



# INTRODUCTION TO ENERGY TRADING & HEDGING

Presented by Energy Management Institute



*Get the tools needed to successfully integrate trading, hedging and risk management into your company's operations!*

## COURSE DATES & LOCATIONS

- August 14-15, 2017: Houston,
- TX

**REGISTER TODAY!**

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DETAILS INSIDE



# INTRODUCTION TO ENERGY TRADING & HEDGING

Presented by Energy Management Institute - [www.emi.org](http://www.emi.org)

## What You Will Learn

In two dynamic, information-packed days, you'll develop a solid foundation in energy trading and hedging as you examine all of the instruments, tools and techniques available to the energy trader today. You'll explore the nuances and quirks specific to the energy markets, understand the risks and rewards across sectors and develop a macro view designed to improve your timing and help you develop a successful trading program!

This course is designed to help individuals at all levels of companies with energy exposure to cope in the quickly evolving world of energy risk management. Now is the time to get a handle on the best practices, getting started, the more common tools and techniques, governance and control issues and more. You'll learn the terminology necessary for a better understanding of what your risk managers are saying and doing. Plus you'll get an excellent overview of the current state of the art of risk management and the direction in which the industry is heading. Topics covered include:

- The basics and fundamentals of energy trading
- Energy market structure
- Market participants
- The intertwined relationship of fundamentals and futures
- Technical and fundamental analysis; how and when to combine the two
- Market behavior
- System development and testing
- Real time trading examples for all products in the energy infrastructure using the various technical tools and techniques
- What the various energy trading and risk management instruments, tools and techniques are and how they work
- Getting started in hedging energy
- Governance and controls to successfully integrate a program into your company's operation
- How to value the risk and periodically assess the success of the program
- How to manage a hedge program using a non-discretionary model approach
- Risk measurement
- Defining your price/margin exposure
- Quantifying the volume of energy
- The myths and what companies are really doing to protect margins
- Reviewing the structure of your supply contracts
- Assessing the risk profile of your company
- Establishing your corporate risk policy
- Obtaining board approval of your risk policy
- Designating individual(s) responsible for hedging
- Establishing a Futures Account
- Establishing an OTC account
- Designing a risk management program
- Defining the hedge objectives of your company
- Determining the appropriate hedge strategies for your company
- Understanding the daily Marked to Market
- Monitoring and adjusting your hedge strategy

## COURSE DATES & LOCATIONS

■ **March 29-30, 2017 - Chicago, IL**  
8:30am - 4:30pm both days

Course Sponsored by:



■ **May 2-3, 2017 - Houston, TX**  
8:30am - 4:30pm both days

■ **August 14-15, 2017 - Houston, TX**  
8am - 4:30pm both days

*See last page for venue addresses.*

**REGISTER ONLINE**

## EMI CERTIFICATION CREDIT



This course earns 6 credits towards EMI Certification.

Not enrolled? Learn more about EMI's Certification Program and enroll today at [cert.emi.org](http://cert.emi.org)

## REGISTRATION FEES

1st delegate: \$1,995

2nd delegate: \$1,795

3rd delegate: \$1,600



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## Course Syllabus DAY ONE: ENERGY TRADING

### Session 1: The Stage

Let's set the stage by reviewing the basics of Energy Trading—Markets, players, tools and techniques. Is it a good business? We'll look at the history of energy trading starting with the pre-futures market days to today's world. Significant differences... significant opportunities.

### Session 2: Behavior of the Market and Participants – Philosophy and Psychology

Before moving into other technical tools and techniques lets pause to get a better understanding of market behavior. Follow the trend, contrarian theory, interpreting the news, waves, and fear and greed are just a few of the things that make traders react. We'll discuss the philosophy and psychology of the trader and point out some no-nonsense rules that should be a part of everyone's trading repertoire to successfully compete in this fast-moving and highly volatile energy market.

