U.S. Commodity Futures Trading Commission
Energy and Environmental Markets Advisory Committee
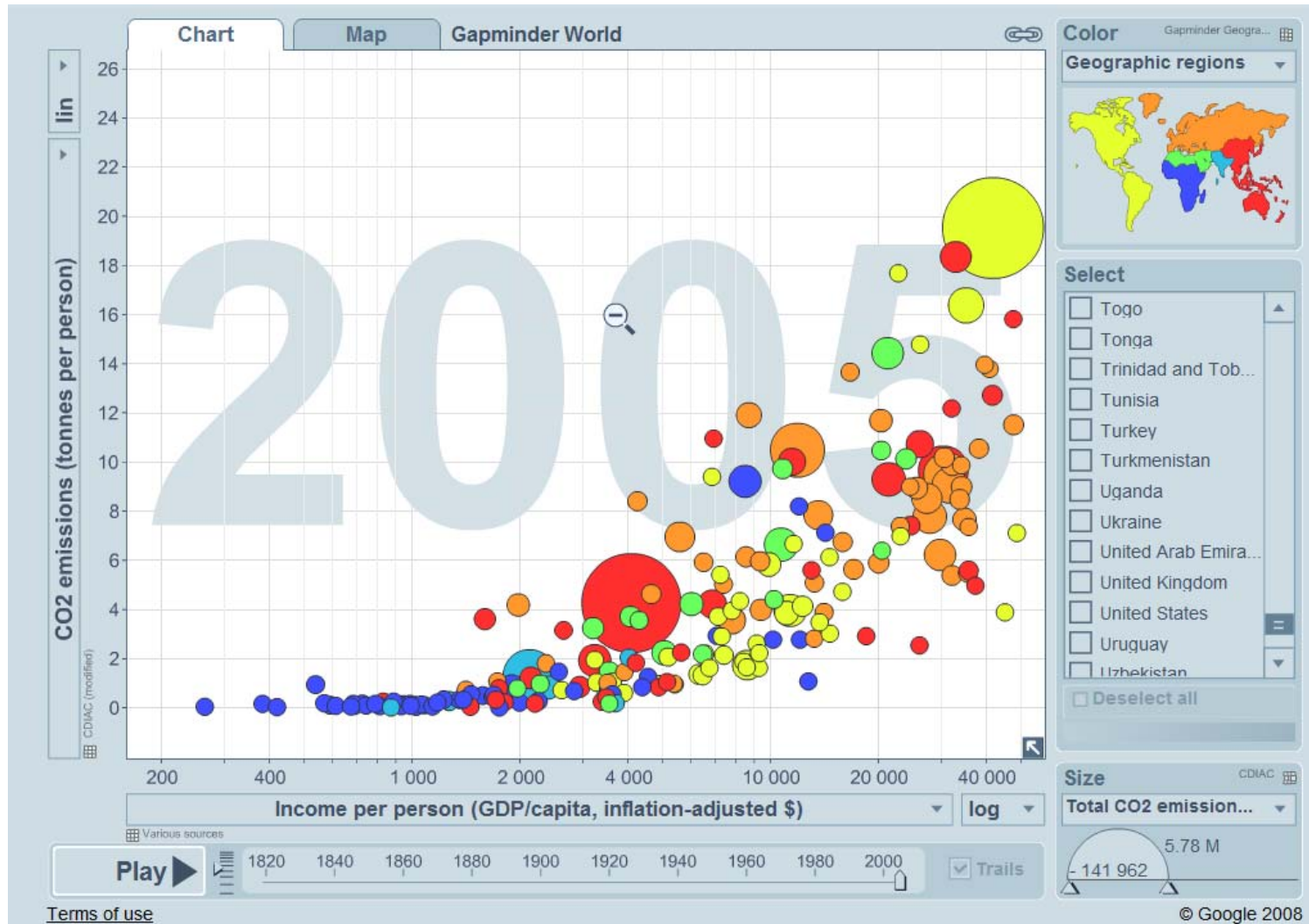
CFTC Market Surveillance of CO$_2$ markets
We are committed

