



LECTRICITY FUTURES TRAINING_



LEARN MORE ABOUT THE AUSTRALIAN POWER & CARBON MARKET

d-cyphaTrade is now running 4 separate workshops aimed to increase your understanding of the "recession proof" d-cypha SFE Australian Electricity Futures and Options Market. The latest Carbon Trading workshop focuses on the impending carbon market in 2010. Workshops available include:

- 1. Australian Electricity Futures & Options Workshop
- 2. Electricity Options Trading Workshop
- 3. Carbon Trading Workshop
- 4. Electricity Futures Data Workshop

WHO SHOULD ATTEND

- > NEM Participants;
- > Commericial & Investment Banks;
- > Brokers, Prime Brokers and Clearing Firms;
- > Hedge Funds and Institutional Investors;
- Risk managers;
- Portfolio Managers;
- Front Office Traders;
- > Analysts; and
- Industry Regulators.

DELIVERING EXCHANGE TRADED ENERGY DERIVATIVES TO THE AUSTRALIAN MARKET



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WORKSHOP DETAILS

DATE: TBA

PRESENTER: Dean Price | General Manager

Thomas Schmitz | Executive Manager Product

Development & Sales

VENUE: TBA

DURATION: 9am – 4pm (7 hrs)

FEES: 1 Workshop | AUD \$1,000 (ex GST) pp

MATERIALS: Workshop notes, refreshments & lunch.

Certificate will be provided at workshop

completion.

WORKSHOP CONTENT

| > | Introducti | ion by d-cyphaTrade | | |
|---|---|---|--|--|
| > | | The Australian Electricity Pool Market | | |
| | > | Introduction to the spot market | | |
| | > | Fundamental drivers of the spot price | | |
| | > | Information sources | | |
| > | The Australian Electricity Futures and Options Market | | | |
| | > | Market Liquidity and Price History | | |
| | > | Fundamental drivers of futures prices | | |
| | > | The Forward Curve & impact on energy-intensive industries | | |
| > | Hedging v | vith futures and options | | |
| | > | Hedging techniques for generators | | |
| | > | Hedging techniques for retailers & large energy users | | |
| | > | Hedging techniques for retailers & large energy users | | |
| > | Character | istics of the Centrally Cleared Futures Market | | |
| | > | Collateral funding efficiencies for trading operations (OTC versus SFE) | | |
| | > | Compliance benefits | | |
| | > | Hedge Accounting benefits, AASB 139 | | |
| > | Electricity | Futures and Options Contract Specifications | | |
| | > | Futures (Base, Peak and Caps) | | |
| | > | Options (Peak and Base Strip) | | |
| | > | Expiry Process - Cash Settlement and Option Exercise | | |
| > | SFE Electr | icity Trading Mechanisms | | |
| | > | Pre-negotiated business | | |
| | > | Block Trades/OTC negotiated dealing | | |
| | > | SFE Custom Market | | |
| | > | Strip Trading | | |
| | > | Exchange for Physical (EFP) | | |
| > | Daily Price Settlement Procedures | | | |
| > | Margining | | | |
| | > | Initial Margins and Variation Margins | | |
| | > | Introduction to SPAN margining Initial margin offsets | | |
| | > | Option and futures expiry | | |
| | > | Worked examples | | |
| > | Miscellane | · | | |
| | > | Futures Offsets Arrangements | | |
| | > | Hedging the purchase of a NSW electricity retailer | | |
| | | | | |





2. OPTIONS TRADING WORKSHOP

WORKSHOP DETAILS

DATE: TBA

PRESENTER: Dean Price | General Manager

VENUE: TBA

DURATION: 9am – 3pm (6hrs)

FEES: 1 Workshop | AUD \$1,000 (ex GST) pp

To organise an in-house workshop please contact the d-cyphaTrade Team on 1800 330

101 or +61 2 9237 0900.

MATERIALS: Workshop notes, refreshments, lunch &

certificate will be provided on completion.

