



**ATHEXGROUP**  
Athens Exchange Group

## 2-day seminar in Electricity Markets & Derivatives Trading

### Introduction

The Greek electricity wholesale market is maturing and becoming more and more sophisticated. Not only for the physical spot trading, but also with the emergence of electricity derivatives. In several European markets these instruments are already widely used, so there are valuable lessons to be learned and by attending this course it will definitely shorten your learning curve.

During this highly interactive 2-day seminar Kasper Walet will take you through all the ins and outs of electricity forwards, futures, swaps, options, clearing and risk management.

The program is structured in such a way that a good balance between theory and practice will be achieved. At least the following issues will be covered:

- Electricity derivatives are used as a method of isolating financial risk associated with high volatility of electricity prices as risk is transferred to people who have a better tolerance to absorb it. There are many parties involved in the electricity markets including producers, brokers, traders and more.
- Parties involved in electricity trading have the choice of traditional exchanges or over-the-counter (OTC) trading.
- Hedging plays an essential role in managing risk in an organization. In the electricity sector, there are a variety of different financial instruments – from forwards and futures to options and swaps and even more exotic instruments. Each has its own characteristics and own degree of risk. While hedging electricity risks may reduce uncertainties and volatilities in cash flows, it may come at a cost for your organization.

The trainer, Kasper Walet is a skilled professional with over 25 years of expertise in international physical and financial electricity trading. From experience we know that we will get the best results when the participants are actively involved. All the topics will be explained in-depth with the use of practical examples and graphics. The theory will be put into practice with the use of several real-life case studies and exercises.

### Course Objectives

To understand more deeply:

- The developments and major issues in the Greek power trading market
- The drivers and dynamics of energy prices
- The derivative instruments that are being traded
- Trading and hedging strategies with energy derivatives
- Risk Management

### Who should attend

This course will be for everybody who has a professional interest in trading electricity derivatives and risk management thereof.



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Dates of the seminar:	<b>June 25<sup>th</sup> &amp; 26<sup>th</sup> , 2019</b>
Conducting Hours:	<b>09:00 - 17:00</b>
Total seminar hours:	<b>16</b>
Last day for application:	<b>May 23<sup>rd</sup> , 2019</b>
Participation fee:	<b>€700 (+ VAT =€868)</b>
Venue:	<b>Athens Exchange, 110 Athinon Ave. GR104 42 Athens</b>
Instructor:	<b>Mr. Kasper Walet</b>

#### NOTES

- Fees should be cleared in full by May 23<sup>rd</sup> , 2019. If the course does not take place, the full amount will be refunded.
- The Athens Stock Exchange may cancel the program or change the dates and times for the suggestions without any obligation.
- Participants will receive the course material as well as a certificate of attendance.

#### Course Outline

##### **DAY ONE**

##### **European Electricity Markets; view from the trading desk**

- Current status and future developments
- Main features electricity important to trading
- Link Carbon and electricity prices
- Changing roles Players Power Trading Market
- New developments
  - Role renewables, Storage, Demand Response
- Regulatory constraints on trading

##### **Power Price Dynamics**

- Changing Price Drivers
- Evolution of volatility in energy markets
- Mean reversion and Seasonality
- Correlation
- Market Liquidity
- Negative prices

##### **Market Coupling and Cross Border Trading**

- Trading drivers and Practices
- Using the Interconnector
- Flow Based Market Coupling Model
- Challenges Traders

##### **Trading Markets**

- Physical vs Financial electricity trading
- Exchanges vs. OTC
- Electricity Contract trading benchmarking
- The different trading markets and timeframes
  - Forwards and Futures
  - Day Ahead



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- Intraday
- Balancing
- FTRs

#### **Spot Day Ahead Market and Intraday trading**

- How to develop a bidding strategy and do portfolio management
- Trends in Intraday Power Trading in Europe
- Challenges traders

#### **European Power Markets; from a trading perspective**

- A day at the Power Trading Desk
- Price Signals are key
- Trading Strategies
  - Trend vs. Fundamental
- Trading Infrastructure and Processes
- Recent advances in electricity price forecasting
- Required data for forecasting
- Trader's strategies with multi NEMOs

### **DAY TWO**

#### **Electricity Trading and risk management**

- Trading Strategies
  - Hedging
  - Arbitrage/Optimization
    - Cross -regional optimization
    - Cross Commodity optimization
    - Timing decisions
  - Proprietary trading
- Trading gas, oil and other commodities to improve performance
- Trading electricity contracts: margin requirements, clearing, liquidity, information advantages
- Managing Risks in electricity trading
- Risk Metrics in electricity trading
- Portfolio construction and optimization

#### **Essentials of Trading Electricity Derivatives**

- Characteristics and pricing
  - Forwards and futures
  - Swaps
  - Options
- Hedging with futures and forwards
- Hedging with swaps
- Hedging with Options
- Screen based trading
- Market prices and reading the market

#### **Spread Trading**

- Different Spreads
- Spread trading strategies
- Clean Spark and Clean Dark Spread
- Tolling Agreements



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### Trading Financial Transmission Rights

- FTRs and FBMC
- FTR-Options or obligations
- Practical usage of FTRs by traders

### Artificial Intelligence for successful energy trading

- AI applications within energy trading companies
  - Front and middle office
- Role of humans and machines in decision making
- Commodity Cointegration
- Automated and Algo Trading

## Trainer's Background and Credentials

### Kasper Walet

Kasper Walet has more than 20 years of experience and extensive knowledge on a theoretical and practical level about all the aspects related to trading, derivatives and risk management in the energy industry.

Kasper received a Masters degree in Law from the University of Utrecht in 1987. He started his career at the NLKKAS, the Clearing House of the Commodity Futures Exchange in Amsterdam. After working for the NLKKAS for five years, Kasper was appointed as Member of the Management Board of the Agricultural Futures Exchange (ATA) in Amsterdam at the age of 31. While working for the Clearing House and exchange, Kasper became an expert in all the aspects of trading and risk management of commodities.

In 1997 he founded his own specialist-consulting firm that provides strategic advice about energy commodity trading and risk management.

Since the very beginning of the deregulation process, Kasper has advised government agencies, major utilities and energy trading companies and various power exchanges in Europe, CEE countries, North America and Asia. He is an expert not just in electricity, but also in natural gas, and emissions trading. Some of the issues he has advised on are the development and implementation of a Risk Management Framework, investment strategies, trading and hedging strategies, initiation of Power Exchanges (APX) and other trading platforms, the set-up of (OTC) Clearing facilities, and feasibility and market studies like for the LNG Market.

Kasper has given numerous seminars, workshops and (in-house) training sessions about both the physical and financial trading of energy products. The courses have been given to companies all over the world, in countries like Japan, Singapore, Thailand, United Kingdom, Germany, Poland, Slovenia, Czech Republic, Malaysia, Belgium and the Netherlands.

