



CFTC Voluntary Carbon Markets Convening

June 2, 2022





Overview

- At its core, IncubEx is a product and business development firm. We model, develop, and market commodity contracts, services, and technology solutions in global environmental, climate risk, and related commodities for exchange-traded and OTC markets.
- IncubEx has a unique mission to advance and improve new and existing environmental commodities with our exchange and technology partners. These products include global environmental, reinsurance, and weather-related commodities.
- Founded in 2016 the leaders of IncubEx were part of the same team that developed the world's first exchange-traded environmental markets in the early 2000s. We continue to bring that innovative spirit and expertise in supporting existing and building future markets to navigate the worlds growing demand for climate impact markets.
- Partnership model
- Learn more [here](#)



Strong Partners

- IncubEx utilizes our long-term expertise and market knowledge in partnering with exchanges and other market providers to develop and enhance overall product lines, connect with customers and bring better solutions to the global marketplace.
- In 2017, IncubEx partnered with European Energy Exchange (EEX), to build, support and expand its EUA derivatives market.
- In 2018, IncubEx partnered with Nodal Exchange, an EEX subsidiary, to help build the world's broadest suite of listed environmental futures and options contracts.
- In 2021, IncubEx and Trayport collaborated to launch The Voluntary Climate Marketplace (TVCM) for OTC voluntary carbon offset projects.



The Voluntary Carbon Market (VCM)

The VCM has evolved over the past 30 years but many core tenets remain the same.

Carbon offsets are issued in accordance with the protocols of leading independent registries with the following general attributes:

- Projects that avoid or remove greenhouse gas emissions
 - Technology or nature-based
- Robust independent 3rd party verification; precise issuance & tracking in registries
- Offset “quality” is largely in the eye of the beholder
 - Projects are generally valid under the various protocols, but choose one
 - No uniform “standard” for what is a “good” offset
- Compliance markets provide framework – standards are emerging
 - CERs previously under EU ETS
 - Offsets under California Cap & Trade
 - CORSIA

Chicago Climate Exchange

2003-2010

The world's first and only voluntary, legally binding greenhouse gas reduction and trading program

