 18.25 metric tons CO₂ for each metric ton of methane combusted.

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

At least once per year, gas 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 to the accuracy of the data. CCX approves landfill methane verifiers if they meet specified financial and technical criteria. Interested verifiers can contact CCX for application information.

⇒ Is my project still eligible for participation if I sell the energy created from landfill gas 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 to earn Offsets provided that the greenhouse gas (GHG) attributes of the project have not been sold along with the gas or power.

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

Among others, the records of methane content of the recovered gas, 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. A copy of the complete protocol for quantifying GHG reductions is available from CCX.

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

CCX Emission Offsets are sold at market prices on the CCX trading platform. Prices have generally ranged from \$1 to \$5 per metric ton CO₂. Average historic daily trading volume on CCX is approximately 21,000 metric tons. Total trading volume on CCX as of August, 2006 has exceeded 12 million metric tons.

⇒ Is electricity produced from landfills eligible to earn CCX Emission Offsets?

Landfill electricity production equipment activated after January 1, 2005 may earn Offsets on the basis of displaced emissions on the grid. The project owner must establish that it retains all "green" attributes (e.g., RECs, green tags) associated with the electric power generated, and that electricity produced is not part of a state's Renewable Portfolio Standard requirements, if applicable.

Snapshot of CCX Trading Platform

Product	Hub	Strip	Bid	Offer	Qty	Bid	Offer	High	Low	Last	VWAP	Volume	Settlement	Chan	Pnl
CCX CFI - Carbon Financial Instrument - Vintage 2003		5	2.70	2.80	5	2.75	2.50	2.75	2.75	2.87	45	2.80	-0.05		
CCX CFI - Carbon Financial Instrument - Vintage 2004		5	2.25	2.80	5	2.87	2.75	2.85	2.83	71	2.39	0.45			
CCX CFI - Carbon Financial Instrument - Vintage 2005		5	2.10	2.40	5	2.20	2.10	2.20	2.18	40	2.21	-0.01			
CCX CFI - Carbon Financial Instrument - Vintage 2006		3	2.02	2.20	5	2.20	2.03	2.20	2.12	31	1.91	0.29			

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. Quotes posted to the Exchange 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.