Rafael Martinez
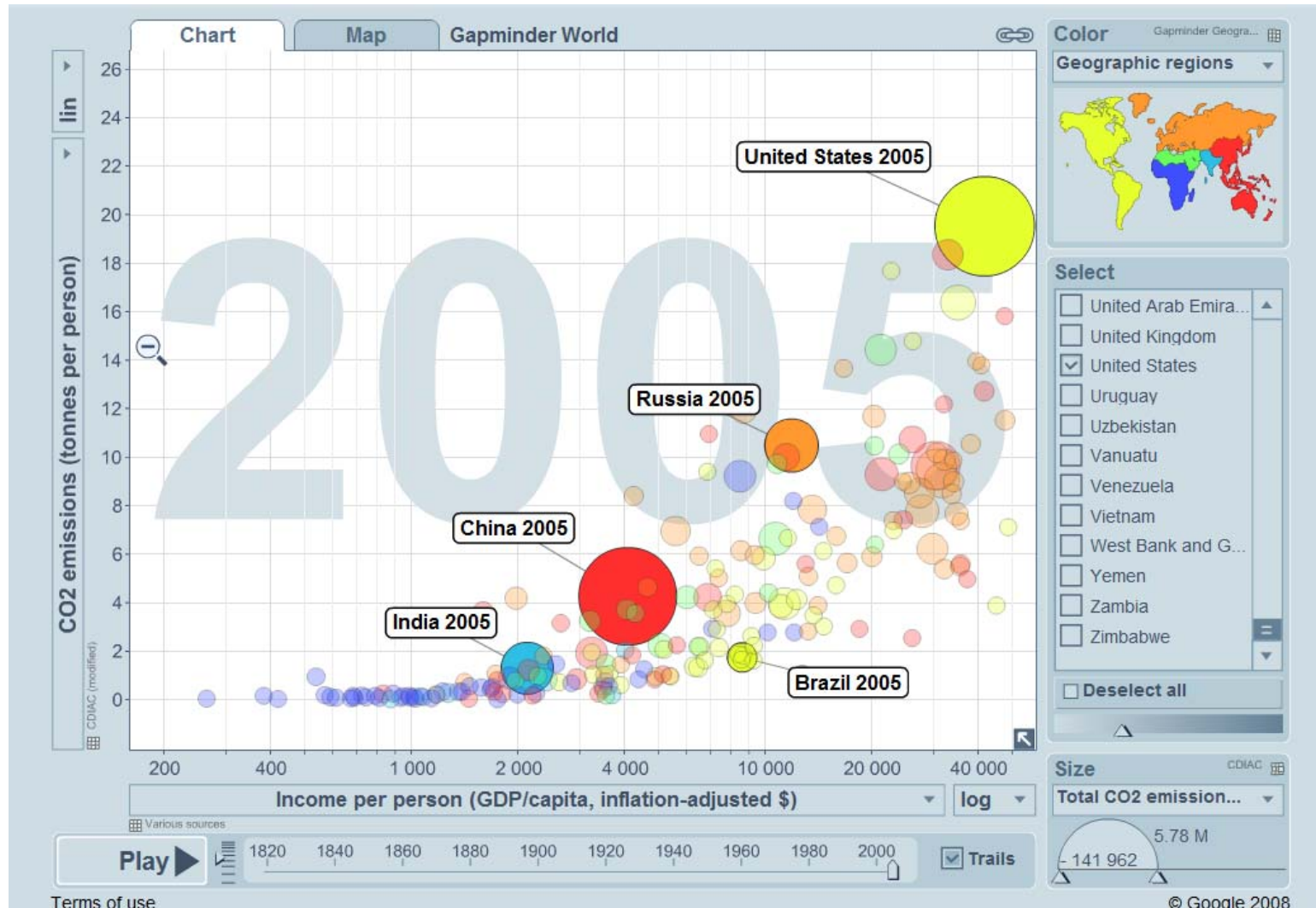Division of Market Oversight
Market Surveillance

