



Chicago Climate Exchange to discontinue greenhouse gas cap-and-trade program

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The [Chicago Climate Exchange \("CCX"\)](#) recently announced that they will discontinue the CCX emission reduction program at the conclusion of its Phase I and Phase II program at the end of this year. Launched in 2003, the [CCX](#) emission reduction program was North America's first voluntary greenhouse gas ("GHG") cap-and-trade scheme. CCX [Members](#) made voluntary but legally binding commitments to reduce their annual GHG emissions by 6 per cent below their emissions baselines by the end of 2010. Members who reduced emissions beyond their targets earned surplus allowances to sell, bank or trade with Members who did not meet their targets.

Carbon Financial Instrument ("CFI") contracts were used to perform these trades. The closing prices for a CFI contract fell to \$0.05 in January 2010, from its all-time high of \$7.40 in May 2008. Since February 2010, the CCX has had zero monthly trading volume.

In place of the emission reduction program, the CCX will create the [CCX Offsets Registry Program](#), which will eliminate emission reduction targets in favour of a general marketplace for emission offsets.

"Fundamentally, with any program that relies on voluntary compliance for something not yet mandated into law, it makes it more difficult ultimately to have as vibrant a market as you'd want," said Bruce Braine, Vice-President of Strategic Policy at [American Electric Power](#), one of the CCX's founding Members.

Other CCX affiliate programs such as the [European Climate Exchange](#) and the [Chicago Climate Futures Exchange](#) will continue unchanged.

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