Theory to practice
Lessons from quantity markets

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17 September 2015
Key Points

• The water quality trading community can leverage several key lessons from the groundwater trading markets

• Even the best-designed markets won’t work without an understanding of the value propositions to participants

• Smart markets can simplify trades in complex regulatory environments
Interviewed 120+ farmers, managers, agronomists, and policymakers

• What are the challenges?
• What are the solutions today?
• What would make life easier?
Challenges

In trading groundwater rights, farmers have trouble:

• Identifying an interested party
• Negotiating a price
• Obtaining regulatory compliance
• Maintaining confidentiality and trust
In trading groundwater rights, managers have trouble:

- Acting as “matchmaker”
- Manually checking rules
- Verifying compliance
We create a centralized exchange that ensures regulatory compliance, treats everyone fairly, saves time and money, and is anonymous and confidential.
The market centralizes trading activity, providing access to many buyers and many sellers
The market only matches parties according to regulatory rules
The market is operated by a third party
The market is neutral, treating buyers and sellers equally.
All bidding activity is anonymous and confidential
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Smart markets can simplify trades in complex regulatory environments.