Public Comment on Prediction Markets (RIN 3038-AF65)

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(Submitted in an individual capacity)

I am an entrepreneur and operator working in energy and infrastructure. I was the Founder and CTO of Noya, a climate technology company that raised $23 million and operated out of San Francisco, and I am now building an energy company in Venezuela. My work involves making capital allocation and system design decisions under real uncertainty—fuel costs, policy shifts, grid reliability, and geopolitical factors all directly affect outcomes.

In practice, those decisions are made with incomplete and fragmented information. There is no single, continuously updated signal that reflects where conditions are actually heading. Instead, operators rely on a mix of partial data, internal models, and judgment. In my current work, that includes interpreting signals from Venezuelan policy, potential changes in U.S. leadership, and global geopolitical developments such as conflict in the Middle East. These inputs are real, but they are not synthesized into a coherent, decision-grade expectation.

I saw the consequences of this clearly in the 2024–2025 climate technology cycle. Many teams, including ones I worked closely with, operated under the assumption that conditions would revert and improve in the near term. That expectation drove continued investment into visible, capital-intensive systems that signaled scale, instead of shifting into more resilient, lower-burn operating modes. When the recovery did not materialize, those decisions became liabilities. This was not just a matter of poor judgment—it was a lack of signal. There was no mechanism to aggregate dispersed information and challenge shared assumptions in real time, so narrative and momentum filled the gap.

Event contracts provide a way to address this problem by turning dispersed information into a continuously updated price signal. By tying outcomes to prices, they aggregate knowledge from multiple sources into a single probability that reflects current expectations. That price is not abstract—it is directly usable in operational decision-making. It allows operators to calibrate risk, adjust system design, and allocate capital with a clearer view of expected conditions.

In this sense, event contracts contribute directly to price discovery and the dissemination of pricing information, even when they are not used as traditional hedging instruments. They produce forward-looking signals that do not otherwise exist in many of the domains where real decisions are made. In energy and infrastructure, where uncertainty is high and traditional markets often fail to provide timely or relevant forecasts, this function has direct operational value.

From an operational standpoint, the absence of these signals has a measurable cost, but it does not show up as simple over- or underestimation of risk. The failure mode is more specific. When there is no reliable, continuously updated signal, shared assumptions persist longer than they should. Decisions become anchored to narratives about how conditions are expected to

evolve, rather than to a mechanism that continuously tests and updates those expectations. By the time those assumptions are proven wrong, they are often already embedded in capital allocation and system design.

From my perspective, there is also a practical distinction between markets built to generate high-quality information and those built primarily for trading activity. These systems behave differently in practice. Markets focused on information generation prioritize signal quality and relevance, while markets focused on trading prioritize liquidity and volume. Treating them as identical risks limiting the development of tools that improve real-world decision-making.