



LEARN MORE ABOUT AUSTRALIAN ELECTRICITY OPTIONS TRADING

Attend a 1 day workshop to increase your understanding of electricity options trading and hedging techniques. Learn why the d-cypha SFE options market is one of the largest electricity options markets in the world.

TRAINING FOCUS

The workshop will focus on the following topics in detail:

- > Achieving a detailed understanding of the electricity options product specifications, option expiry process and option margining.
- > Analysis of numerous option hedging techniques for retailers, generators and large energy consumers including case studies using historical option trade history.
- > Electricity options volatility trading, introduction to greek risk metrics, historical volatility analysis, gamma trading, option skew trading and managing the unique risks and opportunities of an options expiry.

The workshop will focus on practical aspects of options trading specifically for Australian electricity.

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WORKSHOP_

OPTIONS TRADING

DELIVERING
EXCHANGE TRADED
ENERGY DERIVATIVES
TO THE AUSTRALIAN
MARKET





ABOUT THE WORKSHOP

Learn to hedge with options in one of world's most liquid electricity options markets. The workshop will explain the reasons for the rapid growth in popularity of the Australian electricity options market. The key differences between the electricity options market and other markets will be covered. The workshop overviews the fundamental volatility drivers in the National Electricity pool and futures markets, relevant to options pricing and risk management (the option greeks). Hedging techniques for generators, retailers and industrial energy consumers will be demonstrated including how utility companies use options hedges to minimise hedge cash flow volatility. SFECC margining of electricity options is also covered.

BENEFITS & WHO SHOULD ATTEND

The workshop will be of benefit to electricity retailers and generators seeking to optimise their hedging operations. Portfolio managers seeking diversified investment opportunities, energy brokers and intermediaries seeking to improve and widen the quality of services to energy traders, and investment and commercial banks readying for the introduction of the CPRS wishing to offer full energy and carbon intermediation services to clients will also find the workshop of interest.

NEM Participants will benefit from:

1. Improved portfolio hedging techniques using options;
2. Learning option risk management and risk reporting methodology;
3. Understanding the option expiry process and option margining

Commercial and Investment Banks will benefit from:

1. An introduction to a large emerging market with an extensive corporate client base;
2. Learning how electricity options trading can underpin merger and acquisition activity in energy and carbon intensive sectors;

Brokers, Prime Brokers and Clearing Firms will benefit from:

1. Discovering how to intermediate between energy hedgers and volatility traders to optimise client flows;
2. Understanding delta hedging, option expiry processes and volatility trading to optimise service quality to clients;
3. Developing option based hedging techniques for clients to differentiate service quality

Hedge Funds and Institutional Investors will find the workshop of interest because:

1. The d-cypha SFE Electricity Options Market is one of the largest exchange traded electricity options markets in the world;
2. The emerging Australian power market offers unique portfolio diversification benefits. Australian power is not correlated to oil, bonds, precious metals or world equity markets.

ABOUT THE PRESENTER

DEAN PRICE / GENERAL MANAGER

Dean was an options market maker on the SFE's open outcry options pits from 1991 to 1998, for Deutsche Bank and Fay Richwhite (Merchant Bank). Dean traded futures and Over the Counter (OTC) contracts for 13 years as a proprietary trader across a diverse range of Australasian markets. He has an extensive network of front office and senior management trading contacts across the financial and physical Australian power market.

From 1999 to 2004, Dean worked for Duke Energy Australia and as Electricity Trading Manager was responsible for managing Duke's physical electricity generation portfolio and financial trading team, trading OTC and exchange traded derivatives and physical generation dispatch in the Australian National Electricity Market.

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



WORKSHOP DETAILS

DATE:	TBA
PRESENTER:	Dean Price General Manager
VENUE:	TBA
DURATION:	9am – 3pm (6 hrs)
FEES:	1 Workshop AUD \$1,195 (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.

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

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