Wednesday, May 13, 2009
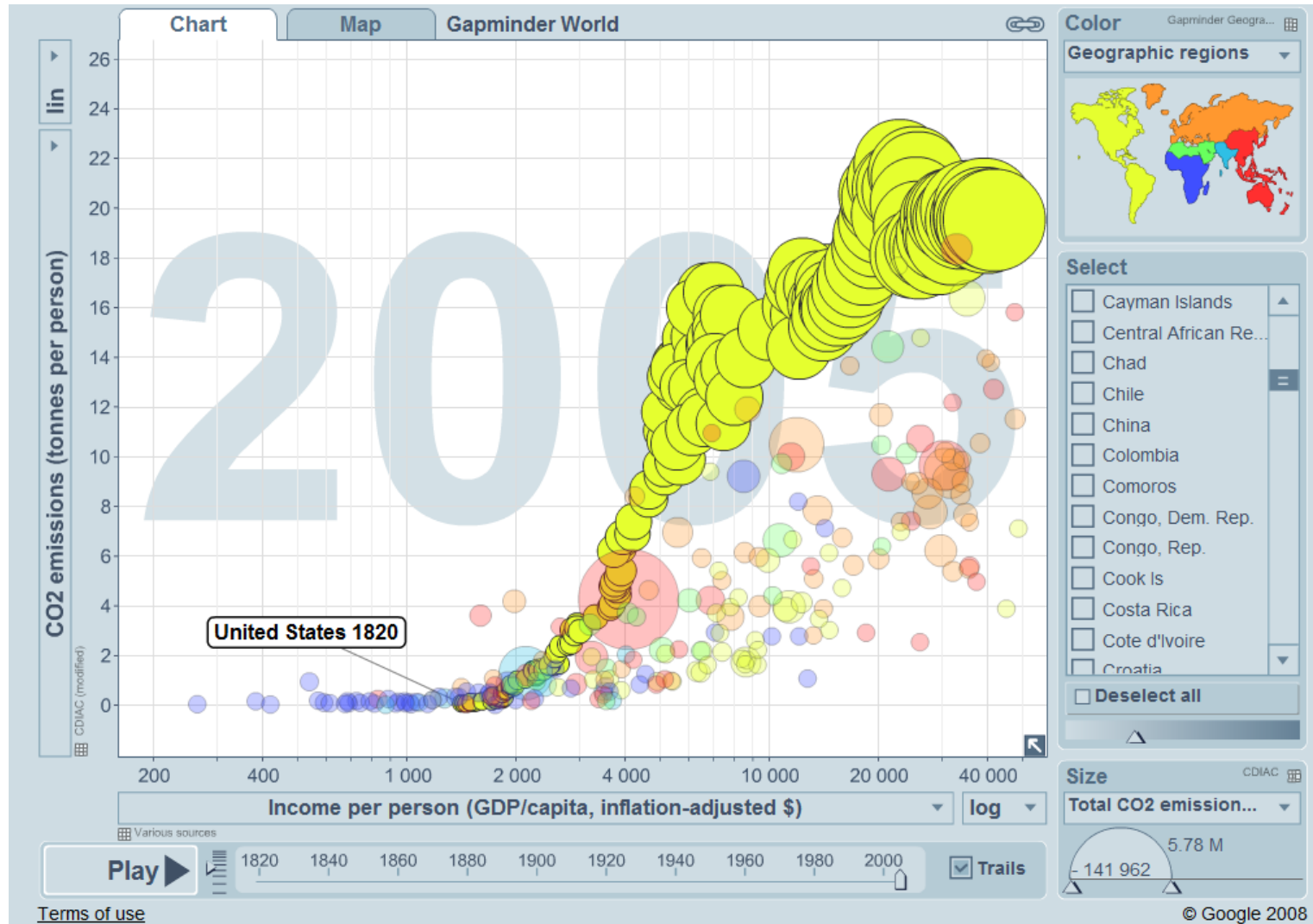
The US has a large CO2 footprint

