Nodal plans third gas migration in May - CEO

Nodal Exchange has said it plans a third migration of US natural gas futures and options contracts from Nasdaq Futures (NFX) in May, after moving a second tranche to its clearing house this week.

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By Wendy Lisney

"Nodal now has about 1.4% of all US natural gas futures and options open interest," Paul Cusenza, chair and CEO of Nodal Exchange and Nodal Clear, told Global Investor. "We are very excited about this starting position and the opportunity to grow it over time."

In the second tranche, Virginia-based Nodal said on Thursday that it migrated 578,377,500 million British Thermal Units (MMBtu), after moving the first tranche of 818,737,500 million MMBtu on April 13.

In total, the exchange has migrated an energy equivalent of 409 million MWh in April, representing about 160,000 natural gas lots.

Nodal originally planned to transfer the NFX gas contracts last month but postponed the move following disruption to the market caused by Covid-19. Cusenza has said that the Covid-19 pandemic makes it a "challenging time to be migrating portfolios".

After moving the second tranche, Cusenza said: "We do expect to do an additional migration in May…we are trying to accommodate all entities and some need additional time under the current circumstances."

Nodal completed the migration of NFX's power book to its platform in February, moving all of NFX's US power contracts, equivalent to 91.2 million MWh of power futures and options. The exchange has a 49% market share of US power futures open interest with about 980 million MWh of open interest.

Cusenza said it would take time to grow Nodal's natural gas business but the exchange plans to work with participants and be responsive to their needs.

"Given we are now about 49% of all of the US power futures open interest, we believe we can provide significant benefits to our participants with capital efficiency from cross-margining natural gas and power using our portfolio margining approach," he said. ■