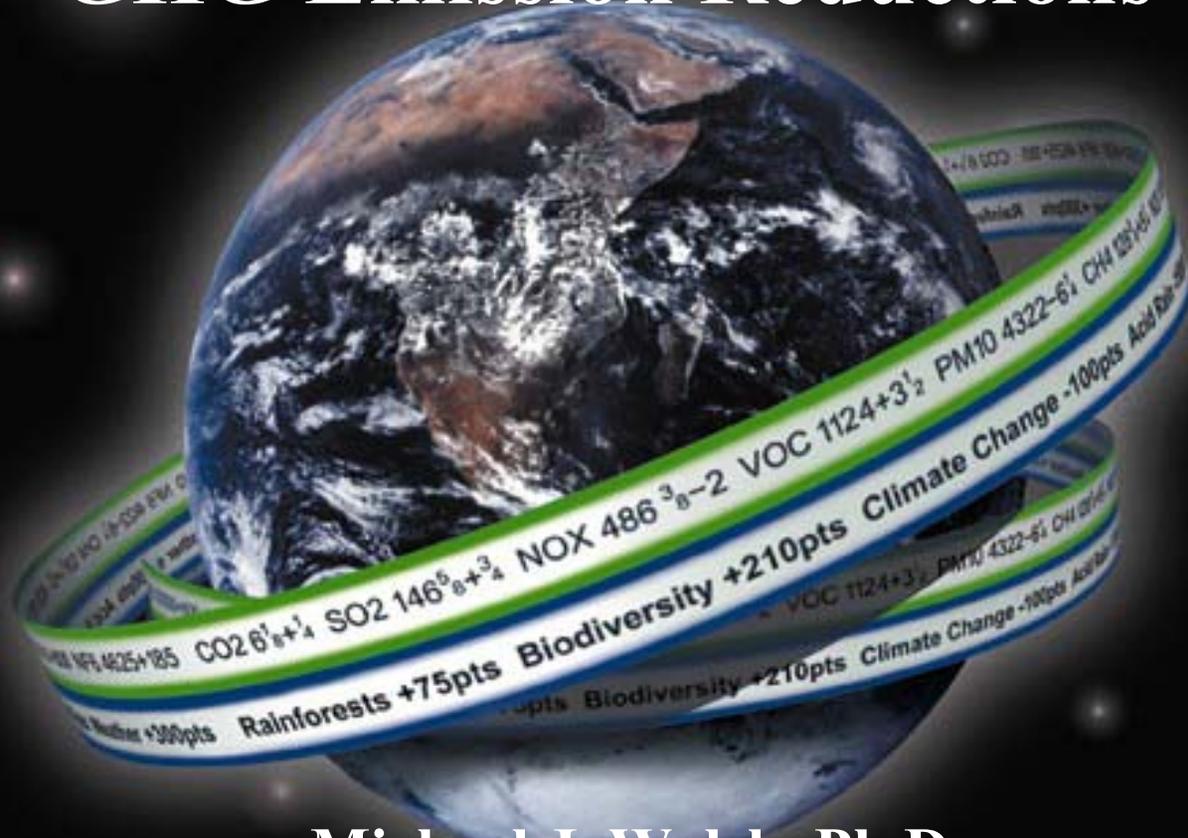


# The Chicago Climate Exchange: Creating a Market for GHG Emission Reductions



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# CCX<sup>®</sup> Overview

*The Chicago Climate Exchange<sup>®</sup> is a voluntary pilot greenhouse gas trading program for emission sources and offset projects in North America, with limited offset projects in Brazil.*



# What is the Chicago Climate Exchange<sup>®</sup> (CCX<sup>®</sup>)?

- An unprecedented demonstration:
  - U.S. private sector can design and implement a multi-sector, voluntary market-based GHG emissions reduction program
- A self-regulatory exchange based on the Chicago Accord:
  - Principles agreed by diverse North American companies, input from dozens of experts



# CCX<sup>®</sup> Objectives

- Proof of concept: cap and trade + offsets
- Develop market infrastructure and skills
- Price discovery
- Predictable GHG reduction schedule
- Start small and grow: provide a model



# CCX<sup>®</sup> Founding Members

American Electric Power

Manitoba Hydro

Baxter

MeadWestvaco

City of Chicago

Motorola

DuPont

STMicroelectronics

Equity Office Properties

Stora Enso

Ford Motor Company

Temple-Inland

International Paper

Waste Management Inc.



