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Dr. Gang Kou
Editor-in-Chief, Financial Innovation
Southwestern University of Finance and Economics

Dear Professor Kou,

I am pleased to submit "Energy Anchoring in Cryptocurrency Markets: Evidence from Natural Experiments" for consideration in Financial Innovation. This manuscript introduces Cumulative Energy Investment Theory as a novel contribution to digital finance valuation frameworks, aligning with your journal's focus on blockchain technology and financial innovations.

Our paper builds upon recent Financial Innovation publications by Zheng et al. (2023), Kang et al. (2025), and Guo et al. (2024), extending the cryptocurrency valuation literature beyond traditional models. By leveraging two natural experiments (China's 2021 mining ban and Ethereum's 2022 Merge), we establish how cumulative energy expenditure creates an anchoring effect that explains 25% of Bitcoin price variation during stable regimes.

The manuscript contributes to financial innovation theory by:

1. Introducing Cumulative Energy Investment Theory as a novel valuation framework for digital assets lacking traditional fundamentals
2. Demonstrating how the geographical distribution of mining operations affects cryptocurrency market efficiency
3. Quantifying how regulatory changes transform digital asset pricing mechanisms through energy cost channels
4. Establishing empirical linkages between physical energy markets and digital financial assets

Our research specifically supports Financial Innovation's emphasis on "financial innovations and their applications in financial systems and markets." The methodology employs quasi-experimental designs that isolate causal mechanisms, including difference-in-differences and structural break analyses with strong statistical significance (Chow test: F=22.954, p<0.0001).

This manuscript is not under consideration elsewhere, and there are no conflicts of interest to declare. All data used are available upon request. Thank you for your consideration.

Sincerely,

Christopher Ongko
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