

CCX[®] OFFSET REPORT

VOLUME 1, NUMBER 2
February/March 2009

CCX Offsets Data

Offsets Registration Summary

The CCX Offsets program is comprised of ten major offset project types, nine of which registered offset projects in February and March 2009 in an amount equal to 7,654,300 metric tons of carbon dioxide equivalent (MT CO₂e).

CCX Offset Registration (MT CO₂e)

February/March 2009

PROJECT TYPE	OFFSETS REGISTERED-FEBRUARY/MARCH 2009	TOTAL OFFSETS REGISTERED (2003-2009)
Agricultural Methane	49,000	1,008,800
Agricultural Soil Carbon	2,957,000	18,927,900
Coal Mine Methane	928,800	17,789,200
Energy Efficiency	182,200	2,156,500
Forestry	1,376,600	8,860,500
Fuel Switching	750,200	2,202,100
Landfill Methane	422,200	4,890,200
Ozone-Depleting Substances	78,000	699,100
Renewable Energy	910,300	5,989,000
HFC Destruction	-	983,500
TOTAL	7,654,300	63,506,800

CCX Offsets and Forestry Committees Updates

CCX Members and expert advisors pioneered the development of innovative offset project protocols, and have recently expanded upon existing CCX protocols by approving two new remote sensing-based methodologies. These methodologies incorporate innovations in satellite imagery carbon measurement and monitoring technologies into the standardized CCX protocols. In March 2009, the CCX Offsets Committee approved a remote sensing approach to assist in the verification of conservation tillage soil carbon offset projects. In the same month, the CCX Forestry Committee approved a methodology for conducting a forest inventory using a combination of remote sensing technologies and on-site ground truthing.

The verification protocol approved by the CCX Offsets Committee includes an aerial remote sensing and analysis approach that will complement the existing CCX verification protocol for conservation tillage soil carbon offset projects. Proposed by Tera Vista Systems, the approved approach has been granted a one year pilot period and will be periodically reviewed for accuracy and effectiveness. Tera Vista expects

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June 10 -11, 2009, Chicago

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improvements in the accuracy and assurance of a project's compliance (or noncompliance) due to the ability to cover the total project area through use of remote sensing technology. Other benefits are expected to include a reduction in verification costs and a greater capacity for soil carbon project verification.

The CCX Forestry Committee approved a remote sensing-based forest inventory and carbon quantification approach for use on a pilot project basis that combines a proprietary aerial remote sensing technology and methodology. The methodology incorporates aerial remote sensing with biometric modeling to conduct a forest inventory at least cost and greatest efficiency. The inventory data is then inputted into a CCX-approved growth and yield model to project future forest growth and carbon sequestration. The methodology was developed by the National Carbon Offsets Coalition, Red Rock Enterprises, LLC and Terresense Inc., and may be applied as a standard methodology if it is successfully implemented and verified. In addition to reduced inventory and project development costs to the landowner, the proponents of this methodology anticipate equal to if not greater accuracy in comparison to the standard CCX forest inventory and modeling approach.

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For the purpose of clarifying land type and species eligibility for forestry offsets projects, CCX has established definitions for domestic and international forest lands. Forest land and nonforest land are defined by the United States Forest Service definitions and by the United Nations Food and Agriculture Organization accepted definitions for the U.S. and international forest lands, respectively. The creation of these definitions will provide additional guidance for project proponents submitting forestry offset projects to CCX.

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In the fast growing market for forest carbon offset projects, two Sustainably Managed Forestry Projects were approved by the CCX Forestry Committee. The projects are located in Colombia and Chile and were approved according to CCX forestry project requirements for Sustainably Managed Forestry Projects. The project proponents have committed to achieving permanent removals of atmospheric carbon through the long-term sustainable management of the projects' forest lands and are certified by the CCX approved certification body, the Forest Stewardship Council.

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International projects have received positive support from Representative Henry Waxman (D-CA), who released a "discussion draft" of proposed legislation for a U.S. greenhouse gas reduction program. The draft allows for the inclusion of both international offset credits as well as domestic offset credits. CCX has Offset Aggregators worldwide and has registered international and domestic offsets.

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CCX Offsets Spotlight

Greenoxx Global Environment Program - Exchange Forestry Offsets Project

Uruguay's first carbon offset project to generate credits for carbon markets

The 2007 IPCC WG III Report: Mitigation of Climate Change, reported that “forestry can make a very significant contribution to a low-cost global mitigation portfolio that provides synergies with adaptation and sustainable development.” In an effort to seize the opportunity that forestry projects provide — to remove carbon dioxide from the atmosphere while also providing social and economic benefits — Chicago Climate Exchange has developed a range of forestry rules that recognize the four forestry mitigation options as outlined by the IPCC. These include afforestation/reforestation projects that maintain or increase forest area; avoided tropical deforestation that maintain carbon stored in forests; forest management that increases stand- and landscape-level carbon density and increased off-site carbon stocks in wood products.



In accordance with CCX sustainably managed forestry protocols, Greenoxx Global Environment Program of Montevideo, Uruguay, developed the Banking Pension Fund's Sustainably Managed Forest Offset Project (BPF). The project was established on 15,187 hectares (37,528 acres) of land that was previously unforested in the Municipality of Paysandú, Uruguay. The lands would have most likely remained as grazing land for cattle in the absence of the project. As such, the forestation conversion of this land has directly improved environmental conditions, not only through the sequestration of carbon but also through the natural regeneration of native forests, and increased control of soil and water erosion. The BPF project is Uruguay's first offset project of any kind to generate carbon credits for either voluntary or regulatory carbon markets.

Registered in 2008, the project's carbon baseline was established based upon a forest inventory that was conducted in December 2002. Net annual change in carbon stocks is determined by annual in-field inventories, which records forest growth, plantings, harvests and if any, natural disturbances. The project follows CCX's equation for measuring annual net change in carbon stocks: annual increases in carbon stocks due to volume growth, less the annual quantity by which carbon stocks decreased due to harvest, thinning, catastrophic events, etc. Greenoxx established 53% of the planted forest as a forest buffer area to ensure project permanence.

Multiple benefits are achieved as a result of the Greenoxx BPF project. The initial goal of the project was to incorporate a sustainably managed forest and timber project into the BPF investment portfolio that would generate high quality, measureable and verifiable GHG reductions through the long term sustainable management of forest plantations. The project has been certified by a CCX approved certification program, the Forest Stewardship Council, resulting in the issuance of tradable CCX CFIs that generate the additional revenue stream that is essential to the project's ability to sustain its environmentally and socially-oriented model. In addition to direct benefits to the project proponents, the project has led to quality of life improvements for nearby villages by increasing accessibility to electricity, and providing economic opportunities such as employment, job training and income for local communities. The project also provides financial support for education, social and sport institutions in the local community.

CCX's Sustainably Managed Forestry protocols were developed to define activities required for the sustainable management of forests that would benefit the environment, society and the economy. Such benefits include additional forest carbon stocks by planting after harvest or natural disturbances, engaging in harvest systems that maintain partial forest cover, reducing soil erosion and avoiding destructive harvesting practices.

Greenoxx Global Environment Program, a CCX Offset Aggregator, has been declared to be of National Interest by the Presidency of the Republic of Uruguay, as well as of Ministerial Interest by the Ministry of Livestock, Agriculture and Fisheries and the Ministry of Foreign Affairs.

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