

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

**23-24 November 2020**

**Online Classes via GoToWebinar platform**

**10:30-16:00 (CET) on 23 November 2020**

**10:00-16:00 (CET) on 24 November 2020**

### **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 online course on “European Wholesale Electricity and Gas Market Trading” on 23-24 November 2020. 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. Trainers 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 term trading and trading the green attributes of renewable and low carbon gases in the context of sector coupling. The impacts of the coronavirus measures on trading in the wholesale electricity and gas markets will be discussed. 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 trainers of this course include senior and high-level experts from EFET and their member companies as well as an experienced trainer in trading simulations.*

**Monday, 23 November 2020**  
**10:30-16:00 CET**

## **WELCOME AND INTRODUCTION**

**10:30-10:35** Opening remarks, introduction of the course and the online format.

- **Mr Mike Bostan, EFET Coordinator Training and Education Programmes**
- **Ms Anh Tran, CEER Training Manager**

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

**10:35-11:00** A brief history of the liberalisation of the European energy sector.

- a) Third party access to transmission networks
- b) *Ex post* anti-trust controls
- c) Unbundling
- d) *Ex ante* regulation
- e) The evolution of wholesale supply businesses
- f) The evolution of cross border trading

- **Mr Jerome Le Page, EFET Chairman of the Electricity Committee**

**Q&A**

## **SESSION 2 TRADING IN THE WHOLESALE ELECTRICITY MARKET**

**11:00-12:00** Trading in shorter timeframes.

- a) Trading in shorter timeframes: day-ahead and intra-day
- b) Short term price formation, exchange trading venues and broker platforms
- c) Day-ahead Market Coupling (DAMC) and Pan-European Cross-Border Intra-Day Continuous Trading Platform (XBID)
- d) Balancing services provided by market participants
- e) Treatment of imbalances and short-term congestion management

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

**Q&A**

**12:00-13:00** *Lunch Break*

**13:00-13:40** Managing a portfolio of power assets and contracts.

- a) Position management
- b) Hedging price, volume, liquidity and basis risks

c) How the wholesale power market dealt with the coronavirus pandemic conditions

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

**Q&A**

**13:40-14:20 Trading in the forward timeframe.**

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

- **Mr Pier Filippo Di Peio, Director Energy Management and Trading, Sorgenia**

**Q&A**

**14:20-14:30 Short break**

**SESSION 3 TRADING IN THE WHOLESALE GAS MARKET**

**14:30-15:10 Trading in the wholesale gas market – short term trading.**

- Types of traders
- Trading strategy and compliance
- What lies behind the trader
- Information availability and use
- Liquid vs illiquid markets
- How the wholesale gas market dealt with the coronavirus pandemic conditions

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

**Q&A**

**15:10-15:50 Trading the green attributes of renewable and low carbon gases.**

- Market perspective on designing a Guarantees of Origin system for gases
- Cross-sectoral flexibility and coupling
- Sector coupling and the role of green gases
- Optional mandatory quota and certificate schemes
- A role for hydrogen in the future and potential links to the ETS
- Climate benchmarks

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

**Q&A**

**15:50-16:00** Wrap up of Day 1.

- **Mr Mike Bostan, EFET Coordinator Training and Education Programmes**
- **Ms Anh Tran, CEER Training Manager**

**- END OF DAY 1 -**

**Tuesday, 24 November 2020**  
**10:00-16:00 CET**

**SESSION 4 OVERALL RISK MANAGEMENT IN AN ENERGY TRADING BUSINESS**

**10:00-10:40** 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
- g) Effects of the coronavirus pandemic measures over the EU ETS

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

**Q&A**

**10:40-11:20** Overall risk management in an energy trading business.

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

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

**Q&A**

11:20-11:30 *Short break*

## **SESSION 5 TRADING SIMULATIONS**

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

- a) Simulation A: The daily power auction
  - o 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*

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

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

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

14:45-15:00 *Short break*

### **15:00-15:45 Trading simulations – Part III: Asset-backed trading.**

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

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

**15:45-16:00** Wrap up of the course.

- **Mr Mike Bostan, EFET Coordinator Training and Education Programmes**
- **Ms Anh Tran, CEER Training Manager**

**- END OF THE COURSE -**