

Nodal eyes Central and South America

Nodal Exchange, the US subsidiary of the European Energy Exchange (EEX), is looking to expand into Central and South America, the exchange’s chairman and chief executive has said.

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By Wendy Lisney

In an interview with Global Investor, Paul Cusenza said Nodal’s long-term mission is to grow the EEX Group in the region that best serves North America. “I view my responsibility as looking at this time zone,” he said. “From that standpoint, Central and South America would make the most sense from a business perspective.”

While power is Nodal’s core market, Cusenza said he would not preclude moving into a wider set of commodities as it broadens its geographical reach. “Our bias is to determine how we can innovate and serve the market where there are needs that are yet unmet,” he said.

“If I were to look forward five years from now, I would expect that Nodal Exchange is even broader in terms of the commodities it serves, and to have expanded internationally by that point, but it’s very early days. If I look out 10 years, I do think we’ll have a wider set of commodities in multiple countries.”

Last week, Nodal said it planned a third migration of US natural gas futures and options contracts from Nasdaq Futures (NFX) after migrating a second tranche of 578,377,500 million British Thermal Units (MMBtu) to its clearing house Nodal Clear.

According to Cusenza, there is a significant amount of US natural gas open interest left to move across, particularly in options, and he is hoping that the third migration, which is “at least in the magnitude of the

other two” will be the last. “We haven’t finalised the exact date... but hopefully by the end of May we’ll be able to get it done,” he said.

On May 1, Nodal marked an open interest milestone after its second-highest trading day in power futures with a total volume of 42 million MWh. At the end of that day, Nodal had 1,030 million MWh of total power futures open interest, the first time that the exchange achieved the largest power futures open interest of any North American exchange.

On Wednesday, Nodal reported April open interest records for power, environmental and natural gas futures, with 992 million MWh of open interest in its monthly power futures markets as of April 30, representing a 49% market share. Compared to April last year, Nodal’s power open interest is up 42%. US environmental futures reached open interest of 68,874 lots, up 230% from last year and representing a 7.4% market share.

At the end of April, Nodal had 1.34% of US natural gas futures and options open interest. “Our plan is to grow that,” said Cusenza. “We’ve planted our acorn and we’re hoping to grow a nice big oak, as we believe our power business already is. Our environmental business is maybe still a sapling, but it’s growing.”

Nodal completed the migration of US power futures and options contracts from Nasdaq Futures to its clearing house Nodal Clear in February. ■