

APEX Objective

To facilitate development and communication of ideas and practices in the operation of global competitive electricity markets.

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IN THE SPOTLIGHT

Nodal Exchange

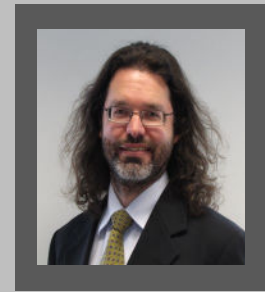
Nodal Exchange is a derivatives exchange providing price, credit and liquidity risk management to participants in the North American commodity markets. All transactions on Nodal Exchange are cleared through its clearing house, Nodal Clear, using a portfolio margining approach that provides participants significant risk management and capital efficiency advantages. Nodal Exchange is a leader in innovation, having introduced the world's largest set of electric power locational (nodal) futures contracts. Nodal Exchange currently offers over 1,000 contracts on hundreds of unique locations, providing the most effective basis risk management available to market participants. Nodal Exchange also offers natural gas, environmental and trucking freight contracts. Nodal Exchange became part of the EEX Group in 2017; EEX Group is in turn part of the Deutsche Börse Group. EEX Group is the largest power exchange group in the world.

Nodal Exchange has over 50% market share of all cleared U.S. power futures contracts, measured by open interest, with over 1 billion MWh of open interest. Nodal Exchange's position is especially strong in the PJM region where it achieved a record 59% share of futures open interest as of June 30, 2020. Nodal Exchange grew traded volume 79% in 2019. This annual growth rate of 79% compares to an industry growth rate of just 8% over that same time period. Nodal Exchange grew its market share of monthly futures trading from 21.5% in 2018 to 35.6% in 2019.

On November 12, 2019, Nodal Exchange and Nasdaq Futures, Inc announced an agreement for Nodal Exchange to acquire NFX's futures and options exchange business. Nodal then arranged for the NFX marine freight business to be transferred to Nodal's parent EEX in Europe and this migration was completed in February 2020. The power and natural gas businesses at NFX were migrated to Nodal Clear in February and April 2020, respectively.

Beyond these accomplishments in power, in November of 2018, Nodal Exchange, in cooperation with IncubEx, extended its product offering beyond power and gas for the first time, with the introduction of emissions and environmental products for the North American market. Nodal Exchange currently offers the most environmental futures and options contracts of any exchange in the world. In March of 2019, Nodal Exchange, in cooperation with FreightWaves, launched the world's first trucking freight futures contracts. In September of 2019, Nodal expanded its natural gas futures offering and added natural gas options for the first time.

To learn more about Nodal Exchange and Nodal Clear, please visit www.nodalexchange.com.



Stephen Jay
Board Member APEX
Executive General Manager Operations
Transpower New Zealand Ltd

It is my pleasure to write a few words on behalf of the APEX Directors.

As an introduction I have recently joined the Board replacing Mr John Clarke, who for many years has represented New Zealand and contributed to the Association. It is a privilege to become a Director and I am committed to sharing and developing practices associated with the operation of the electricity (and wider energy) markets.

It is an exceptionally exciting time to be part of the power supply industry. If I look across the globe there are common themes associated with decarbonisation, decentralisation, and digitalisation. The latter certainly provides endless opportunity to improve decision making through the introduction of real-time data.

Decarbonisation is hot topic, with a strong emphasis on electrification of transport and industrial heat, whilst in many countries also complementing this with a focus on renewable generation build to meet demand growth in electricity and displacing thermal fuels. All within political and stakeholder expectation of maintaining a reliable, sustainable, resilient, and affordable electricity supply and efficient market.

Decentralisation takes on many meanings, which includes distributed energy resources. These not only provide the opportunity for consumers to have choice, but also opens up a huge potential for ancillary services such as aggregation and automation to provide demand response, frequency keeping, reserve energy, voltage support, and black start. Realisation of the value proposition of these will depend on market makers, emerging technology that will compete on price and function, and market rules and appropriate regulation. The paradigm shift in the conjuration of the power system with high penetration of distributed renewable generation connected is not to be understated.

Then there are low probability, but high impact events such as COVID-19, which has driven significant demand and wholesale price changes, and set the industry in a spin regarding future scenario planning, worksite changes, maintenance, outages – all whilst maintaining security of supply. I have never seen such collaboration on a global scale to share information.

WEBINAR

On Wednesday, 9 September, APEx held its first ever on-line webinar focused on perspectives on the COVID-19 pandemic. The webinar included speakers representing power exchanges throughout the world to discuss the impacts of COVID-19 on business continuity plans and the future implications of the COVID-19 pandemic on markets. In the first panel moderated by Lanny Nickell of the Southwest Power Pool (SPP), speakers from the Coordinador Electrico Nacional, AESO, GCCIA, and Nordpool discussed the impacts of the pandemic. General themes included enhanced safety protocols, continued remote operations, reduction in demand, impacts on the fuel supply chain, and the importance of communications. Generally, across most power exchanges electrical demand initially dropped up to 10% from reduced commercial operations, but have since recovered moderately. In the second panel moderated by Stu Bresler of PJM, speakers from EPEX, XM, and Mid-continent ISO discussed future implications of the pandemic. The importance of forecasting, staffing and talent development, IT infrastructure, flexibility, and potential business models that are independent of demand were discussed.

The conference ended with the APEx Annual General Meeting conducted by chairman Stu Bresler, which included the re-election of existing and election of new directors.

Please listen to the recorded Webinar on the APEx Website at:
[APEx 9 Sept 2020 Webinar Recording](#)

LOOK FOR ANOTHER WEBINAR IN JANUARY, 2021



We welcome your feedback!

Please send ideas for possible topics to be considered as well as potential panelists to Ms. Linda Spreeman at Linda.Spreeman@pjm.com

Thank you for your continued interest and support of APEx!