WORKSHOP CONTENT

| wo | WORKSHOP CONTENT | | | | |
|----|---------------------------------------|--|-----|--|--|
| > | > Introduction to Electricity Options | | | | |
| | | The Basis is delicated attached to | | | |
| | 1. | The Basics including option valuation | | | |
| | | > Electricity futures | | | |
| | | > Electricity options | | | |
| | | The Option Greeks (dynamic option valuation Delta, Vega, Gamma, Theta, Rho and Charm | 1): | | |
| > | Puttin | g it all together: A day in the life of a profession | al | | |
| | electr | city options trader | | | |
| | 2. | Electricity Hedging Strategies – Directional strategies | | | |
| | | Using Options to hedge futures prices: | | | |
| | | > Retailers and Generators | | | |
| | | > Futures price increases | | | |
| | | > Futures price decreases | | | |
| | | > Range bound Futures prices | | | |
| | | > Case studies using historical option trades | | | |
| | 3. | Basic Volatility Trading Strategies | | | |
| | | Understanding and "trading" Volatility | | | |
| | | > Implied Volatility | | | |
| | | Historical Volatility: definition and measurement | t | | |
| | 4. | Skew Trading - Deal Execution and Strategy | | | |
| | | > What is a volatility skew and what creates a ske | ew. | | |
| | | > MTM treatment of skews | | | |
| | | > Skew Trading Objectives | | | |
| | | > Trading into and out of a skew position | | | |
| | 5. | Volatility Trading Objectives when: | | | |
| | | > Futures prices are expected to be volatile | | | |
| | | > Futures prices are expected to be static | | | |
| | | > Futures prices are expected to be range bound | | | |
| > | Manag | ing the Option Expiry | | | |
| | | > The effect on and relevance of Option Greeks | | | |
| | | > Calculating the expected futures delivery | | | |
| | | > When futures prices shift through strikes | | | |
| | | > "Pin" risk | | | |
| | | > The decision to exercise, or not | | | |
| | 6. | Mixing OTC and exchange traded positions | | | |
| > | Misce | aneous | | | |
| | 7. | Using electricity options to hedge the portfolio risk of bidding for a NSW electricity retailer | | | |
| | | | | | |

REGISTER NOW

Phone 1800 330 101 or Email training@d-cypha.com.au





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3. CARBON TRADING WORKSHOP

WORKSHOP DETAILS

DATE: TBA

PRESENTER: Thomas Schmitz | Executive Manager Product

Development & Sales

VENUE: TBA

DURATION: 9am – 4pm

FEES: 1 Workshop | AUD \$1,000 (ex GST) pp

To organise an in-house workshop please call

1800 330 101 or +61 2 9237 0900.

MATERIALS: Workshop notes, refreshments & lunch.

Certificate will be provided on completion.

WORKSHOP CONTENT

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|------------------|------|---|--|--|--|
| > Ur | nder | standing International Carbon Markets | | | |
| | > | General Strucutre of Carbon Markets | | | |
| | > | Market Examples (Kyoto and EU ETS) | | | |
| | > | Clean Development Mechanism Overview | | | |
| | > | Risk Management Strategies and Solutions | | | |
| | > | Carbon Offset Instruments | | | |
| | > | Regulated Market Overview | | | |
| | > | Exchange traded carbon | | | |
| > Th Po | | Federal Government's Whitepaper on the Carbon ion Reduction Scheme | | | |
| | > | Australia's Emission Policy | | | |
| | > | Regulatory Coverage | | | |
| | > | Proposed Market Design | | | |
| | > | Proposed Auction Model and its Implications | | | |
| | > | Assistance to Energy-Intensive, Trade-Exposed Industries & Strongly Affected Industries | | | |
| | > | International linkages to offshore carbon markets | | | |
| > En | niss | ions Trading | | | |
| | > | Australian Emissions/Renewable Trading Markets | | | |
| | > | International linkages to Australian ETS | | | |
| | > | Current impact of ETS on the Financial Electricity Market | | | |
| > Op | otim | ising linkages to offshore carbon markets | | | |
| | > | Trading across jurisdictions | | | |
| | > | Price correlation and arbitrage between Australia/International carbon | | | |
| _ | > | Managing timing and funding risks | | | |
| > In | ter- | relationship between Carbon and Electricity Trading | | | |
| | > | International experience (Europe) | | | |
| | > | Financial impact of carbon on electricity retailers, generators and consumers in Europe – Lessons for Australia | | | |
| | > | Generator response | | | |
| | > | Backsolving a carbon price from Australian electricity futures prices | | | |
| | > | Liquidity impact on Australian electricity futures hedges | | | |