



Chicago Climate Exchange

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June 11, 2009

Mr. Tom Leahy
Chief, Product Review Branch
Commodities Future Trading Commission
Three Lafayette Centre
1155021st Street, NW
Washington, DC 20581

Dear Mr. Leahy

Re: Request that the Chicago Climate Futures Exchange provide evidence of its ability to obtain data and information from the California Climate Action Registry; the Centre for Resource Solutions; the NEPOOL-GIS; and the PJM-EIS.

Thank you for your letter dated May 15, 2009 addressed to Satish Nandapurkar. In that letter you requested that the Chicago Climate Futures Exchange (CCFE) provide evidence of its ability to obtain necessary information and data from the relevant entities in respect of five recent product offerings. The product offerings and the identified agency or administrator are listed as follows:

Product	Identified Source of Certain Market Information
CCAR Climate Reserve Tonne Futures and Options	Climate Action Reserve (CAR)
Voluntary Renewable Energy Certificate Futures	Center for Resource Solutions (CRS)
New Jersey Renewable Energy Certificate Futures	PJM Environmental Information Service (EIS)
Massachusetts Renewable Energy Certificate Futures	North East Power Pool – Generation Information Service
Connecticut Renewable Energy Certificate Futures	North East Power Pool – Generation Information Service.

CCFE believes it has appropriate and sufficient access to all data necessary to evaluate, determine and affirm that these contracts are not readily susceptible to manipulation and comply with the Commodity Exchange Act and Commission rules and regulations.

As requested, provided below is more detailed information related to our current sources of data and processes for evaluating contract parameters for each of the above listed CCFE contracts.

www.chicagoclimateexchange.com



CCAR Climate Reserve Tonne Futures and Options

By way of background, the Climate Action Reserve is a US program that issues electronic certificates representing amounts of greenhouse gas emissions that are avoided or reduced. These electronic certificates are called Climate Reserve Tonnes (CRTs) or, more generally, "offsets". CRTs are issued to project activities that meet specified requirements for development, quantification and verification. Examples of projects include the capture and destruction of methane gas originating from manure at a dairy; the capture and destruction of methane gas generated by decaying waste at a landfill; or the additional sequestration of carbon in forests above a define level.

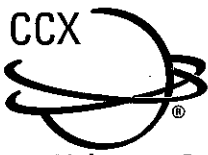
The process for issuance of CRTs is well defined. Project proponents must first submit documentation to CAR for the project to become listed thus beginning the process of having tons issued to the project to the exclusion of all of the greenhouse gas programs. Once a project is listed, the project proponent selects a verifier and the project may be verified. After the project is verified, the verification report is submitted to CAR for approval; at this point the project becomes registered and tons are issued to the account of the project proponent.

CAR is both the program administrator and the operator of the CRT electronic registry. Accordingly, CAR acts as the primary data source for timely and verified information regarding CRT supply. One of CAR's publically stated key objectives is transparency in the registration process and CAR makes CRT registry information publically available accordingly. All projects which are listed, registered, issued and retired CRTs are posted on the public reports page of the CARs website.¹

CCFE included this publically available information in its analysis and finding that the CCAR Climate Reserve Tonne Futures and Options contracts are not susceptible to manipulation and in our determination of certain contract parameters. CCFE believes this information accurate, adequate and reliable and will continue to rely upon such public information as made available by CAR to assist it in monitoring the underlying market for CCFE's CCAR Climate Reserve Tonne Futures and Options contracts.

Additionally, CCFE has developed a relationship with CAR through communications and correspondence with the organization, and such relationship should enable CCFE to obtain additional information from CAR regarding CRTs should the need arise.

¹ <https://thereserve1.apx.com/mymodule/mypage.asp>



Voluntary Renewable Energy Certificate Futures

The CCFE Voluntary Renewable Energy Certificate Futures (REC V) is a contract which calls for the delivery of renewable energy certificates (RECs) which are eligible to meet the Green-e Energy National Standard for Renewable Electricity Products (Green-e Energy National Standard). A REC is a tradable environmental commodity in the form of an electronic certificate that represents the environmental attributes of one megawatt-hour (MWh) of renewable energy. The value of a REC is determined by the supply and demand for the certificate and is distinct from the value of the electricity actually supplied to the electricity grid.

Center for Resource Solutions (CRS) is the administrator of the Green-e Energy National Standard. Although several sources perform and publish analyses of the underlying voluntary REC market, CRS is the only entity which provides a detailed analysis of the Green-e Energy National Standard certified RECs. CRS annually issues public reports of the number of Green-e certified RECs used in the market each year. Accordingly, CRS serves as the primary data source for timely and verified information regarding Green-e Energy National Standard REC contract supply. The most recent report is available at the Green-e website.² In addition, CCFE relies on other sources of publically available information regarding the market for RECs, including the National Renewable Energy Laboratory, the energy information agency of the Department of Energy, and the American Wind Energy Association.

CCFE included this publically available information in our analysis and finding that the CCFE REC V Futures contract is not susceptible to manipulation and in our determination of certain contract parameters. CCFE believes this information accurate, adequate and reliable and will continue to rely upon such public information as made available by CRS to assist it in monitoring the underlying market for CCFE's REC V Futures contract.

CCFE has been in communication with CRS and is in the process of entering into a license agreement with CRS.

New Jersey Renewable Energy Certificate Futures

The CCFE Renewable Energy Certificate Futures New Jersey (REC NJ) is a contract which calls for the delivery of renewable energy certificates (RECs) which are eligible to meet the Class 1 designation. A REC is a tradable environmental commodity in the form of an electronic certificate that represents an attribute associated with the generation of electrical energy from renewable sources. The value of a REC is determined by the supply and demand for the certificate and is distinct from the value of the electricity actually supplied to the electricity grid.

