



CCFE® Futures on State Compliant Renewable Energy Certificates

The Chicago Climate Futures Exchange® (CCFE®) offers futures contracts on Renewable Energy Certificates (RECs) that meet the requirements of the New Jersey, Massachusetts and Connecticut Renewable Portfolio Standards. CCFE provides market participants with a low cost, transparent and standardized platform to hedge against price fluctuations in the voluntary REC market.

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 compliance RECs?

Compliance RECs are tradable instruments that represent the attributes of one megawatt hour (MWh) of renewable energy generation consistent with state instituted regulatory requirements, or "Renewable Portfolio Standards." Each contract calls for the delivery of RECs that satisfy the Class 1 obligation of the respective RPS. The value of a REC is determined by the supply and demand for the certificate and is distinct from the price of the electricity actually supplied to the electricity grid.

What is a Renewable Portfolio Standard?

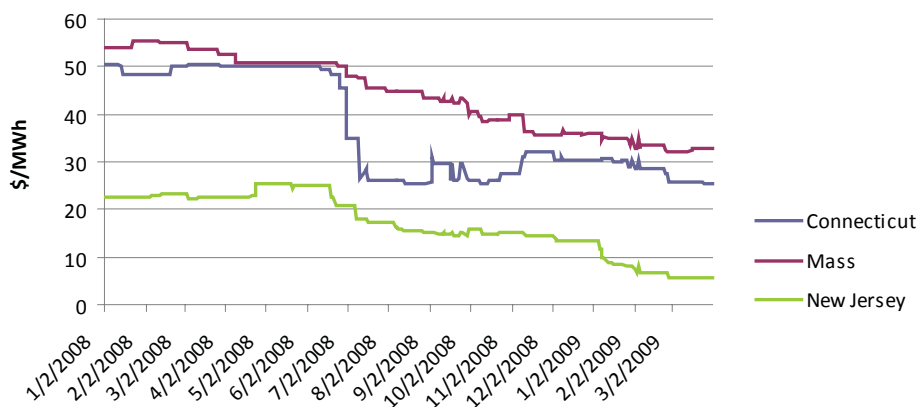
A Renewable Portfolio Standard (RPS) is a regulatory policy that requires the production of energy from renewable resources to be included in the sales or generation portfolio of a regulated electric utility. The RPS mechanism generally places an obligation on electricity supply companies to produce a specified fraction of their electricity from renewable energy sources. Retailers of electricity within RPS states must acquire electronic certificates sufficient to meet the utility's requirements, and these must be turned into the regulator on a determined schedule.

What contracts does CCFE offer for state RPS programs?

CCFE has futures contracts for underlying instruments for the RPS programs of New Jersey, Massachusetts and Connecticut.

Why trade in CCFE compliance REC futures contracts?

Compliance REC market present significant price risk that warrants use of cleared and regulated exchange-based hedging tools. Importantly, CCFE contracts offer low cost trading vehicle to help market participants manage price risk. Compliance REC prices may be affected by a variety of factors such as new regulatory developments, volume constraints, advances in renewable energy generation technology, weather trends and the relative price of fossil fuel fired electricity.



* Bloomberg is the source of all compliance REC pricing data.

**The prices represent the current vintage deliverable based on the CCFE contract specifications.

Who sets the rules for compliance REC markets?

The rules for the state RPS programs are established in the legislative or regulatory processes of the respective states. CCFE has no role in defining the programs or determining what is eligible for compliance in the program.

How are the compliance RECs delivered?

Each of the programs has defined the registry where renewable energy generation is tracked, and where RECs are created, exchanged between holders and retired for compliance. While the programs are not directly connected, Massachusetts and Connecticut RPS programs both use the North East Power Pool Generation Information System (NEPOOL GIS) as the tracking system. Deliveries resulting from the Massachusetts and Connecticut REC futures contracts take place on NEPOOL GIS. The New Jersey program uses the PJM Generator Attribute Tracking System (PJM GATS) for creation, tracking, exchanging and retiring of RECs. Deliveries resulting from the New Jersey REC futures contracts take place on PJM GATS.

What are the key details of the RPS programs for which CCFE has a futures contract?

CCFE does not determine what is eligible under each of the RPS program but has futures contracts for each of the primary classes within the states of New Jersey, Massachusetts and Connecticut. Generally, a 'class' is a defined set of practices or generation types that are able to meet the specified RPS target. Entities producing RECs should know which class of RECs they are producing. Table 2 provides a summary of the three state RPS programs.