Source: Gapminder.org using Trendalyzer Visualization Software

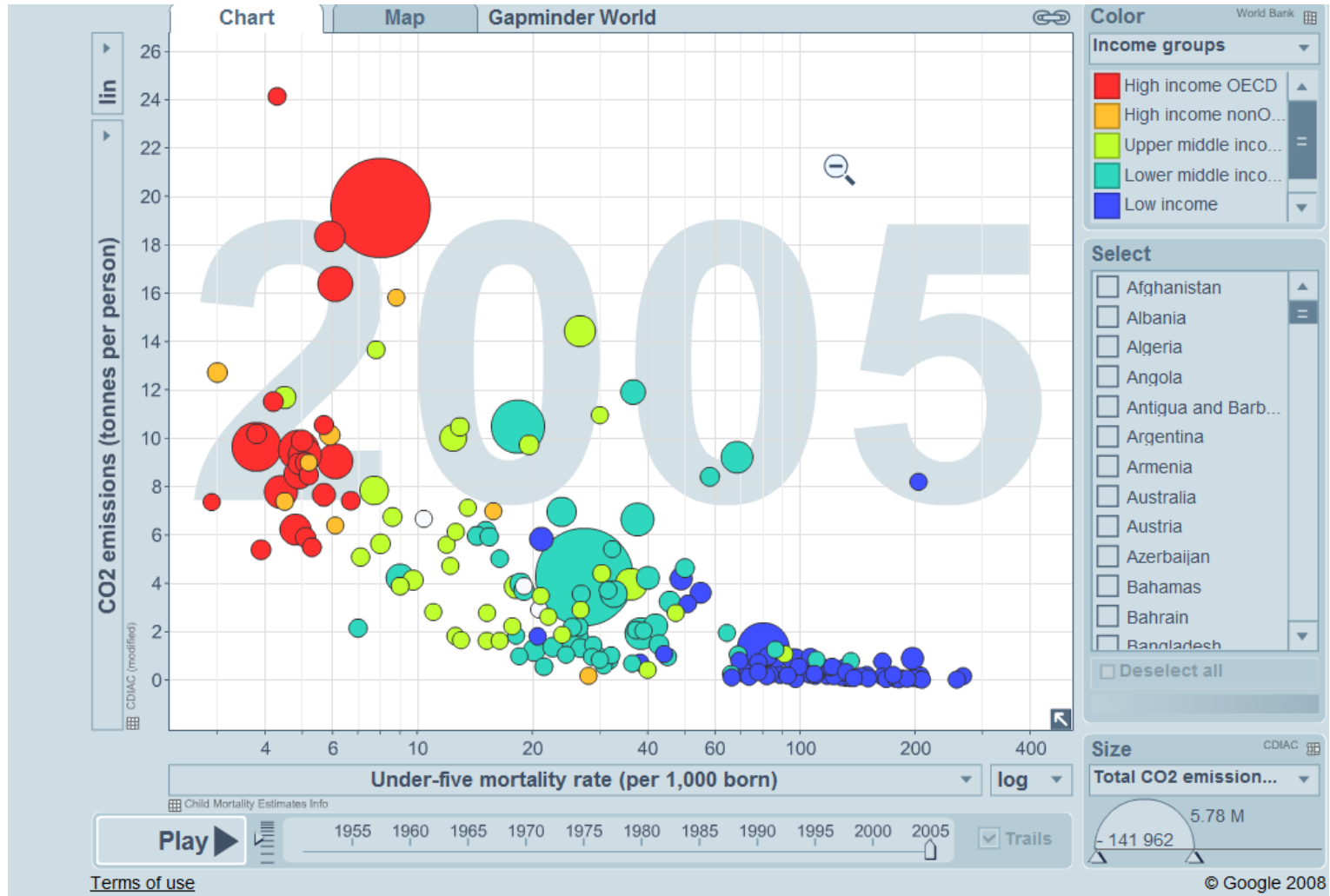# Are the BRIC countries following?

