

Carbon markets reflect uncertainty

BY KAY SHIPMAN

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The carbon credit market is reflecting the financial market volatility and uncertainty about the next president's policies.

Last week, carbon credit prices ranged between \$1.80 and \$1.90 per metric ton. In July, prices averaged \$4.10 per metric ton.

Ryan Anderson of the Delta Institute, which pools carbon credits for sale, attributed the price drop to fallout from the financial crisis and uncertainty about the next president's support for climate change and greenhouse gas programs.

"Morgan Stanley and Goldman Sachs (global investment firms) were big carbon traders ... All these guys had to get their financial houses in order," Anderson said.

The carbon credit market also has dropped in European markets. Anderson attributed that to the euro's weakened value. "It (the carbon price) had been strong with a strong euro," he noted.

The presidential debate recently has focused more on the economy and less on the environment, which has added uncertainty to the carbon credit market, he said. However, he noted energy policy remains a key election issue.

Under the Illinois Conservation and Climate Initiative, farmers are paid for storing carbon in soil, trees,

and grass, and for reducing the level of carbon dioxide going into the atmosphere.

Delta Institute, a non-profit organization, pools the carbon credits of farmers and landowners in 14 states, including Illinois.

The pooled credits are offered for sale to members of the Chicago Climate Exchange, a market of large companies, municipalities, and institutions.

Although the current carbon credit market is lower now than it was in the summer, Anderson pointed out the price is still higher than last fall's \$1.70 per metric ton. He speculated this may be the low point for the 2008 market.

"Just because the prices are down and the (trading) volume is down, that does not mean the (carbon credit) program is done," he said.

Landowners should note the enrollment and verification process may take between three and six months, so prices could change several times before an individual's credits are offered for trade.

The latest enrollment numbers, enrollment forms, and other information are available online at (www.illinoisclimate.org).

Interested farmers and landowners may contact Anderson at 312-554-0900, extension 14.