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## Dollars dry up in green market: Fargo stockpiling its carbon credits

Fargo has one less way to rake in greenbacks, at least for now.

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With the carbon credit market in the tank, the city is stockpiling carbon credits earned from its environmentally friendly initiatives, hoping the market rebounds so it can cash in as firms buy the credits to offset their own polluting ways.

Fargo officials are also looking beyond the Chicago Climate Exchange, to see if they can find greener pastures in the broader carbon credits market.

"The market isn't great right now. We're just accumulating our credits," said Bruce Grubb, Fargo's enterprise director, who supervises the city's landfill, wastewater and water treatment facilities.

"We're just watching the market to pull the trigger when we can get our best value," he said Thursday.

The city gained \$700,000 in one sale of "historic" carbon credits that it accumulated by using biofuels in vehicles and recycling landfill methane, Grubb said. At that time, carbon credits were valued at \$5 a ton, he said.

But the market has changed dramatically.

Ryan Cook, senior broker for New York-based Clear Energy Brokerage and Consulting, said prices have collapsed since last year, with 50 cents a ton being a good price Thursday on the Chicago Climate Exchange.

Cook said the drop in prices is tied to two factors:

- A glut of credits in the market, thanks to the lure of last year's high prices.
- A bill in Congress to control greenhouse gases doesn't specifically mention the Chicago Climate Exchange, which has buyers worried.

"A big fear is that the credits could become worthless," Cook said.

Cook said Fargo is moving to get its credits verified on another exchange, the Climate Action Reserve Standard (formerly the California Climate Action Reserve).

There, the price for carbon credits is \$4 to \$8 a ton, Cook said.

"Should everything go OK, we'll have the city up and running to the new standard by the end of summer," Cook said.

Carbon credits are purchased by corporations to offset the greenhouse gas pollutants they produce.

Fargo has 20,000 metric tons of carbon credits available to sell, Grubb said.

The city also has 120,000 metric tons of non-verified credits. They must be approved by verifiers from the climate exchanges to be traded, Grubb said.

Grubb said Fargo has accumulated credits by:

- Harvesting methane from its landfill, then shipping it to a Cargill agriculture processing plant for use.
- Using methane to run a generator that supplies electricity at the landfill (and selling extra power to Cass County Electric). The generator waste heat also helps heat the landfill transfer building.
- Using biofuels in its vehicles.
- Making its buildings more energy efficient.

Fargo is not alone in seeing a green paycheck wilt.

The National Farmers Union sells credits pooled by its members on the Chicago Climate Exchange. The NFU is holding on to credits accumulated in 2008 until prices improve.

Farmers, ranchers and landowners earn credits by growing grasses and trees or using no-till farming practices to reduce the amount of carbon released

from the soil.

Livestock producers can take part by installing systems to capture methane from manure.

About 3,900 farmers and ranchers in 40 states are enrolled in the program, about a quarter of them from North Dakota.

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