

2-DAYS VALUATION, MODELLING & RISK MANAGEMENT IN POWER MARKETS

DAY 1 & 2

Renewables and their impact on pricing

- German power market
 - Solar & wind power
 - Impact on peak power price
 - Classic assumptions must be doubted
- Model adjustment

Power plant valuation & Real options approach

- Intrinsic value & time & expectations value
- Monetizing power plants' flexibility
 - Delta hedging
 - Gamma trading

Options valuation

- Black-Scholes
 - Advantages & disadvantages
- Binomial trees
- Skew & kurtosis

Risk management – Scenario analysis

- Value at Risk
 - Variance–Covariance methodology
 - Monte Carlo simulation

Risk management – Sensitivity analysis

- Value at Risk
 - Variance–Covariance methodology
 - Monte Carlo simulation

Power plant hedging

- Hedging
 - Book structure
- Purpose of hedging
 - Risk mitigation
 - Cash flow security & optimization
- Hedging issues

