



CCFE® Futures on Voluntary Renewable Energy Certificates

The Chicago Climate Futures Exchange® (CCFE) offers futures contracts on voluntary Renewable Energy Certificates that are designated as eligible to meet the Green-e® Energy National Standard.* CCFE provides market participants with a low cost, transparent and standardized platform to hedge against price fluctuations in the voluntary REC market. The contract symbol for this product is "REC V".

CCFE, the world's first futures exchange focused on environmental markets, provides risk management and trading opportunities in the growing area of environmental commodities.

The CCFE marketplace offers:

- » Secure access via web-based electronic trading platform
- » Standardized contracts
- » Low transaction costs
- » Price discovery / total price transparency
- » Regulation by the U.S. Commodity Futures Trading Commission (CFTC)
- » Clearing through The Clearing Corporation (CCorp)

Frequently Asked Questions

What are voluntary RECs?

A Renewable Energy Certificate (REC) represents the environmental attributes of one megawatt-hour (MWh) of renewable electricity generation. RECs that are not used to meet a regulatory requirement are considered voluntary. The value of a REC is determined by the supply and demand for the certificate and is distinct from the price of electricity the facility actually supplies to the electricity grid.

What is the Green-e® Energy National Standard?*

CCFE has specified that voluntary RECs that are delivered under its contract terms from seller to buyer must be designated as eligible to meet the Green-e Energy National Standard. Owned and administered by Center for Resource Solutions, the Green-e Energy National Standard is the leading voluntary certification program for renewable energy. The Green-e Energy National Standard is an established rule-set that renewable electricity generators and other participants must meet in order for their renewable electricity sales to be certified under that system. The focus of the Green-e Energy National Standard has been to ensure environmental and consumer protection in the marketing and sale of renewable energy attributes.

What are the key attributes that a qualifying REC generator must meet to satisfy the Green-e Energy National Standard?*

The facility generating RECs must have been placed into operation on or after January 1, 1997 and be of the following types: solar electric, wind, geothermal, certain hydro power facilities, certain biomass fuels (including landfill gas), certain municipal solid waste facilities or certain hydrogen fuel cells. Since the standard may change from time to time, for a full description of the Green-e Energy National Standard, please see www.green-e.org/energy.

Why trade the CCFE REC V contract?

The voluntary REC market presents significant price risk that warrants use of cleared and regulated exchange-based hedging tools. CCFE offers a low cost trading vehicle to help market participants manage price risk. Voluntary REC prices may be affected by a variety of factors impacting supply and demand such as marketing requirements of buyers, advances in renewable energy generation technology, weather trends, etc.

* See footnote on final page for more information.

How does the renewable electricity generation period correspond with the Green-e Energy National Standard Reporting Year?*

The Green-e Energy National Standard is designed such that RECs qualifying for certified sales in a particular Reporting Year must have been generated during the matching calendar year, the first three months of the following calendar year, or during the last six months of the prior calendar year. The CCFE contract defines the Reporting Year as “Compliance Year” (CY). See Table 1 for an example of REC generation periods that are eligible for CY 2008.

Table 1: Eligible Generation Periods for Compliance Year 2008

Period of REC Generation												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007							Yes	Yes	Yes	Yes	Yes	Yes
2008	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2009	Yes	Yes	Yes									

What contracts can I trade to take delivery of specific generation periods?

Historically, REC contracts have traded in over-the-counter (OTC) markets based on the period of generation. RECs are typically traded as either ‘back-half’ (BH), ‘calendar’ (Cal), ‘front quarter’ (FQ) or ‘front half’ (FH) of a particular period. For instance, a BH 08 calls for delivery of a REC generated during the final six months of 2008. Using the CCFE REC V contract, market participants can take delivery of generation period-specific RECs in much the same way they do in OTC markets. For instance, if a trader wanted to take delivery of RECs generated in the back half of 2009, he or she could trade and take delivery of the CY-2010 contract expiring December 2009. Table 2 provides an example of what RECs could be delivered based on contract expirations during 2009.

