



# CHICAGO CLIMATE EXCHANGE

## CCX Agricultural Carbon 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

### Introduction

Chicago Climate Exchange (CCX) is a voluntary pilot market for reducing and trading greenhouse gases throughout North America. Farmers who undertake specific emission reduction and carbon sequestration activities can earn and sell carbon credits to other CCX Members.

CCX is a legally binding, self-regulatory exchange that employs a phased-in emission reduction schedule for years 2003 through 2010. Industrial entities that join CCX commit to a rules-based emission reduction schedule. Members include Ford Motor Company, American Electric Power, International Paper, DuPont, Motorola, IBM, Rolls Royce, Manitoba Hydro and the City of Chicago.

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

NEW INCOME SOURCE

REWARD SUSTAINABLE FARMING

IMPROVE ENVIRONMENTAL QUALITY

### Basic CCX Contract Specifications

#### Conservation Tillage and Grass Planting

- Minimum four-year contractual commitment to continuous conservation tillage
- Conservation tillage offsets issued at 0.5 metric tons CO<sub>2</sub> per acre per year
- Grasses planted after January 1, 1999 in CCX-eligible counties credited at 0.75 metric tons CO<sub>2</sub> per acre per year
- Carbon sequestration projects must be enrolled through a CCX-registered aggregator. All projects are subject to independent verification.

### CHICAGO CLIMATE EXCHANGE

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CCX authorized verifier SES, Inc. conducting field verification of conservation tillage practices.

# Frequently Asked Questions About CCX Agricultural Offsets

## ⇒How many farmers have enrolled to sell carbon credits on CCX?

To date, approximately 350,000 acres of conservation tillage and grass plantings have been enrolled in Iowa, Kansas, Nebraska, Minnesota and Missouri. Offsets from verified methane emission reductions at livestock operations have also been issued and sold in the CCX market.

## ⇒What is an aggregator and what do they do?

An aggregator is a CCX-registered entity that serves as an administrative and trading representative on behalf of multiple individual farmers. Iowa Farm Bureau currently serves as an aggregator, and various other organizations are preparing to provide this service.

## ⇒What are CCX Soil Offsets?

Projects involving soil carbon sequestration resulting from conservation tillage and grass planting activities in designated counties and in the Midwest and Mississippi delta regions of the U.S. are eligible to earn CCX Soil Offsets.

## ⇒How many CCX Soil Offsets can I earn from my conservation tillage or grass planting project?

CCX Soil Offsets are generated at a rate of 0.5 metric tons CO<sub>2</sub> per acre per year to land managers who commit to continuous conservation tillage (defined as continuous no-till, strip till or ridge till) for a minimum four-year period on the acres specified upon project registration.

CCX Soil Offsets are also generated when land managers commit to maintain soil carbon storage realized as a result of grass plantings that were undertaken after January 1, 1999. The commitment must be maintained for a minimum of four years on the acres specified upon project registration. Under this provision, Offsets are generated at a rate of 0.75 metric tons CO<sub>2</sub> per acre per year. **A list of eligible U.S. counties can be provided upon request.**

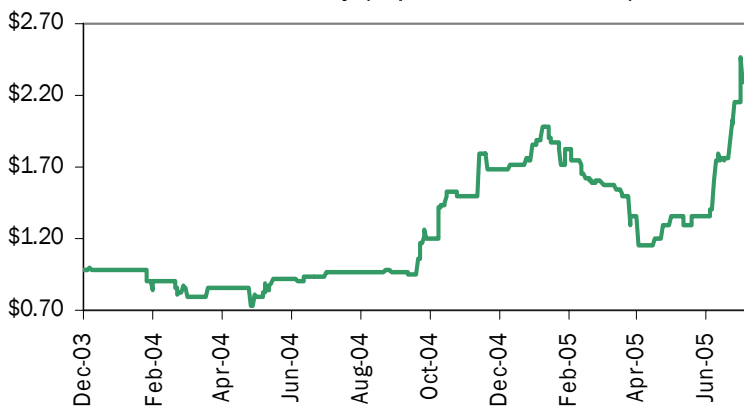
## ⇒How long do I have to commit my project to the CCX rules?

Currently the minimum commitment is for four years of continuous no-till or low-till. Should there be instances of project non-performance, offsets are cancelled in the aggregator's soil carbon reserve account.

## ⇒How much money will I receive for my Offsets?

CCX Soil Offsets are sold at market prices on the CCX trading platform. Prices have historically ranged from \$1 to \$2 per metric ton (see figure below). Average historic daily volume on CCX is approximately 7,000 metric tons. Total volume to date on CCX is 2.7 million metric tons.

CCX Price History (\$ per metric ton CO<sub>2</sub>)



*The first sale on an Exchange of verified CO<sub>2</sub> offsets generated from agricultural soil sequestration took place on CCX in late April, 2005. In conjunction with Earth Day celebrations, Iowa Farm Bureau Federation (IFBF), on behalf of participating Iowa farmers, announced the historic sale of 20,000 tons of CO<sub>2</sub> equivalent to the University of Iowa. IFBF, a CCX offset aggregator, manages the registration and sale of credits from approximately 350,000 acres of no-till farmland and grassland for Midwestern U.S. farmers. This event is the first example of agriculture participating in a transparent, monitored and verified greenhouse gas trading program. Dave Miller, director of research and commodity services for IFBF, commented that the CCX carbon credit sequestration program provides incentives to farmers that encourage them to use conservation tillage practices. By participating in the program, farmers can achieve higher soil fertility, increased yields and other outcomes that aid local populations economically, environmentally and socially. Miller said, "We are very pleased to be a part of this historic development of the carbon market. It is very encouraging that voluntary, market-based options are emerging to deal with environmental issues. Iowa's farmers are great stewards of the land and the benefits of this carbon credit exchange, combined with no-till and soil erosion control plans, will safeguard the land and air for generations to come."*