

CEER-EFET Training on European Wholesale Electricity and Gas Market Trading

28-29 November 2019

CEER Office, Cours Saint-Michel 30a (5th floor), 1040 Brussels

COURSE PROGRAMME

Level A: Overview Course

Experts from National Regulatory Authorities who register for this course will be granted free access to the EFET online Energy Markets Training Programme.

The Council of European Energy Regulators (CEER) in collaboration with the European Federation of Energy Traders (EFET) is delighted to organise a unique course on “European Wholesale Electricity and Gas Market Trading” in CEER’s office on 28-29 November 2019. This year’s edition will include both electricity and gas trading and especially trading simulation sessions. This course is ideally suited for staff of National Regulatory Authorities (NRAs), but representatives from other organisations are welcome to join.

The course seeks to enhance the understanding of NRA staff about how energy trading is conducted and their knowledge of how traders handle their risks and opportunities by means of periodic transactions in the electricity and gas markets. One of the potential benefits of attending this course is that it may help NRA staff to better carry out their monitoring and surveillance of wholesale energy markets at national, regional and European level. Course lecturers will explain key aspects of trading in the wholesale electricity and gas markets based on their own operational, commercial and professional experience (rather than from an academic point of view). After a brief historical recap of the liberalisation of the European energy sector, attendees will be provided with a clear understanding of trading in different timeframes in the wholesale electricity market, price formation and management of a portfolio of power assets and contracts. An overview of trading in the wholesale gas market will also be provided, including short and longer term trading, LNG trading and storage. In addition, the course will focus on explaining the overall management of various types of risk in an energy trading business and trading under the EU ETS. Finally, participants will have the opportunity to participate in trading simulations which provide the ideal learning effect by means of practical application of the theoretical knowledge in energy trading. The lecturers of this course include senior and high-level experts from EFET and their member companies as well as an experienced trainer in trading simulations.

Thursday, 28 November 2019
10:30-17:15

WELCOME AND INTRODUCTION

10:30-10:45 Opening remarks and round-table introduction of the participants.

- **Mr Jerome Le Page, EFET Director for European Electricity Markets**

SESSION 1 A BRIEF HISTORY OF THE LIBERALISATION OF THE EUROPEAN ENERGY SECTOR

10:45-11:30 A brief history of the liberalisation of the European energy sector.

- Third party access to transmission networks
- Ex post* anti-trust controls
- Unbundling
- Ex ante* regulation
- The evolution of wholesale supply businesses
- The evolution of cross border trading

- **Mr Jerome Le Page, EFET Director for European Electricity Markets**

Q&A

11:30-11:45 Coffee break

SESSION 2 TRADING IN THE WHOLESALE ELECTRICITY MARKET

11:45-12:45 Trading in shorter timeframes.

- Trading in shorter timeframes: day-ahead and intra-day
- Short term price formation, exchange trading venues and broker platforms
- Day-ahead Market Coupling (DAMC) and Pan-European Cross-Border Intra-Day Continuous Trading Platform (XBID)

- **Mr Stanislav Kostka, CEZ Head Generation and Dispatch**

Q&A

12:45-13:45 Lunch Break – CEER Office

13:45-14:30 Managing a portfolio of power assets and contracts.

- Position management
- Hedging price, volume, liquidity and basis risks
- The integration of renewable generation sources and storage
- The trend to distributed resources
- Balancing services provided by market participants
- Treatment of imbalances and short-term congestion management

- **Ms Hélène Robaye, Head of the Regulation and Market Design at ENGIE Global Energy Management**

Q&A

14:30-15:15 Trading in the forward timeframe.

- a) Trading in the forward timeframe: month, quarter and year[s] ahead
- b) Longer term price formation and the forward price signal
- c) Physical forwards and options, futures as exchange traded derivatives
- d) Forward transmission capacity allocation

- **Mr Paul Dawson, Head of Regulatory Affairs for RWE Supply & Trading (RWEST)**

Q&A

15:15-15:30 Coffee break

SESSION 3 TRADING IN THE WHOLESALE GAS MARKET

15:30-16:15 Trading in the wholesale gas market – short term trading.

- a) Types of traders
- b) Trading strategy and compliance
- c) What lies behind the trader
- d) Information availability and use
- e) Liquid vs illiquid markets

- **Mr Doug Wood, Member of EFET Board, Chair of EFET Gas Committee**

Q&A

16:15-17:00 Tradability of green gases

- a) Market perspective on designing a Guarantees of Origin system for gases
- b) Cross-sectoral flexibility and coupling
- c) Sector coupling and the role of green gases

- **Mr Peter Biltoft-Jensen, Senior Lead Manager of Regulatory Affairs, Ørsted A/S**

Q&A

17:00-17:15 Wrap up of Day 1.

- **Mr Jerome Le Page, EFET Director for European Electricity Markets**

17:15-18:30 Reception Drinks – all participants and lecturers are welcome to join.

- END OF DAY 1 -

Friday, 29 November 2019
09:15-16:15

SESSION 4 OVERALL RISK MANAGEMENT IN AN ENERGY TRADING BUSINESS

09:15-10:00 Trading under the EU ETS

- a) Scope and coverage of the trading system
- b) Effects of subsidisation of RES-E as an alternative carbon abatement measure to the EU ETS
- c) Allocation methods
- d) Market Dynamics
- e) Market Oversight
- f) Corporate Strategies to Manage Compliance and Risk

- **Dr. Guido Pasternack, Head of Political Affairs, Uniper Global Commodities**

Q&A

10:00-10:15 Coffee break

10:15-11:00 Overall risk management in an energy trading business

- a) Electricity
- b) Cross-commodity
- c) Carbon
- d) Interest rates, FX, other financial
- e) Counterparties
- f) Credit, collateral and clearing

- **Mr Lukas Gubler, Head of Risk and Mid Office, Axpo**

Q&A

SESSION 5 TRADING SIMULATIONS

11:00-12:30 Trading simulations – Part I: Auction processes.

- a) Simulation A: The daily power auction
 - Attention given to: the process, strategies of market participants and the possibility of market manipulation
- b) Simulation B: The opening rotation at the start of a continuously traded market
- c) Simulation C: Periodic transport capacity auction

- **Moderator: Mr Jerry de Leeuw, Entrima**

12:30-13:30 Lunch Break – CEER Office

13:30-14:45 Trading simulations – Part II: The importance of connectivity and data management.

- a) Simulation D: Proprietary trading – Outright speculation
 - Attention given to: Price volatility, market liquidity
- b) Simulation E: Forwards and futures
 - Attention given to: Trayport

▪ **Moderator: Mr Jerry de Leeuw, Entrima**

14:45-15:00 Coffee break

15:00-16:00 Trading simulations – Part III: Asset-backed trading.

- a) Simulation F: Gas storage capacity
 - Attention given to: Correlation coefficients

▪ **Moderator: Mr Jerry de Leeuw, Entrima**

16:00-16:15 Wrap up of the course.

▪ **CEER Secretariat**

- END OF THE COURSE -