



Spotlight on Novacoin:

PoW & PoS Hybrid Pioneer

In early 2013, a new cryptocurrency appeared, and at that time it was one of the pioneers in the emerging group of hybrid Proof-of-Work (PoW) and Proof-of-Stake (PoS) projects. It was designed by a team led by the developer Balthazar. In addition to being a true PoW and PoS hybrid trailblazer, Novacoin (NVC) is one of the oldest Scrypt-based altcoins.

In addition to potentially protecting the network from the risk of a 51% attack, PoS-based coins are perfectly capable of operating in the complete absence of PoW hashing activity. Thus, as long as there is staking activity throughout the network, Novacoin will continue to thrive. In addition, the NVC blockchain network is much less resource-intensive than a pure PoW system.

For its consensus mechanism, Novacoin employs the BIP34 hashing algorithm and a Scrypt-based PoW implementation. The PoW system facilitation follows the hashcash method invented by Adam Back in 1997 (please see <http://www.hashcash.org/> for more information).

In addition to its innovative primary characteristics, Novacoin was also equipped with a customized parameter called the “CoinDayWeight” to help facilitate its PoS mechanism using the coin-age concept. While similar to coin-age, the “CoinDayWeight” is calculated using an offset of 30 days, with a maximum limit of 90 days.

Novacoin’s per-block reward is dynamic, with different functions to calculate rewards for the PoW and the PoS implementations (see <http://novacoin.org/faq.html> for details). The reward for PoW blocks is reduced in half for every 64th multiple of difficulty, while the payout for PoS blocks is cut by 50% for every 64th multiple of difficulty. In terms of timing, PoS block are spaced 10 minutes apart. For PoW blocks, temporal spacing depends on the generation rate of PoS blocks, and can range from 10 to 30 minutes.

Another somewhat unique feature of Novacoin is that there is no hard cap on the number of coins. Because of the structure and

development of the blockchain, there is no true restriction on the number of NVC coins that can be created, and the 2 billion “soft” limit can be adjusted in the future if deemed necessary. Of note, the combination of increasing mining difficulty, the relatively constant rate of inflation via PoS rewards (at approximately 1% annually) will make it highly unlikely that NVC will approach the 2 billion coin limit for a very long time. At the time of this article’s writing, approximately 7 years after blockchain inception, only 2,335,757 NVC exist.

Currently, Novacoin is available on several exchanges, including NLexch, Zapple, and Livecoin. Novacoin is also a member of the EWMCI Leadership Alliance and is a component of the EWMCI Diversified Cryptocurrency Bronze Index.

S / EWMCI Media Services

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Sources:

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- 4) EWMCI Diversified Cryptocurrency Bronze Index. Available online at: <https://ewmci.info/bronze>
- 5) EWMCI Leadership Alliance Core Team. Available online at: <http://alliance.ewmci.info>

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