# CCX<sup>®</sup> Design Phase Participants

## Offset Providers

Agriliance

Cataguazes-Leopoldina

Ducks Unlimited

Growmark

Iowa Farm Bureau Federation

National Council of Farmer Cooperatives

Navitas Energy

Ormat

Nuon

The Nature Conservancy

Pronatura de Mexico

## Service Providers

IT Group

Swiss Re

Carr Futures/Credit Agricole

American Agrisurance

**CHICAGO CLIMATE EXCHANGE, INC.**



# CCX<sup>®</sup> Advisory Board

## Honorary Chairman

**The Honorable Richard M. Daley, Mayor, City of Chicago**

**Warren Batts**, former CEO, Tupperware Corporation, Mead.

**David Boren**, President, The University of Oklahoma; former governor of Oklahoma and U.S. Senator

**Ernst Brugger**, President, Brugger, Hanser & Partner

**Paula DiPerna**, former President of the Joyce Foundation

**Elizabeth Dowdeswell**, former Executive Director, UN Environment Program

**Jeffrey Garten**, Dean, Yale School of Management

**Lucien Bronicki**, Chairman, ORMAT International

**Donald Jacobs**, Dean Emeritus, Kellogg Graduate School of Management, Northwestern University

**Jonathan Lash**, President, World Resources Institute

**Joseph Kennedy II**, Chairman, Citizens Energy Group; former U.S. Representative (MA)

**Israel Klabin**, President, Brazilian Foundation for Sustainable Development

**Bill Kurtis**, Journalist and television producer

**Thomas Lovejoy**, President, Heinz Center; former Chief Biodiversity Advisor, the World Bank

**David Moran**, President, Dow Jones Indexes

**R.K. Pachauri**, Chairman, Intergovernmental Panel on Climate Change

**Les Rosenthal**, former Chairman, Chicago Board of Trade

**Donna Redel**, former Executive Director, World Economic Forum

**Maurice Strong**, former United Nations Under-Secretary General

**James Thompson**, Chairman, Winston & Strawn; former four-term Governor of Illinois

**Sir Brian Williamson**, Chairman, London International Financial Futures Exchange

**Robert Wilmouth**, President and CEO, National Futures Association

**Klaus Woltron**, Austrian entrepreneur and Vice President of the Vienna Club

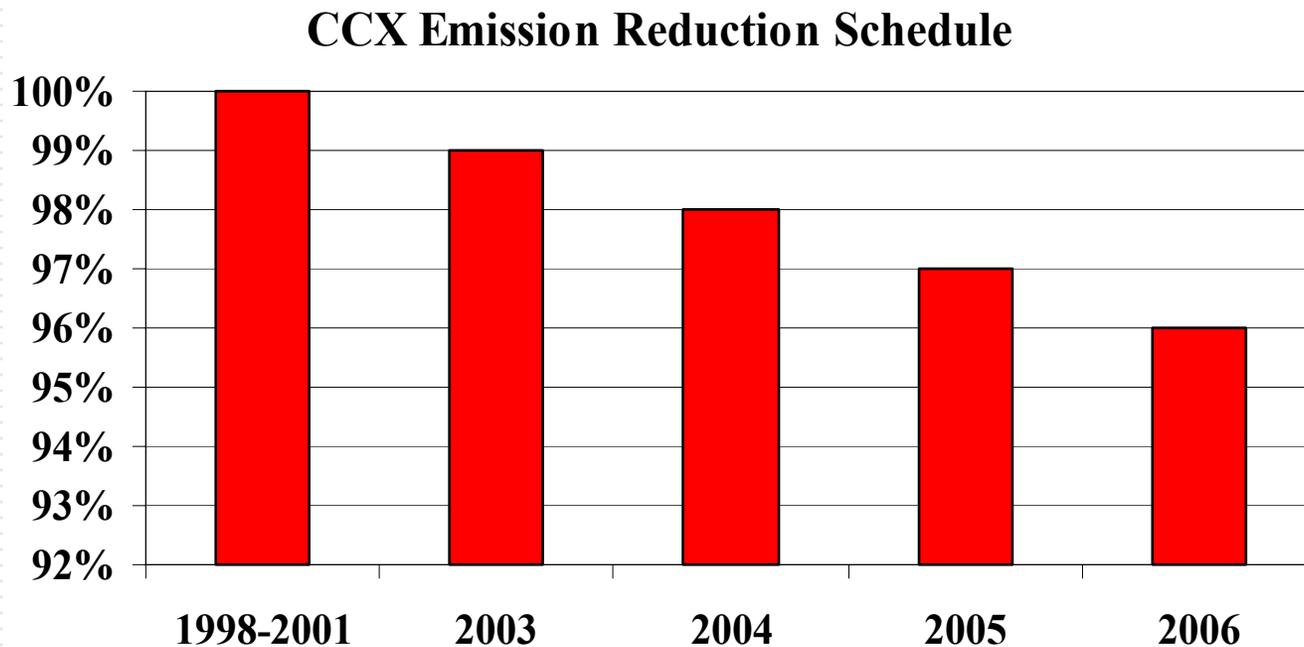
