

This document outlines Mercurious' proposal for a 2-day training course: Gas Trading & Risk Management. The course is specifically designed to expand delegates' knowledge of Gas with respect to trading, gas derivatives, gas exposures, gas risk management, hedging of gas positions and optimization of gas assets.

Learning objectives

Acquiring insight and knowledge of:

- Identification of gas exposures
- Quantification of gas exposures
- Hedging gas exposures
- Gas derivatives
- Gas dispatch
- Allocation & Optimization of gas storages, pipelines and gas-fired power plants
- Spread trading
- Gas asset & portfolio management

Target group

This Mercurious' training course is particularly suitable for Trading staff, including:

- Controllers / Credit control
- Finance & control staff
- Scheduling-related staff
- Legal staff
- Compliance officers
- Accountants
- Back Office staff
- Mid office staff
- ICT staff
- Junior (new hires) Traders
- Junior (new hires) Dispatchers/Operators/Shift traders
- Sales managers & staff
- Project managers
- Asset & portfolio managers

Training

The training sessions have a strong interactive character whereby the contribution of participants is of utmost importance. A picture of the working of the markets, recent developments, risks and other relevant issues are given during the training sessions by means of theory, questions and theses.

2- DAYS GAS TRADING & RISK MANAGEMENT

DAY 1

Session 1

Value at Risk

- Measuring risk
- Quantifying exposures
 - Value at Risk methodology
 - VaR of a gas position
 - VaR of a gas & oil portfolio
 - Volatility
 - Correlation
 - Stress testing

Exercise

Value at Risk calculations

Session 2

Hedging an oil-indexed long term Gas contract

- Gas price exposure
 - Oil-to-Gas pricing
 - Oil hedge
 - Gas hedge
 - Currency risk
 - Currency hedge

Exercise

Hedging a LT gas contract

Session 3

Cross-border gas trading

- NBP versus TTF
- Sourcing alternatives
 - Trading the basis
 - (Physical) basis swap
- Hedging alternatives
 - Proxy hedge
- Currency risk
 - Pence/therm versus Euro/MWh
 - Currency hedge
 - The role of the Treasury department

Exercise

Cross-border trading

Simulation

Basis trading

Session 4

Gas storage

- Variety of storage facilities & their features
 - Time-wise
 - Winter-summer
 - Day-night
 - Week-weekend
 - Related terminology
 - Peak shaving
 - Dispatch
 - Balancing

Exercise

Gas storages

Simulation

Locking in cash flows of gas storage

DAY 2

Session 5

Gas options

- Outright options
 - Premium
 - Elements effecting the options premium
- Embedded options
 - Volume options
 - Price options
- Real options
 - Physical assets

Exercise

Commodity options

Session 6

Gas asset & portfolio management - Gas

- APM
- Combinations
 - Physical assets
 - Contracts
 - Client portfolio
- Dimensions
 - Obligations
 - Rights
 - Potential obligations

Exercise

Asset & portfolio management

Session 7

Spark spread trading

- Buying and selling spark spreads
- Virtual power plant
- Real options

Exercise

Optimization of a gas-fired power plant

Session 8

Location spread

- Pipeline optimization
- Location spread
- Basis trading
 - NBP-ZEE
 - NBP-TTF
 - TTF-ZEE

Simulation

Basis trading