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

CCFE designed the contract expirations to coincide with the compliance programs of each state. Table 1 provides an example of expiries in 2009 and what compliance year RECs are deliverable for each contract expiry.

Table 1

Contract Month in 2009												
Contract	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
REC MA and REC CT	Q1-3 2008 Generation (CY 2008)	no expiry	no expiry	Q1-4 2008 Generation (CY 2008)	no expiry	no expiry	Q1 2009 Generation (CY 2009)	no expiry	no expiry	Q1-2 2009 Generation (CY 2009)	no expiry	no expiry
REC NJ	2008 Generation (CY 08/09)	2008/9 Generation (CY 08/09)	2008/9 Generation (CY 08/09)	2008/9 Generation (CY 08/09)	2008/9 Generation (CY 08/09)	2008/9 Generation (CY 08/09)	2008/9 Generation (CY 08/09)	2008/9 Generation (CY 08/09)	2009 Generation (CY 09/10)	2009 Generation (CY 09/10)	2009 Generation (CY 09/10)	2009 Generation (CY 09/10)

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 in the CCFE market 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.

Table 2

Product	New Jersey (REC NJ)	Massachusetts (REC MA)	Connecticut (REC CT)
REC Deliverable	Class 1	Class 1	Class 1
Types of Renewable Energy	Solar electric Wind energy Wave or tidal electricity Geothermal electricity Landfill methane Certain fuel cells Digester gas Certain biomass	Solar electric and thermal Wind energy Ocean thermal, wave or tidal energy Landfill methane Certain hydropower Certain biomass power Marine or hydrokinetic energy Geothermal energy	Solar energy Wind energy Certain fuel cells Landfill methane Ocean thermal Wave or tidal power Low emission advanced renewable energy Certain hydropower Certain biomass facilities
2010 Compliance Target	4.685% of sales during reporting year 2009/2010	5% of sales during reporting year 2010	7% of sales during reporting year 2010
Compliance Cycles	June 1 of previous year to May 31 of current year	Calendar year compliance	Calendar year compliance
Compliance Deadline	October 1 for previous June-May	July 1 for previous year	October 15 for previous year
REC Creation	RECs are created monthly on the last business day of the month following generation	A RECs are created on the 15th day one full calendar quarter following the quarter of generation (e.g. January REC is created on July 15)	A RECs are created on the 15th day one full calendar quarter following the quarter of generation (e.g. January REC is created on July 15)
Underlying REC Transfer Periods	No set transfer period	Defined by NEPOOL GIS A two month period following the creation of the REC.	Defined by NEPOOL GIS A two month period following the creation of the REC.
Information Sources	RPS Rule Information (NJ Administrative Code, Title 14, Chapter 8, SubChapter 2): www.lexisnexis.com/njoal/ PJM GATS: www.pjm-eis.com	RPS Rule Information (Massachusetts General Law c. 25A 11F. Code of Massachusetts Regulations 225, Chapter 14): www.mass.gov/Eoeea/docs/doer/rps/rps-1-225-cmr-14.pdf NEPOOL GIS: www.nepoolgis.com	RPS Rule Information (General Statutes of Connecticut Title 16, Chapter 277, Section 16) www.cga.ct.gov/2009/pub/chap277.htm#Sec16-1a.htm NEPOOL GIS: www.nepoolgis.com

CCFE Compliance REC Futures Contracts Specifications

Ticker Symbol	REC NJ	REC MA	REC CT
Contract Size	100 megawatt hours ("MWh")	100 MWh	100 MWh
Quotation	U.S. dollars	U.S. dollars	U.S. dollars
Minimum Tick Increment	\$0.01 per MWh (\$1.00 per contract)	\$0.01 per MWh	\$0.01 per MWh
Contract Listing Cycle	Monthly and forward 5 consecutive years	Quarterly on a January, April, October cycle and forward 5 consecutive years	Quarterly on a January, April, October cycle and forward five consecutive years
Deliverable Instrument	Class 1 RECs which meet the NJ RPS obligation	Class 1 RECs which meet the MA RPS obligation	Class 1 RECs which meet the CT RPS obligation
Trading Hours	7:00 A.M. – 3:00 P.M. U.S. Central Standard Time		

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