



ELECTRICITY FUTURES TRAINING

WWW.D-CYPHATRADE.COM.AU

DELIVERING
EXCHANGE TRADED
ENERGY DERIVATIVES
TO THE AUSTRALIAN
MARKET



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





1. ELECTRICITY FUTURES & OPTIONS WORKSHOP

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

>	Introduction 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 with futures and options
>	Hedging techniques for generators
>	Hedging techniques for retailers & large energy users
>	Hedging techniques for retailers & large energy users
>	Characteristics 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 Electricity Trading Mechanisms
>	Pre-negotiated business
>	Block Trades/OTC negotiated dealing
>	SFE Custom Market
>	Strip Trading
>	Exchange for Physical (EFP)
>	Daily Price Settlement Procedures
>	Margining at SFECC
>	Initial Margins and Variation Margins
>	Introduction to SPAN margining
>	Initial margin offsets
>	Option and futures expiry
>	Worked examples
>	Miscellaneous
>	Futures Offsets Arrangements
>	Hedging the purchase of a NSW electricity retailer

WWW.D-CYPHATRADE.COM.AU



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

>	Introduction to Electricity Options
1.	The Basics including option valuation
>	Electricity futures
>	Electricity options
>	The Option Greeks (dynamic option valuation): Delta, Vega, Gamma, Theta, Rho and Charm
>	Putting it all together: A day in the life of a professional electricity 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
4.	Skew Trading - Deal Execution and Strategy
>	What is a volatility skew and what creates a skew
>	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
>	Managing 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
>	Miscellaneous
7.	Using electricity options to hedge the portfolio risk of bidding for a NSW electricity retailer

WWW.D-CYPHATRADE.COM.AU

REGISTER NOW

Phone 1800 330 101 or

Email training@d-cypha.com.au



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

>	Understanding International Carbon Markets
>	General Structure 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
>	The Federal Government's Whitepaper on the Carbon Pollution 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
>	Emissions Trading
>	Australian Emissions/Renewable Trading Markets
>	International linkages to Australian ETS
>	Current impact of ETS on the Financial Electricity Market
>	Optimising linkages to offshore carbon markets
>	Trading across jurisdictions
>	Price correlation and arbitrage between Australia/International carbon
>	Managing timing and funding risks
>	Inter-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

WWW.D-CYPHATRADE.COM.AU

REGISTER NOW

Phone 1800 330 101 or

Email training@d-cypha.com.au