

Introduction to Trading in European Wholesale Energy Markets A one day course by EFET for CEER

7 November 2017

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

COURSE PROGRAMME

Level A: Overview Course

*The Council of European Energy Regulators (CEER) in collaboration with the European Federation of Energy Traders (EFET) is delighted to organise the first unique training on “**Introduction to Trading in European Wholesale Energy Markets**” in the CEER’s office on **7 November 2017**. This course is ideally suited for staff of National Regulatory Authorities (NRAs) but representatives from other organisations may be allowed to join.*

The course seeks to enhance the operational understanding and knowledge for NRA staff on energy trading in order to carry out the monitoring activities of the wholesale energy markets at national and European level. The course will comprehensively explain the key aspects of trading in the wholesale power and gas markets. After a brief history of the liberalisation of the European energy sector, attendees will be provided with a clear understanding of trading in different timeframes in the wholesale power 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. In addition, the course will focus on explaining the overall risk management in an energy trading business. The lecturers of this course include senior and high-level experts from EFET and their members.

Tuesday, 7 November 2017
10:00-17:00

WELCOME AND INTRODUCTION

10:00-10:15 Opening remarks and round-table introduction of the participants.

- **Mr Peter Styles, Member of the EFET Board, Course Advisor and Moderator**

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

10:15-11:00 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 Peter Styles, Member of the EFET Board, Chair of the EFET Electricity Committee, Principal Consultant in Stratos Energy Consulting**

Q&A

SESSION 2 TRADING IN THE WHOLESALE POWER MARKET

11:00-11:45 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)
- Scheduling and nomination
- Balancing services and imbalance settlement

- **Mr Pietro Baldovin, Member of the EFET Secretariat and ex-power trader, Secretary to the EFET Task Forces Italy, Iberia and Switzerland**

Q&A

11:45-12:00 Coffee break

12:00-12:45 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 Marcus Bokermann, Director Prompt Power Markets Trading in Vattenfall, Member of the EFET Board**

Q&A

12:45-13:30 Lunch Break – CEER Office

13:30-14:15 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

- **Ms Helene Robaye, Head of Regulatory Affairs for Engie Sales and Trading**

Q&A

SESSION 3 TRADING IN THE WHOLESALE GAS MARKET

14:15-15:00 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 the EFET Board, Chair of the EFET Gas Committee**

Q&A

15:00-15:45 Trading in the wholesale gas market - longer term trading.

- a) Introduction and appetite for risk
- b) Gas sale and purchase in the long term (3+ years)
- c) LNG trading
- d) Storage

- **Mr Peter Bilttoft-Jensen, Senior Lead Manager of Regulatory Affairs, DONG Energy**

Q&A

15:45-16:00 Coffee break

SESSION 4 OVERALL RISK MANAGEMENT IN AN ENERGY TRADING BUSINESS

16:00-16:45 Overall risk management in an energy trading business.

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

- **Dr. Josef Heinrich Bogensperger, Head of Risk Management for Verbund Trading**

Q&A

16:45-17:00 Wrap up of the course.

- **Mr Peter Styles, Member of the EFET Board, Course Advisor and Moderator**

- END OF THE COURSE -