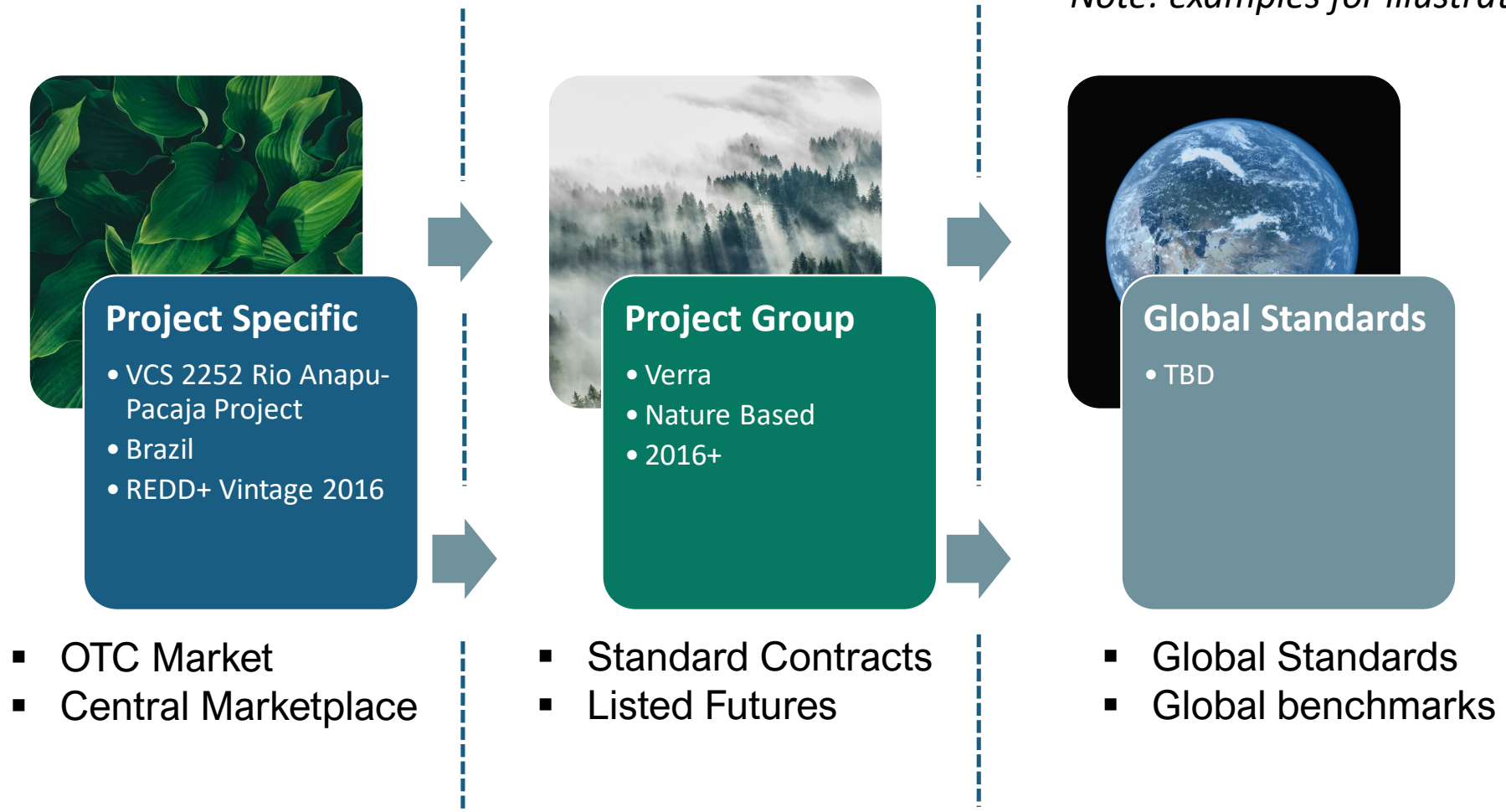
CCX Program Summary

- Nearly 500 Members
- 680M ton peak emissions baseline; over 700M in GHG reductions 2003-2010
- 150M tons traded in spot market
- Weighted Average Price of \$3.26
- Offset Protocols developed:

<u>Agricultural Methane Collection and Combustion</u>
<u>Agricultural Best Management Practices - Continuous Conservation Tillage and Conversion to Grassland Soil Carbon Sequestration</u>
<u>Agricultural Best Management Practices - Sustainably Managed Rangeland Soil Carbon Sequestration</u>
<u>Avoided Emissions from Organic Waste Disposal</u>
<u>Coal Mine Methane Collection and Combustion</u>
<u>Forestry Carbon Sequestration</u>
<u>Landfill Methane Collection and Combustion</u>
<u>Ozone Depleting Substances Destruction</u>
<u>Renewable Energy Systems</u>
<u>Small Scale Renewable Biogas</u>

Offsets – Bespoke to Standardized

Note: examples for illustrative purposes





About TVCM

OVERVIEW

- Voluntary carbon markets are key to achieving climate goals
- These markets have traditionally been complex, bespoke and opaque
- TVCM is a platform for participants providing best-in-class market access, transparency and trade efficiencies
- This innovative marketplace enables participants to place bids and offers on a live market on Trayport's Joule screen
- A wide range of project types are available for trading, allowing participants to choose the specific attributes of offsets including technology type, vintage, geography, size, registry and price
- TVCM creates a neutral platform to expand market access and connect more participants in a fair and transparent way
- TVCM voluntary carbon offsets are viewable alongside a global suite of exchange traded environmental and energy markets (subject to exchange authorization)
- Bilateral settlement of contracts allows for transactional flexibility
- Simplified bilateral, post-trade process



