

Public Statements & Remarks

Opening Statement of Commissioner Dan M. Berkovitz before the Energy and Environmental Markets Advisory Committee

September 15, 2021

Good morning, and welcome to the Energy and Environmental Markets Advisory Committee (EEMAC) meeting. I am very pleased to see all of you by video today.

Last month, a panel of scientists convened by the United Nations issued a landmark report warning of the dire effects of climate change.^[1] The report “unequivocally” linked the earth’s warming to human activities and called for urgent action to significantly reduce emissions of carbon dioxide and other greenhouse gases.

Derivatives markets, and particularly those for carbon allowances and offsets, have an important role to play in achieving these reductions. They can help companies optimize emission reductions, protect against the financial risks associated with global climate change, and manage the risks arising from the transition to a carbon-neutral economy.

This past June, the Committee met to examine the role of carbon markets in the transition to a carbon-neutral economy. We heard from leaders of cap-and-trade programs in the United States and abroad, from our U.S.-based exchanges that offer carbon derivative products, and from market participants and other stakeholders with experience in the carbon markets.

At our June meeting, EEMAC Associate Member Matt Picardi, on behalf of the Commercial Energy Working Group, proposed that the EEMAC take a closer look at how the Commission can support this energy transition by examining the design of carbon markets. Mr. Picardi recommended that the Commission establish a subcommittee to examine the interplay between secondary cash markets for carbon allowances and offsets and the derivative markets for those products, with the goal of promoting uniformity across the various markets and enhancing liquidity. The Committee is meeting today to discuss this proposal and we will call for a vote at the end of the meeting.

Should members recommend the establishment of a subcommittee and the recommendation is approved by the Commission, the CFTC would then publish a request in the Federal Register for subcommittee nominations. As we do with our EEMAC membership, we would strive for a subcommittee comprised of a broad and diverse range of viewpoints. Membership on the subcommittee would not be limited to those who are already members or associate members of the EEMAC, so I urge all interested stakeholders with expertise in and experience with these issues to submit a nomination. Subcommittee members would be tasked with defining the mission of the subcommittee and ultimately, preparing a report to the EEMAC setting forth guiding principles for the design of carbon markets, as well as addressing any other topics that the subcommittee deems relevant to its mission.

I am very much looking forward to a robust discussion today and to any further action recommended by the EEMAC members.

As many of you already know, I will be leaving the Commission next month. One of the things I'll miss the most about my time as a Commissioner is sponsoring this advisory committee and working with each of you in your capacity as members and associate members of the EEMAC. Some of you I have known for decades and others I have been fortunate to meet when you were nominated to the EEMAC, and I am grateful for each of those relationships.

I would like to thank all of you for the contributions you have made over the years to educate and inform the Commission about issues important to our energy and environmental markets. I never cease to be impressed with your dedication and enthusiasm, and the wealth of knowledge and experience you bring to this Committee. I wish we could be together in Washington today so I could speak to each of you individually, but I look forward to continuing to stay in touch.

I would like to thank all of the people who have made these meetings such a success. First, thank you to Acting Chair Behnam and Commissioner Stump for participating in today's meeting, as well as your ongoing support for the EEMAC throughout my tenure. My relationships with both of you over the past three years have only strengthened and the public is fortunate to have such dedicated public servants overseeing our financial markets. I would also like to thank Dena Wiggins, who has chaired this Committee for the full three years of my sponsorship. She brings her deep experience in the energy markets to her role as Chair and the EEMAC has greatly benefitted from her leadership. I am very grateful to Abigail Knauff for her exceptional work as Secretary of the EEMAC. She volunteered for this role in addition to her "day job" in the Division of Clearing and Risk and has planned thoughtful and informative meetings on issues vital to our energy and environmental markets. I also thank Lucy Hynes for all of her efforts liaising with the membership on behalf of my office and supporting Abigail in planning Committee meetings. And finally, many thanks to Michelle Ghim in the Legal Division for her counsel to the Committee over the years, and to our IT and facilities staff who have made these remote meetings so seamless.

With that, I'll turn it back to you, Abigail.

[1] Intergovernmental Panel on Climate Change, *Climate Change 2021: The Physical Science Basis* (Aug. 7, 2021), available at <https://www.ipcc.ch/assessment-report/ar6/> (<https://www.cftc.gov/Exit/index.htm?https://www.ipcc.ch/assessment-report/ar6/>).

-CFTC-
