2- DAYS POWER TRADING & RISK MANAGEMENT

Learning objectives

Acquiring insight and knowledge of:

- Identification of power exposures
- Quantification of power exposures
- Hedging power exposures
- Power derivatives
- Power dispatch
- Allocation & Optimization of power transport capacity and power plants
- Spread trading
- Asset & portfolio management in the power markets

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.

DAY 1

Session 1

Value at Risk

- Measuring risk
- Quantifying exposures
  - Value at Risk methodology
    - VaR of a power position
    - VaR of a European power portfolio
    - Volatility
    - Correlation
  - Stress testing

Exercise

VaR of a power position

Session 2

Power options

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

Exercise

Commodity options

Session 3

Dispatch

- Power portfolio dispatch
  - Production facilities
  - Allocation; ramping up/down
    - Economic factors: merit order
    - Contractual obligations: Must run percentage
    - Technical restrictions: outages & maintenance
    - Regulatory restrictions: emissions

Simulation

Dispatch – Finding alternatives

Session 3

Swing contract

- Swing contract
- Volume-time flexibility
- Swing option
- Optimization of swing contract
- Making more money

Exercise

Swing contract

DAY 2

Session 5

Power asset & portfolio management – part 1

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

Exercise

Asset & portfolio management - Power

Session 6

Spark & Dark spread optimization

- Trading spark & dark spreads
  - Buying and selling spark spreads
- Virtual power plant
- Real options approach

Exercise

Optimization of power plants

Session 7

Asset & portfolio management – part 2

- Combination
  - Power production facilities
  - Client base
  - Short outright options or Embedded options in client contracts

Exercise

Power options

Session 8

Location spread

- Power grid connections
  - Optimization of the allocation of this asset
- Location spread
- Basis trading
  - Power Germany versus Power France
    - Base versus Base
    - Peak versus Peak
  - Nordpool versus EEX

Simulation

Basis trading