Environmental Futures on Nodal Exchange

IncubEx & Nodal Exchange Partnership

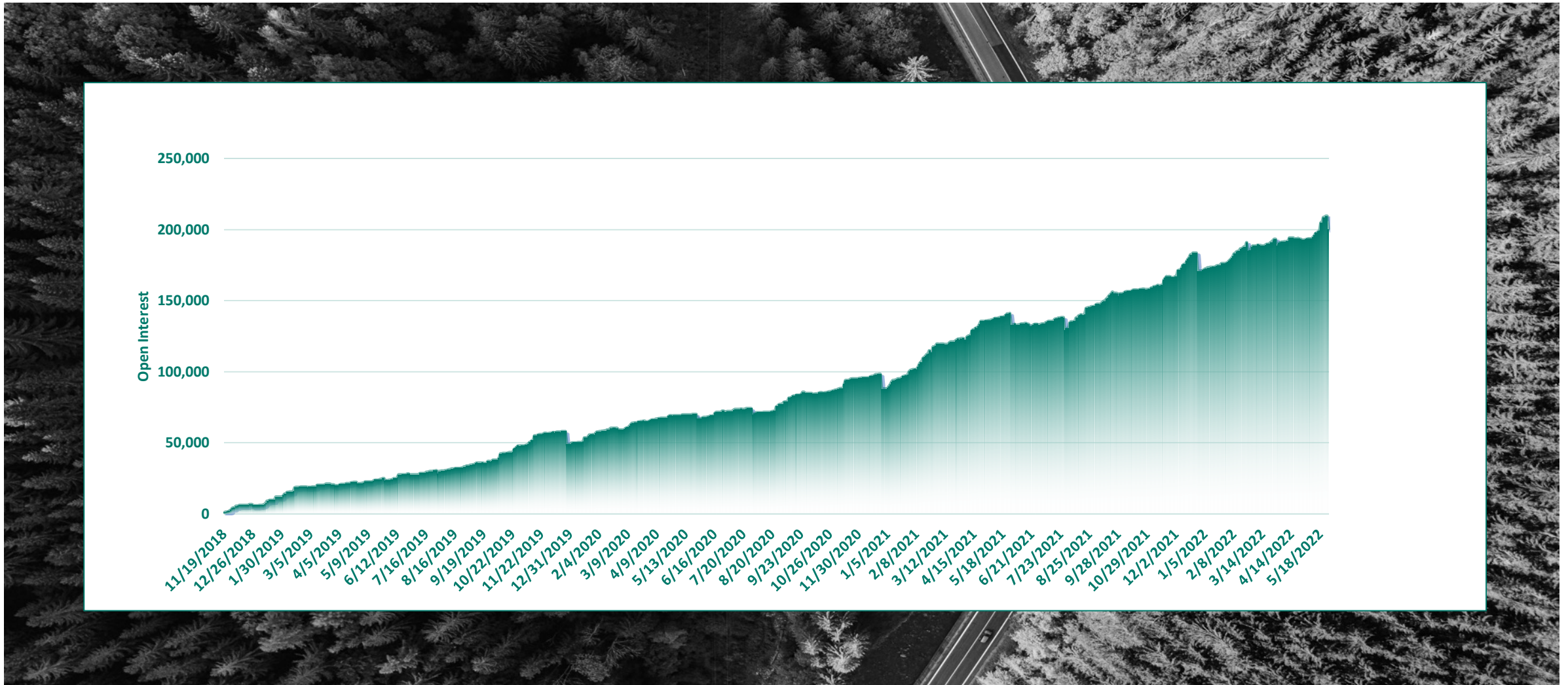
- Since 2018, Nodal has launched futures and options for 90+ distinct environmental markets.
- The offering includes:
 - North American Carbon Futures & Options (CCA & RGGI)
 - Renewable Energy Certificate Futures & Options
 - Renewable Fuels Futures & Options (RINs, California LCFS and Oregon CFP)
 - SO₂ and NO_x Futures
- Open interest in Nodal environmental futures and options stand at over 200,000 lots with positions out to 2032. (as of 5/2022)
- Upcoming Offsets Listing*:
 - 7 offset futures and 1 renewable natural gas contract
 - Adds to the 2 existing futures contracts for California Offsets
 - The offering will expand on existing futures and re-open access to the CER market

**Pending regulatory review*

Upcoming Offsets Contracts on Nodal Exchange*

- Existing Offset Futures:
 - California Compliance Offset -8 (CCO-8) Futures
 - California Compliance Offset - 0 (CCO-0) Futures
- Live on Nodal Exchange June 17th (*pending regulatory review)
 - CORSIA-eligible Offset Futures & Options
 - Nature-based Offset Futures & Options
 - Carbon Removal Offset Futures
 - Global Emission Reduction (GER) Offset Futures
 - Certified Emission Reductions (CERs) Futures
 - Commitment Period 2
 - 2013+ (Article 6 Ready)
 - 2016+ (CORSIA Eligible)

Environmental Open Interest On Nodal Exchange



Thank You

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