

### **Shorter settlement timeframes support growing market and liquidity**

Starting 16 January 2023, emsTradepoint will introduce shorter settlement timeframes for carbon products (both spot and forwards), moving to a two-business-day model (T+2) from the current five-business-day (T+5).

It's a move that has always been on the horizon, with fast transactions being a staple of an efficient centralised carbon exchange like emsTradepoint's, but General Manager Quintin Tahau says it was great nonetheless to receive support from current Participants.

"After floating the idea with users of our exchange, we found that faster settlement better aligned with many of their business processes, and some were already using other means to transfer units in this sort of timeframe."

Shortening the settlement time for carbon products better enables companies and individuals to carry out the full buy/sell-to-transfer process via the centralised carbon exchange, enabling all steps in the trade process. In addition, shorter settlement brings other benefits to the market and its participants.

"A shorter transaction period reduces the risk of price movement between the purchase and delivery of the carbon units," Tahau said.

"Reducing risk for participants is always a goal for us, one we don't compromise on. Price transparency is one way we've always managed this risk and shortening the period for variability occurring between purchase and transfer is another very useful benefit."

The change comes at a time where tremendous growth is being seen across the carbon market, both locally in New Zealand and internationally. As participants in these markets grow, Tahau believes so too does the value of fairness, transparency, accessibility, and market awareness.

"It's important people first understand the market before entering, knowing the trading process and the risks involved. The market also has characteristics we believe it should uphold, like transparency and accessibility for every kind of participant – big or small," Tahau said.

The other notable change coming to emsTradepoint around the same time is market opening hours being extended to 8am – 8pm, seven days a week for carbon products.

### **About emsTradepoint**

emsTradepoint is a commodity trading exchange established by Transpower New Zealand Limited in 2013, becoming a wholly owned subsidiary in 2015. It provides anonymity, transparent pricing and transactional certainty for spot market trading of natural gas and carbon units in New Zealand.

The carbon products were built on the existing infrastructure of the emsTradepoint gas trading platform. The centralised carbon exchange was built with the aim of enabling New Zealand's energy future by helping to accurately reflect the cost of carbon emissions in decisions to build new sources of electricity generation.