



Wednesday, May 2, 2018

SPECIAL REPRINT

nodal takes in enviro markets

Since Nodal Exchange was acquired by the European Energy Exchange (EEX), part of Deutsche Borse Group, this time last year, the company has made all sorts of announcements. Nodal Exchange launched power options last year and also started up a whole new freight futures market for Q4 this year. At an earnings call in Q1, EEX officers discussed investments and initiatives in blockchain technology in an effort to bring its far-flung array of energy exchanges closer together, Nodal included. Last week, the firm announced that along with its beefy portfolio of power and gas contracts, Nodal will next launch a “broad suite of North American environmental contracts in the second half of 2018.” Seems like a natural fit.

Parent company EEX had a long-standing arrangement with an outfit called IncubEx, a US-based enviro-product development firm that was founded by former Climate Exchange execs. The two companies have already developed a swath of exchange-traded products for the European enviro/energy sector, and now the focus has turned to US markets, Nodal in particular. We called Nodal Exchange CEO Paul Cusenza for more details. “The work that IncubEx has done in Europe for the EEX has been phenomenal ... it’s only natural that we extend that to enviro markets in North America.” So, what’s the new stable of products look like? So far, the company has not listed any specific products, though Cusenza told *The Desk* that “as you’d expect, we will want to do renewable energy credits and the like, which would go directly to our core power markets. We’re exploring all options now. In Europe they’ve

had a good deal of success with this. For us, it’s a natural extension of our power contract base.”

Cusenza also told us that Nodal’s reach and increasing US market share in the power sector is already expanding in 2018. “We’re on a roll in power right now,” he says. Later in the year he also mentioned that Nodal will be incorporating the low-latency T7 matching engine featured across the Deutsche Borse Group. “With this upgrade we will be able to easily upgrade and expand our product set and generally what we offer to customers. The new technology will allow for dramatic growth.”

Though the US, of course, doesn’t have a national cap-and-trade program, a number of key states have active programs that should dovetail nicely with Nodal’s new enviro product plans. He also mentioned a second effort with a Brooklyn-based company called LO3, which focuses on trading across microgrids. That firm has an ongoing relationship with a EEX sister company, EPEX SPOT (European Power Exchange). Very interesting concept. Linking solar (or other) “prosumer” microgrids to the wholesale market for trading. Prosumer? As in, folks who are both consumers and producers of electricity. There are millions of them, apparently.

“When I started here 10 years ago at Nodal, one of the things that excited me about it was idea that once we moved to futures we could one day move into environmental markets, to do our part. Then the market collapsed and in came Dodd-Frank and our plans had to wait. So, 10 years later, we’re very excited to soon serve the REC environment.”

For more information, go to <http://www.nodalexchange.com/>