Table 2: RECs Eligible for Delivery on Certain Expiry Dates

Reporting / Compliance Year	March 2009 Expiry	June 2009 Expiry	September 2009 Expiry	December 2009 Expiry
CY-2008	BH-07, Cal-08, FQ-09	not listed	not listed	not listed
CY-2009	BH-08, FQ-09	BH-08, FH-09	BH-08, Cal-09	BH-08, Cal-09
CY-2010	no expiry of CY-2010 contract	no expiry of CY-2010 contract	no expiry of CY-2010 contract	BH-09

How does the CCFE REC V contract align with the Green-e Energy National Standard verification/certification schedule?*

The Green-e Energy National Standard requires that entities report for the previous Reporting Year by June of the current year. CCFE’s contract expiration schedule enables entities to take delivery as illustrated in Table 2. Entities subject to the verification process may match their sales with the corresponding futures contracts and take delivery in the quarter that is convenient for them. At a minimum, the March expiry of the previous Compliance Year RECs will provide for delivery of RECs well in advance of the June compliance period (e.g., CY-2008 as indicated in Table 2).

How is a REC delivered?

Delivery of a voluntary REC is made in one or more of the five eligible registries approved for use by CCFE. The delivery registry specified by the REC V contract is at the choice of the seller, but RECs are generally registered in association with the region of generation. The following five regional registries have been designated as eligible by CCFE: Midwest Renewable Energy Tracking System (M-RETS), New England Power Pool Generation Information System (NEPOOL GIS), PJM Interconnection Generation Attribute Tracking System (PJM GATS), Western Renewable Energy Generation Information System (WREGIS), Electric Reliability Council of Texas (ERCOT) Renewable Energy Credit (REC) Information Tracking System.

Does CCFE require the Green-e Energy National Standard forms and attestation to be completed?*

The REC V product calls for the delivery of RECs that are designated in a tracking system, or National Standard, as *eligible* to meet the Green-e Energy National Standard. Sellers and buyers must continue to complete all the appropriate Green-e Energy documentation and processes to ensure that their RECs are eligible under that program.

How does CCFE deal with counterparty credit risk?

Counterparty credit risk is of particular concern when dealing in large value transactions, when trading with upstart companies, or generally in times of economic uncertainty. Trades executed on CCFE are cleared by the Clearing Corporation (CCorp). CCorp acts as a central counterparty, guaranteeing the financial performance of contracts registered in the names of CCFE’s clearing members. CCorp deals exclusively with clearing members and holds each clearing member responsible for every position it carries on its books, regardless of whether the position is being carried for the account of a public customer or for the clearing member’s own account.

* See footnote on final page for more information.

CCFE Voluntary REC Futures Contract Specification

Ticker Symbol	REC V
Contract Size	1,000 megawatt hours (“MWh”) of Green-e® Energy eligible* renewable energy certificates (“REC”), where a REC represents one MWh of renewable energy.
Quotation	U.S. dollars
Minimum Tick Increment	\$0.01 per MWh (equals \$10 per contract)
Contract Listing Cycle	Consecutive quarterly contracts on March, June, September and December cycle for the current year and forward 5 consecutive years.
Products	<p>Within any listed contract, CCFE may offer one or more defined products having delivery specifications of the specific compliance Year (CY) consisting of prior, current and future compliance Years, as follows:</p> <ol style="list-style-type: none"> 1. Prior compliance year 2. Current compliance year 3. One compliance year deferred 4. Two compliance years deferred 5. Three compliance years deferred 6. Four compliance years deferred 7. Five compliance years deferred
Deliverable Instrument	The deliverable instruments are RECs registered with an Eligible Electronic Registry and designated by seller as eligible to meet the Green-e Energy Standard for Renewable Electricity Products. As specified by the Green-e Energy National Standard, RECs eligible for delivery are those generated during the calendar year corresponding to the compliance year, the first three months of the calendar year following the specified compliance year and the last six months of the year prior to the specified compliance year. RECs deliverable pursuant to this contract will conform to the Green-e Energy Standard, as amended.
Delivery	<p>Clearing participants and parties trading the market must have established accounts in the eligible electronic registry.</p> <p>REC Eligible Electronic Registry Delivery Procedures Delivery is based on open positions after the contract’s expiration. Delivery is a three business day process consisting of position day, notice day, and delivery day.</p> <p>Position Day The first Business Day following a REC futures contract’s expiration day is the day that clearing members must report their long futures positions and tender delivery notices to the clearing service provider.</p> <p>Notice Day On the business day after the position day, the clearing service provider will make the appropriate delivery assignments. The seller clearing member must provide to the buyer clearing member(s) a description of the underlying RECs to be delivered. The buyer clearing member(s) provides account information to the seller clearing member(s). The information exchange is to be completed by 4:00 P.M. U.S. Central Time. The seller clearing member must ensure the appropriate RECs are on deposit in its or its customer’s eligible electronic registry account by 5:00 P.M. U.S. Central Time.</p> <p>Delivery Day The CCFE Clearing Service Provider will issue payment instructions to the respective buyer Clearing Member for the full contract value based upon the expiration day’s settlement price in a means and manner prescribed by the Clearing Service Provider. By 3:00 p.m. U.S. Central Time, the seller Clearing Member shall ensure that it or its customer has electronically submitted the transfer instructions to the Eligible Electronic Registry.</p> <p>Payment The clearing service provider will release the delivery proceeds to the seller clearing member upon receipt of the “CCFE Receipt of Delivery Confirmation” from the buyer clearing member.</p>
Trading Hours	7:00 A.M. – 3:00 P.M. U.S. Central Standard Time