Source: Gapminder.org using Trendalyzer Visualization Software

The path has not been steady

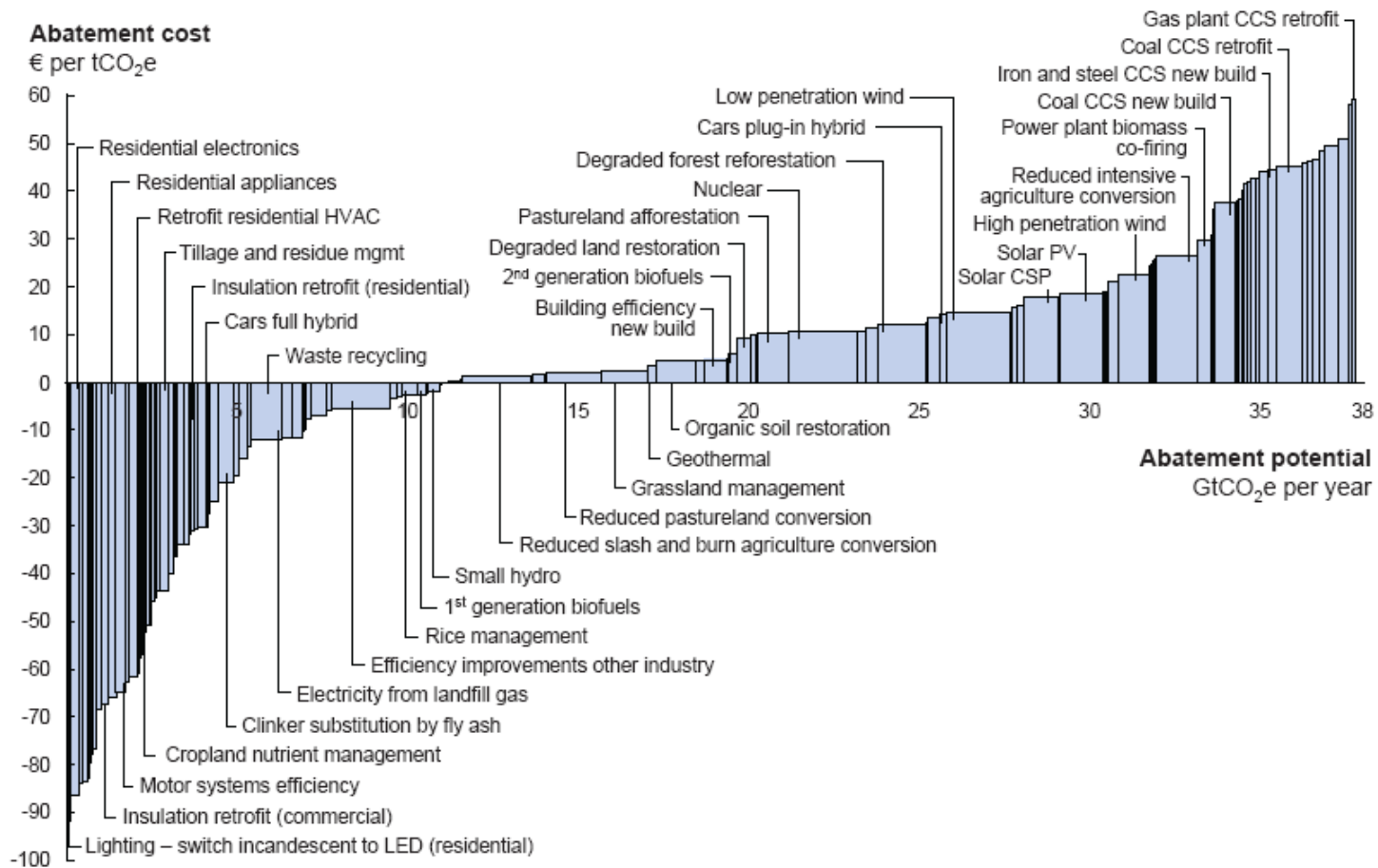Source: Gapminder.org using Trendalyzer Visualization Software

Abatement does not have to be needlessly costly

Source: Gapminder.org using Trendalyzer Visualization Software

The market can help us find the most cost-effective reduction.

Global GHG abatement cost curve beyond business-as-usual – 2030

Note: The curve presents an estimate of the maximum potential of all technical GHG abatement measures below €60 per tCO₂e if each lever was pursued aggressively. It is not a forecast of what role different abatement measures and technologies will play.
Source: Global GHG Abatement Cost Curve v2.0

Emissions Markets

History in the U.S.

- Environmental Financial Markets emerge following the attempt at a lead phase down trading program for **gasoline** in 1982-1985

- **SO$_2$** begins trading through EPA annual auction with Chicago Board of Trade in 1995

- **NO$_X$** begins trading in 1999

- Chicago Climate Exchange launched in 2003. **Carbon Financial Instrument** Traded

- NYMEX's Green Exchange launched in 2008

- Several bills currently before Congress for National Market of CO2 Allowances

Emissions Markets
Active Futures Contracts Trade in the U.S.

Sulfur Dioxide (SO_2, Mar.05)

Nitrogen Oxide (NO_X, Feb.07)

Mandatory Carbon Dioxide (CO_2)

European Union Allowance

Certified Emission Reduction

RGGI Allowance

Voluntary Carbon Dioxide (CO_2)

Carbon Financial Instrument (Aug.07)

California Climate Action Registry
Emission Offsets

Emissions Markets

The role of the CFTC

The CFTC will be a force to ensure emissions market integrity

1. It makes sense we regulate emissions futures markets

2. We are already doing it.

3. The upcoming issues are not new to us.

We are committed