² <http://www.green-e.org/publications.shtml>



PJM Interconnection (PJM) is a regional transmission organization regulated by the Federal Energy Regulatory Commission. The PJM Generator Attribute Tracking System Environmental Information Service (PJM EIS) provides REC certificate production information on a monthly basis. The reports provided by the PJM EIS also segregate the REC production by eligibility class (e.g. REC Class 1 for New Jersey). This information is available in the Public Reports section of the PJM EIS website.⁴ Accordingly, PJM EIS acts as the primary data source for timely and verified information regarding the underlying supply for REC NJ Futures contracts.

CCFE included this publically available information in our analysis and finding that the CCFE REC NJ Futures contract is not susceptible to manipulation and in our determination of certain contract parameters. CCFE believes this information accurate, adequate and reliable and will continue to rely upon such public information as made available by PJM EIS to assist it in monitoring the underlying market for CCFE's REC MA Futures contract.

Massachusetts Renewable Energy Certificate Futures

The CCFE Renewable Energy Certificate Futures Massachusetts (REC MA) is a contract which calls for the delivery of renewable energy certificates (RECs) which are eligible to meet the Class 1 designation. A REC is a tradable environmental commodity in the form of an electronic certificate that represents an attribute associated with the generation of electrical energy from renewable sources. The value of a REC is determined by the supply and demand for the certificate and is distinct from the value of the electricity actually supplied to the electricity grid.

The New England Power Pool Generator Information System (NEPOOL GIS) system provides REC certificate production information on a quarterly basis as required by its operating rules. Reports provided by the NEPOOL GIS segregate the REC production by eligibility class (e.g. REC Class 1), state and other attributes. This information is available in the Public Reports section of the NEPOOL GIS website.⁵ Accordingly, NEPOOL GIS acts as the primary data source for timely and verified information regarding REC MA supply.

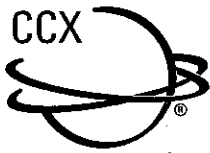
CCFE also obtains publically available data regarding the underlying REC contract from the Massachusetts Department of Energy Resources and other sources.⁶

CCFE included this publically available information in our analysis and finding that the CCFE REC MA Futures contract is not susceptible to manipulation and in our determination of certain contract parameters. CCFE believes this information accurate, adequate and reliable and will continue to rely

⁴ <https://gats.pjm-eis.com/myModule/myPage.asp>

⁵ <https://www.nepoolgis.com/myModule/myPage.asp>

⁶ http://www.mass.gov/?pageID=eoeaterminal&L=4&L0=Home&L1=Energy%2c+Utilities+%26+Clean+Technologies&L2=Renewable+Energy&L3=Renewable+Portfolio+Standard&sid=Eoeea&b=terminalcontent&f=doer_rps_annual&csid=Eoeea



upon such public information as made available by NEPOOL GIS and the Massachusetts Department of energy Resources to assist it in monitoring the underlying market for CCFE's REC MA Futures contract.

Connecticut Renewable Energy Certificate Futures

The CCFE Renewable Energy Certificate Connecticut (REC CT) futures is a contract which calls for the delivery of renewable energy certificates (RECs) which are eligible to meet the Class 1 designation. A REC is a tradable environmental commodity in the form of an electronic certificate that represents an attribute associated with the generation of electrical energy from renewable sources. The value of a REC is determined by the supply and demand for the certificate and is distinct from the value of the electricity actually supplied to the electricity grid.

The New England Power Pool Generator Information System (NEPOOL GIS) is a private non-profit regional transmission organization performing duties under the regulatory oversight of the Federal Energy Regulatory Commission. The NEPOOL GIS system provides REC certificate production information on both a quarterly and annual basis as required by its operating rules. Reports provided by the NEPOOL GIS segregate the REC production by eligibility class (e.g. REC Class 1), state and other attributes. This information is available in the Public Reports section of the NEPOOL GIS website.⁷ Accordingly, NEPOOL GIS acts as the primary data source for timely and verified information regarding REC CT supply.

CCFE also obtains publically available data regarding the underlying REC contract from the Connecticut Department of Public Utility Control.⁸

CCFE included this publically available information in our analysis and finding that the CCFE REC CT Futures contract is not susceptible to manipulation and in our determination of certain contract parameters. CCFE believes this information accurate, adequate and reliable and will continue to rely upon such public information as made available by NEPOOL GIS and the Connecticut Department of Public Utility Control to assist it in monitoring the underlying market for CCFE's REC CT Futures contract.

In Conclusion

As you noted in your letter, the markets discussed herein are novel and complex and do not have a long performance record. As a result, information sources related to the markets underlying CCFE's futures contracts are in a state of development and maturation. As those markets develop, CCFE will continue to monitor its sources of information and will make adjustments to its processes as necessary. In addition, CCFE staff have a significant expertise in the greenhouse gas markets, and continuously strive

⁷ <https://www.nepoolgis.com/myModule/myPage.asp>

⁸ [http://www.dpuc.state.ct.us/electric.nsf/\\$FormRenewableEnergyView?OpenForm&ExpandView](http://www.dpuc.state.ct.us/electric.nsf/$FormRenewableEnergyView?OpenForm&ExpandView)



to improve the quality of its market knowledge through its relationships with participants in the greenhouse gas markets.

Should you have additional questions or wish to discuss further, please feel free to contact me directly at 312.229.5163.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Nield", written in a cursive style.

Eric J. Nield

Senior Vice President & General Counsel

cc: Irina Leonova

Satish Nandapurkar