



Nodal Exchange and IncubEx Collaborate to Launch First-of-Their-Kind Environmental Futures & Options

WASHINGTON & CHICAGO – June 7, 2022

Nodal Exchange and IncubEx announced today the planned launch of new environmental products including several first-of-their-kind futures contracts in renewable energy credits, renewable natural gas certificates (renewable thermal certificates) and voluntary carbon offsets. The new Nodal Exchange products further expand the world's largest exchange listed suite of environmental products.

This new set of physically delivered environmental products developed in collaboration with IncubEx will be listed on Nodal Exchange on June 17, 2022, pending regulatory review, and includes:

- Western Regional Energy Generation Information System (WREGIS) Registered Renewable Energy Certificates from Center for Resource Solutions (CRS) Listed Wind Energy Facilities front-half and back-half Futures
- NEPOOL Quad Qualified Renewable Energy Certificate Class 1 Futures
- Renewable Natural Gas Certificate Futures
- Verified Emission Reductions (VERs) – Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Eligible and Nature-Based Futures & Options
- Certified Emission Reductions (CERs): Commitment Period 2; 2013+; and 2016+ Futures
- Carbon Removal Futures
- Global Emission Reduction (GER)[®] Futures, developed by Net Zero Markets

Renewable Energy Certificates

The WREGIS REC contracts represent renewable wind energy produced from Western Electricity Coordinating Council (WECC) registered facilities listed with the CRS in connection with the administration of its Green-e[®] certification programs. WREGIS is an independent REC tracking system that covers the Western Interconnection territory.

A photograph of several wind turbines silhouetted against a bright orange and yellow sunset sky.

Voluntary RECs, like the new contracts, which are also referred to as hybrid voluntary/compliance RECs, are often used by companies looking to secure renewable energy such as wind or solar power for their operations and meet corporate sustainability objectives.

By adding WREGIS contracts, Nodal will now list voluntary REC contracts, including: Texas Compliance Wind and Texas Compliance Solar RECs from CRS Listed Facilities, Midwest Renewable Energy Tracking System (M-RETS®) RECs from CRS Listed Wind Energy Facilities and NAR Registered Renewable Energy Certificates from CRS Listed Wind and Solar Energy Facilities. To date, Nodal Clear holds more than 36,500 contracts of open interest in Texas CRS, NAR and M-RETS® contracts, representing 36.5 million MWh of renewable energy, or equivalent power for 3.3 million homes for a year.

Also, Nodal is listing the first-of-its-kind NEPOOL Quad Qualified REC Futures, which delivers RECs qualified across Massachusetts Class 1, Connecticut Class 1, New Hampshire Class 1 and Rhode Island New energy resources.

The new product complements the NEPOOL Dual Qualified Class 1 REC futures, as well as other NEPOOL REC contracts on Nodal.

Renewable Natural Gas Certificates

The Renewable Natural Gas Certificate Futures are the first-ever exchange listed futures contracts in the renewable natural gas complex. These contracts deliver Renewable Thermal Certificates (RTCs) issued by the M-RETS® for qualifying renewable natural gas (RNG) or biomethane injection into a distribution or interstate natural gas pipeline in the United States. RTCs, similar in nature to RECs, are from RNG produced from landfills, animal manure and wastewater facilities and must complete a carbon intensity (CI) evaluation and achieve a score of 40 CI or less to be deliverable into the contract.

Corporates, utilities and other energy providers looking to cover direct carbon emissions from owned or controlled sources of natural gas (or other greenhouse gas footprint resulting from natural gas) can transact in RTC futures to demonstrate ownership of renewable natural gas used in their operations.

Voluntary Carbon Offset Futures & Options

The new Voluntary Carbon Offset contracts cover a range of offset standards and project types. The product group includes: Voluntary Emission Reduction (VER) CORSIA-eligible Futures and Options; Verified Emission Reduction Nature-based (Base and Vintage) Futures and Options; Global Emission Reduction (GER) Futures contracts – which is launched in cooperation with NetZero Markets - and Carbon Removal Futures.

In simple terms, VER contracts enable organizations to offset their own carbon emissions or that of the products they sell, which cannot be further directly reduced, thus financing associated greenhouse gas reduction projects. The GER Future is an innovative concept covering the Voluntary Carbon Market in a basket of contracts and underlying projects. Carbon removal credits put a price on technical or nature-based projects which directly remove CO₂ from the atmosphere.

Certified Emission Reduction Futures

The CER contracts are not currently listed on any other exchange and are novel in their updated vintage definitions, modified from prior CER listed contracts to help align with CORSIA eligible emission units and the Paris Agreement's Article 6, which establishes a United Nations mechanism to trade credits from emissions reductions from specific projects.

CERs are the largest supply of global offsets, vetted to international standards, and serve a number of use cases, including Kyoto, Paris, CORSIA and voluntary offsetting obligations.

- Commitment Period 2 Futures specify CERs of a date range consistent with the use under the second commitment period of the Kyoto Protocol.
- 2013+ futures deliver CERs of the date range consistent with the requirements under the Paris Agreement.
- 2016+ futures deliver CERs consistent with the date range eligibility requirements under CORSIA while also providing more certainty regarding corresponding emissions adjustments.

"The growth story and expanding range of environmental markets are reflected in this upcoming product launch on Nodal," said Dan Scarbrough, President and COO of IncubEx. "With the new listings, we will launch the broadest set of voluntary carbon offset products on any exchange, which is reflective of the numerous methodologies and project types in the underlying carbon offset market. We are also extremely excited that Nodal will list the first-ever futures contract in the renewable natural gas space. This RNG focused product is a signal of the burgeoning underlying market as well as the continued focus on innovation by our team and partners at Nodal Exchange."

"Climate change is a global challenge that requires innovation and commitment, and I am pleased that Nodal and our collaborators can play a positive, active role in protecting our planet by providing and expanding the environmental markets, said Paul Cusenza, Chairman and CEO of Nodal Exchange. "We're proud to be able to offer these innovative new products and to extend the world's broadest suite of environmental contracts. We expect voluntary carbon offsets to play a significant role in fighting climate change by complementing the existing carbon compliance markets and providing effective risk management solutions to our participants."

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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 set of electric power locational (nodal) futures 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 and environmental 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: nodalexchange.com

ABOUT INCUBEX

IncubEx is an incubator for products, services and technology solutions in environmental markets with partners and stakeholders to design and develop new financial markets, technologies and trading solutions in global environmental, climate risk, and related commodity markets. IncubEx serves as the operator of The Voluntary Climate Marketplace (TVCM). The company also works in conjunction with its global exchange partner, European Energy Exchange (EEX) and its U.S. subsidiary, Nodal Exchange. The IncubEx team is led by former key executives from Climate Exchange, which pioneered exchange based environmental trading and CCX, the world's first and only voluntary, but legally binding greenhouse gas emission reduction and trading program. IncubEx, a privately held company founded in 2016 with offices in Chicago and London, is uniquely positioned to capture these opportunities globally with its partners. For more information, please visit <https://theincubex.com/>