**Michael Zammit Cutajar**, former Executive Secretary, UN Framework Convention on Climate Change

**CHICAGO CLIMATE EXCHANGE, INC.**



# CCX<sup>®</sup> Reduction Timetable

- 2003-2006: Reduce emissions to 1%, 2%, 3%, 4% below 1998-2001 baseline



# Initial list of CCX<sup>®</sup> eligible offset projects

- Landfill and agricultural methane destruction
- Sequestration in reforestation and agricultural soil projects
- Brazil: energy, methane, forestry projects
- CCX<sup>®</sup> protocols: eligibility, baselines, quantification
- Certified Early Action Credits<sup>sm</sup>



# CCX<sup>®</sup> Infrastructure

- Standardized emissions monitoring and reporting protocols
- Independent SRO (NASD) to conduct oversight, audits
- Emissions, allowance and offset holdings and transfers in CCX<sup>sm</sup> registry
- Web-accessible electronic trading platform linked directly with registry



# CCX<sup>®</sup> Operations and Governance

- **CCX<sup>®</sup> Operations:**

- CCX<sup>®</sup> Registry: official holder and transfer mechanism
- CCX<sup>®</sup> electronic trading platform: integrated with Registry
- Clearing facility through existing financial clearinghouse
- Daily settlement of transactions

- **CCX<sup>®</sup> Governance:**

- Self-regulatory organization overseen by Committees comprised of exchange Members, directors and staff
- Initial committee list may be expanded as needed



# Why join the CCX<sup>®</sup> ?

- Take an **active role** in reducing GHG emissions; advance voluntary action
- **Gain competitive advantage:** potential trading profits and/or cost-effective mitigation
- **Create shareholder value:**
  - \$2.3 trillion in the U.S. socially responsible investments
  - Proliferation of stock indices for sustainable investing
- **Initiate leadership** in the design/implementation of a market-based system for managing greenhouse gas emissions, especially in light of disparate regulatory initiatives



# Benefits of Participation

- First-mover advantages; design protocols
- Build management and trading skills
- Reduce long-term GHG mitigation costs
- Enhance reputation among stakeholders:  
customers, shareholders, employees, regulators,  
families, communities