* See footnote on final page for more information.

About CCFE

CCFE is a wholly owned subsidiary of the Chicago Climate Exchange® (CCX®), a member of the Climate Exchange Plc (LSE:CLE.L) group of companies. CCFE is a CFTC Designated Contract Market that offers standardized and cleared futures and options on a suite of environmental financial products, including emissions, equity-index and insurance-linked contracts. The CCFE market provides a low-cost, transparent and standardized avenue for hedging against price fluctuations in the growing environmental markets. Additional information about CCFE is available at www.ccfex.com.

CCFE Emissions Product Suite

Product	Description
SFI®	Futures and options contracts based on U.S. EPA Acid Rain Program SO ₂ Emission Allowances
NFI™	Futures and options contracts based on U.S. EPA CAIR Annual NOx Emission Allowances and U.S. EPA NOx "Ozone Season" SIP Call Emission Allowances
RGGI	Futures and options contracts based on CO ₂ allowances under RGGI, a cap-and-trade program comprised of ten participating New England and Mid-Atlantic States
CFI®	Futures and options contracts based on the Carbon Financial Instrument (CFI), a greenhouse gas emission spot contract issued by the Chicago Climate Exchange under its a voluntary but legally binding cap-and-trade system.
CFI-US	CFI contracts with expirations starting in 2013 require delivery of GHG emission allowances that comply with a potential mandatory federal U.S. greenhouse gas cap-and-trade program
CCAR-CRT™	Futures contracts on project-based emission reductions issued by the Climate Action Reserve, the offsets program of the California Climate Action Registry (CCAR).
CER	Futures & options contracts based on Kyoto-compliant GHG reduction credits issued by the UN for approved and verified projects in developing countries

How to Trade on CCFE

Trading access to CCFE can be established by opening an account directly with a CCFE Clearing Firm (listed below), or indirectly by opening an account with a Futures Commission Merchant (FCM) that has a relationship with a CCFE Clearing Firm. Please contact Michael MacGregor at (312) 229-5122 or Daniel Scarbrough at (312) 229-5129 for more information.

CCFE Clearing Firms

ADM Investor Services Inc.	Fortis Clearing Americas LLC	Prudential Bache Commodities, LLC
Banc of America Securities LLC	Goldman Sachs & Co.	RBC Capital Markets Corporation
Barclay's Capital Inc.	JP Morgan Futures Inc.	R.J. O'Brien and Associates, LLC
BNP Paribas Commodity Futures Inc.	MF Global Inc.	Tradelink LLC (self-clearing only)
Citigroup Global Markets Inc.	Merrill Lynch, Pierce, Fenner & Smith, Inc.	UBS Securities LLC
Credit Suisse Securities (USA) LLC	Mizuho Securities USA Inc.	
Deutsche Bank Securities Inc.	Newedge USA, LLC	

*Green-e® Energy eligible means that the seller has agreed to deliver RECs that are designated in a tracking system, or other manner determined by CCFE, as eligible for certification according to the Green-e Energy National Standard promulgated by the Center for Resource Solutions (CRS). It does not mean that any RECs have been Green-e Energy certified and there is no promise that any REC is eligible for certification or will ever be certified. Standards for certification may change or cease to exist at any time. CRS does not endorse, approve or guarantee any aspect of any futures contract, and traders waive any and all claims against CRS related thereto, accruing now or in the future. Green-e® is a registered certification trademark of Center for Resource Solutions.