



## Soil Carbon Management Offsets

### Introduction

Chicago Climate Exchange® (CCX®) is the world's first and North America's only active voluntary, legally binding integrated trading system to reduce emissions of all six greenhouse gases (GHGs), with offset projects worldwide. CCX employs independent verification and has been trading GHG emission reductions since 2003. CCX Members that cannot reduce their own emissions can purchase credits from those who make extra emission cuts or from verified offset projects.

CCX issues tradable Carbon Financial Instrument® (CFI™) contracts to owners or aggregators of eligible projects on the basis of sequestration, destruction or displacement of GHG emissions. Eligible projects include: agricultural methane, landfill methane, coal mine methane, agricultural and rangeland soil carbon, forestry and renewable energy.

- ➔ New income source
- ➔ Reward sustainable farming
- ➔ Improve environmental quality

### Basic CCX Specifications for Soil Carbon Management Offset Projects: Conservation Tillage

- Minimum five year contractual commitment to continuous no-till or strip-till (conservation tillage) on enrolled acres.
- Tillage practice must leave at least two-thirds of the soil surface undisturbed and at least two-thirds of the residue remaining on the field surface.
- CCX CFI contracts are issued for conservation tillage at a rate between 0.2 and 0.6 metric tons CO<sub>2</sub> per acre per year.
- Carbon sequestration projects must be enrolled through a CCX-registered Offset Aggregator.
- All projects subject to independent verification.

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 and strip-till cropping in the U.S. and Canada
- Grass planting
- Tree planting
- Improved rangeland management

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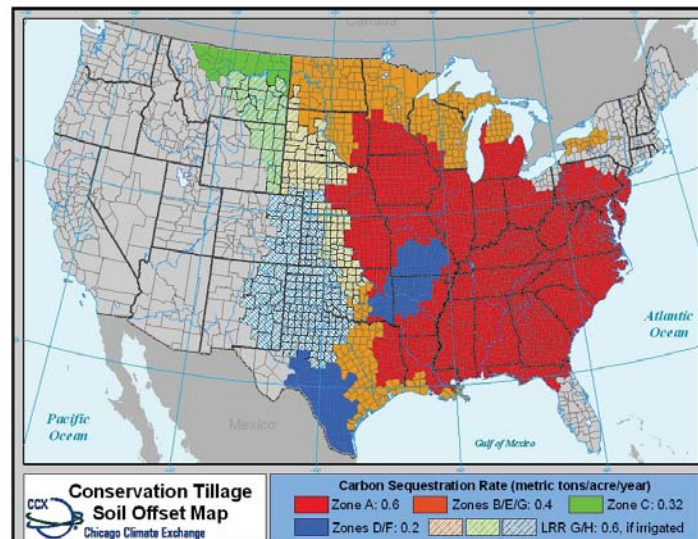


# Chicago Climate Exchange

## Frequently Asked Questions About CCX Conservation and Grassland Soil Carbon Offsets

- ➔ **What are CCX soil carbon offsets?**  
Soil carbon offsets are projects involving sequestration of carbon in soil resulting from the adoption of conservation tillage and activities in designated states, counties and parishes in the U.S. and Canada.
- ➔ **What is the per acre offset issuance rate?**  
Soil carbon offsets are issued on a per acre per year basis. The offset issuance rate depends on the region in which the practice is being undertaken. For instance, enrolled producers in Illinois may be issued offsets at a rate of 0.6 metric tons of CO<sub>2</sub> per acre per year and producers in central Kansas may be issued offsets at a rate of 0.4 metric tons CO<sub>2</sub> per acre per year. The different offset issuance rates reflect the carbon sequestration ability of the soils. For eligible regions, contact CCX staff.
- ➔ **What is conservation tillage?**  
For the purpose of CCX conservation tillage is as defined in the Natural Resources Conservation Service National Handbook of Conservation Practices. These definitions are: No-till/strip-till – managing the amount, orientation, and distribution of crop and other plant residue on the surface year-round while growing crops in narrow slots or tilled or residue free strips in soil previously untilled by full width inversion implement.
- ➔ **How do CCX rules address the risk of carbon storage reversal?**  
In order to preemptively address the risk that CO<sub>2</sub> removed from the air through CCX-eligible sequestration practices might be released by a reversal (e.g., due to failure to maintain the contracted soil management practices), each year 20% of the CFI contracts generated through these practices is placed into a reserve pool. To compensate for any carbon storage reversal, CCX will cancel CFI contracts in the set-aside pool in an amount corresponding to the CO<sub>2</sub> tonnage loss resulting from the reversal. If a project owner fails to conform to the practices specified in its CCX contract, continued participation in CCX by that land owner is disallowed.
- ➔ **What is the role of an Offset Aggregator?**  
An Offset Aggregator is a CCX-registered entity that serves as an administrative and trading representative on behalf of multiple individual participants. A list of Aggregators can be found on the CCX website.
- ➔ **What is the role of an independent third party verifier?**  
At least once a year an independent CCX authorized verifier will conduct in-field inspections on a portion of the enrolled acres to ensure that the conservation farming practices being applied are in accordance with the CCX protocols.
- ➔ **How much money will I receive for my soil offsets?**  
Prices have ranged from below \$1 to above \$5 per metric ton. Daily volumes since January 2007 have averaged in excess of 100,000 metric tons. Prices may vary according to market conditions. To view historical transaction data please visit the CCX website.

No-till Rates and Eligible Regions\*



\*Additional regions may be added based on expert input.