



First Washington Carbon Allowance Futures Trades on Nodal Exchange

WASHINGTON & CHICAGO – December 6, 2022

Nodal Exchange and IncubEx announced today the successful launch of the Washington Carbon Allowance (WCA) futures contract, along with the first trade in the contract, on December 5th.

Participating firms supporting the WCA contract on the 5th included: Shell Energy North America (US), L.P. ("Shell Energy"), Mercuria Energy America ("Mercuria"), and broker, BGC Financial L.P ("BGC").

Nodal Exchange posted volume of 25 lots of Washington Carbon Allowance futures, equivalent to 25,000 WCAs at a price of \$35.00/MT for December 2023 delivery. The Nodal WCA futures contract is the first exchange-listed and cleared contract corresponding with the Washington carbon "Cap-and-Invest" program, the newest carbon market in North America. The Cap-and-Invest program, set to commence compliance obligations on January 1, 2023, will gradually cover about 75% of the state's CO₂ emissions. The futures contracts call for delivery of Washington Carbon Allowances in the Washington Compliance Instrument Tracking System Services (CITSS) registry.

The program aims to lower CO₂ emissions 45% below 1990 levels by 2040 and 95% below 1990 levels, reaching net-zero carbon emissions by 2050 as set by the Washington state's Climate Commitment Act.

The WCA futures contract joins the slate of environmental products on Nodal Exchange including futures and options for the Western Climate Initiative and RGGI carbon, Renewable Fuels including RINS, LCFS and OCFP, a slate of voluntary offset contracts, as well as 45 different REC markets. Open interest in North American environmental market futures and options on Nodal has surpassed 220,000 lots, up 30% year over year.

"Shell Energy has a long history of environmental market participation and is pleased to support the launch of the Washington Carbon Allowance futures on Nodal, which is an important milestone in the Washington Cap-and-Invest program," said Bill McGrath, Shell Energy's General Manager for Global Environmental Products.

"As a longstanding participant in compliance carbon markets in the Western US, Mercuria is excited to provide market leadership via participation and liquidity provision in this nascent market", said Adam Raphaely, Managing Director of Trading for Mercuria Energy America, LLC.

"BGC is pleased to be a part of the first allowance futures trade in Washington state's new carbon market. As a longstanding participant in global carbon markets, BGC has been at the

forefront of facilitating liquidity and trade execution in these markets. The listing of futures is a key milestone, allowing market participants to effectively hedge price risk. Carbon markets continue to be a vital policy instrument in the energy transition to a sustainable future," said John Battaglia, Managing Director and Global Head of Carbon Markets for BGC.

"The global carbon market continues to grow and the strong interest in the Washington carbon market is another example" said Dan Scarbrough, President and COO at IncubEx. "Seeing Shell Energy, Mercuria and BGC be first-movers in the Washington carbon market on a regulated exchange is no surprise given their track record of leadership in environmental markets. We expect this and other North American environmental markets to continue their impressive growth with the support of these leading companies."

"Nodal and IncubEx continue to develop pioneering products that meet the needs of our customers in the environmental space," said Paul Cusenza, CEO of Nodal Exchange. "These new contracts extend the broadest suite of exchange-listed environmental products in the world and demonstrate our continued commitment to innovation that addresses climate change."

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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. See more at www.theincubex.com.

ABOUT NODAL

Nodal Exchange is a derivatives exchange providing price, credit and liquidity risk management solutions to participants in the North American commodities markets. Nodal Exchange is a leader in innovation, having introduced the world's largest sets of electric power and environmental futures and options contracts. As part of EEX Group, a group of companies serving international commodity markets, Nodal Exchange currently offers over 1,000 contracts on hundreds of unique locations, providing the most effective basis risk management available to market participants. In addition, Nodal Exchange offers natural gas contracts. All Nodal Exchange contracts are cleared by Nodal Clear which is a CFTC registered derivatives clearing organization. Nodal Exchange is a designated contract market regulated by the CFTC. For more information, please visit www.nodalexchange.com.