

Honoring the 30th Anniversary of the Clean Air Act Amendments of 1990

November 20, 2020

This week marks the 30th anniversary of the signing of the Clean Air Act Amendments of 1990. IncubEx wishes to honor and thank all those leaders whose vision drove major improvements in American lives and pioneered the growing worldwide environmental market mechanisms that offer so much promise to the goal of solving global climate change.

The administrations of President Ronald W. Reagan and President George H.W. Bush devoted a decade of effort to form a bi-partisan coalition that dramatically improved air quality – protecting human health and the natural environment - and stopped acid rain. We honor the tireless effort of both administrations, Senate and House members and staff, the Environmental Protection Agency, innovative environmental groups, business and labor groups who joined together to create this vanguard legislation. As President Bush remarked on the day he signed the Clean Air Act: “This bill is both ambitious in its goals and innovative in its methods.”



President H.W. Bush signs into the law the 1990 Clean Air Act Amendments. (From Left: James Watkins, Secretary of Energy, William Reilly, Administrator of the Environmental Protection Agency and Vice President Dan Quayle)

IncubEx Managing Director Dr. Michael Walsh noted: “The SO₂ emission allowance and reduction trading program was a conceptual breakthrough that not only helped cut pollution faster and cheaper than expected, but provided a blueprint for numerous environmental and clean energy markets that have emerged around the world. The mix of intelligent design, a highly professional EPA, and a prepared energy industry built this major success.”

Dr. Walsh led the CBOT team that conducted the first three SO₂ emission allowance auctions on behalf of EPA starting in 1993, and added: “The clean energy and pollution cutting markets that reflect the core elements of the SO₂ program continue to deliver. Dr. Richard Sandor’s vision to harness the futures market’s capabilities for environmental instruments showed early fruit when EPA Administrator William Reilly, an Illinoisan, told us: “Nobody in DC believed in the SO₂ allowance market until the Chicago Board of Trade got involved.””

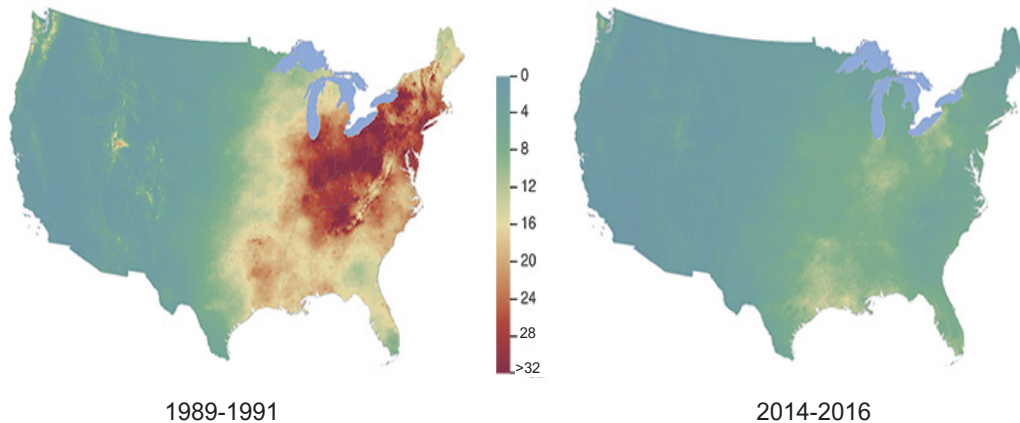
The Clean Air Act also paved the way for market innovations such as the first exchange traded environmental futures contract for SO₂ allowances on the Chicago Climate Futures Exchange. Environmental markets have grown dramatically using the model forged by the legislation to create markets in carbon emissions, renewable fuels and renewable electricity markets.

IncubEx CEO Michael MacGregor, who worked with Dr. Walsh in developing SO₂ allowance futures, noted: “We are proud to have developed the first exchange traded environmental futures contract for

SO₂ allowances nearly 16 years ago, bringing proven market infrastructure to the environmental markets for the first time – a mission we still champion today at IncubEx in SO₂ and NO_x emission allowances, carbon, renewable energy certificates, renewable fuels and innovations yet to come.”

Acid Rain before and after the 1990 Clean Air Act

Three-Year Wet Sulfate Deposit



Source: NADP/NTN & PRISM, 2018

What started three decades ago not only shows what can be done, but also the promise and potential of these markets worldwide. Open interest in global environmental derivatives is at an all-time high of more than 3 million contracts as regulated environmental markets are increasingly the policy tool of choice to address environmental challenges and promote the energy transition.

Further information on the Clean Air Act can be found at: <https://www.epa.gov/clean-air-act-overview>.

About IncubEx

IncubEx is an incubator for exchange traded products, services, and technology solutions. At its core, IncubEx is a product and business development firm. The company works in conjunction with its global exchange partner, European Energy Exchange (EEX), Nodal Exchange and other leading service providers and stakeholders to design and develop new financial products in global environmental, reinsurance, and related commodity markets. The company has a specific focus on innovation and continuous improvement of products and services, including technology, trading solutions, and operational efficiencies. The IncubEx team is led by former key Climate Exchange executives and is uniquely positioned to capture these opportunities with its partners. The company was founded in 2016 and currently has offices in Chicago and London.

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