

## **Nodal and IncubEx Expand Environmental Suite with New EPA Cross-State Air Pollution Rule Contracts**

WASHINGTON, DC and CHICAGO -- Nodal Exchange and IncubEx today announced the successful launch of new nitrogen oxides (NOx) futures and options, plus extended vintages on two Texas voluntary renewable energy certificate (REC) contracts.

The new physically delivered NOx contracts are based on the US Environmental Protection Agency (EPA) Cross State Air Pollution Rule ("CSAPR") Transport Rule (TR). Nodal will list:

- NOx Ozone Season Group 2 Allowance Futures and Options (Vintages 2020 through 2024)
- NOx Ozone Season Group 3 Allowance Futures and Options (Vintages 2021 through 2024)

Under CSAPR, the EPA established rules that limit summer season NOx emissions from power plants in 22 US states. The CSAPR update of March 15, 2021 established new rules to further reduce NOx emissions from power plants in 12 states and transferred those states from the Group 2 requirements to a new Group 3. The remaining 10 states continue to be limited by their existing Group 2 budget levels.

Each regulated power plant is assigned a limited number of tradable allowances, with each representing one ton of NOx emissions. For each compliance period, each regulated source must surrender CSAPR NOx ozone season allowances equal to its total emissions during the summer period.

The new contracts extend the CSAPR NOx and SO<sub>2</sub> futures and options product group that was listed on Nodal in November 2018.

Meanwhile, Nodal also will extend vintages on two Texas CRS REC contracts:

- Texas Compliance Renewable Energy Certificates from CRS Listed Facilities (front-half and back-half) futures (Vintages 2031 through 2032)
- Texas Compliance Solar Renewable Energy Certificates from CRS Listed Facilities (front-half and back-half) futures (Vintages 2026 through 2030)

Texas CRS wind and Texas CRS solar futures are the most actively traded voluntary REC futures contracts ever listed and have built open interest of more than 17,000 lots (each lot is 1,000 RECs and 17,000 lots is equal to 17 million MWh of renewable power).

"We're excited to list the new NOx contracts and add to the broadest suite of environmental markets contracts in the world," Paul Cusenza, CEO of Nodal said. "Already in 2021, we've posted our top two volume months for the product group in February and April, with open interest topping 140,000 lots in May setting new records."

"The new NOx contracts are especially meaningful because they build on a history of more than 30 years since the Clean Air Act Amendments of 1990 set the stage for environmental markets," said Dan Scarbrough, President and COO of IncubEx. "Those SO<sub>2</sub> and NOx markets not only helped efficiently reduce acid rain pollution dramatically but served as a blueprint for market-based solutions to environmental issues around the world."

With the new NOx contracts, Nodal will list 83 futures and options products on environmental markets in North America.

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CSAPR Rule Update Fact Sheet: [https://www.epa.gov/sites/production/files/2021-03/documents/revised\\_csapr\\_update\\_factsheet\\_for\\_final\\_rule.pdf](https://www.epa.gov/sites/production/files/2021-03/documents/revised_csapr_update_factsheet_for_final_rule.pdf)

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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.

## **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 and the world's largest set of environmental 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.