### Session 3: Money Management

We all know the three most important things about the real estate market are location...location...location. Well the three most important things about trading are money management...money management...money management, topped with discipline. We will end the first day with a litany of the rules and approaches that work when trading any commodity in any market. The key to successful trading is longevity. One needs to be in to win it.

### Session 4: A Few Approaches That Work For Energy

This session will continue where the previous session left off and discuss some of the major techniques that work well for the various energy markets. Some trading tools and techniques work better than others for the various energy markets. We'll look at each one by one using real energy examples showing success and failures. We will explore the various time frames normally traded...day trading, overnight trading medium to long-term trading.

### Session 5: Time To Create Some Trading Systems

Is it possible to improve your results by combining indicators/techniques? The answer is yes—in a carefully and objectively designed and tested system. Several excellent software programs exist on the market that allow the user to develop and back-test any combination of classical indicators and indicators currently used in the market as well as allowing the user to develop their own market indicators. This session will look at a few basic systems and discuss how they performed in various energy markets.

### Session 6: Overview of Energy Trading Markets

We'll discuss the three main energy sectors: oil, nat gas and electricity. As we try to understand the risk and reward for trading in each sector, we'll look at and discuss why each of these sectors is at different levels of commoditization and the types of trading that occurs in each area. Which players dominate which sector and why? Which sector has the most profitable trading opportunities? How does the international market play into the three US sectors? Why should you select one trading sector over the other?

## CPE Credits



**This course earns 12 CPE credits.**

Energy Management Institute is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.



State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417.

Web site: [www.learningmarket.org](http://www.learningmarket.org).



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## Course Syllabus DAY TWO: ENERGY HEDGING

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### Session 1: A Walk Down The Risk Management Path

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The session will detail the design of a typical Risk Management program covering the corporate policies, procedures, board resolutions, FASB 133 requirements and checks and balances required that would meet the most diligent auditor's requirements. These steps are a pre-requisite to understanding the various tools and techniques that are normally employed to manage risk. We will also discuss the three big questions of risk management ... What is the company's risk profile, what percentage of the business do we hedge and how far forward into the future do we go? Difficult to answer but not impossible.

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### Session 2: Understanding The Terminology, Tools and Techniques Of Energy Hedging

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The journey will start with a historical overview of the development and characteristics of all of the markets and tools used for energy hedging – the what, why, who and how. There are three tool bags in the risk management arsenal – physical purchasing methods – Regulated Futures Markets – Self-Regulated Over-the Counter Markets. This session sets the stage and presents a macro view of all of the tools available to your risk manager.

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### Session 3: Identifying Energy Price/Margin Risk

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To effectively manage risk you have to identify and quantify the risk. Using typical fictional companies that operate at each level of the infrastructure this session will identify and quantify their risk. Each attendee will fall into one or more of the categories providing them with the knowledge to now identify and quantify their own risk. This is absolutely the first step in building an effective and long lasting risk management strategy.

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### Session 4: Self-Regulated Instruments—OTC – Derivatives Tool Bag

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This is the third tool bag in the hedger's arsenal. This tool bag is growing in leaps and bounds. The individual instruments, size of the contract and electronic exchanges are making these customized instruments a very cost effective tool for hedging. This session will discuss hedging examples using various types of swaps, who the players are, and how to get started.

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### Session 5: Keeping All Your Options Open

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If you originally thought options were not a viable tool you will be surprised to see how functional and easy it is to incorporate them into your risk management portfolio. There are only 2 types of options and 2 things you can do with each type of option. There are 4 elements that go into the cost of an option. This session will bring it all together and provide effective option strategies using both options on futures and OTC swaptions to hedge your price and margin risk.

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### Session 6: Let's Put It All Together

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Using a techno fundamental model this session will describe a non-discretionary method to answer the main risk management questions... how much do I hedge?, how far forward do I hedge?, what instruments do I use, and what techniques do I use? In addition to presenting the workings of the model this session will also go over various hedging examples using the results of the model.

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## Who Should Attend

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Energy professionals from the following organizations would highly benefit from this course: Wholesale/Marketing Companies, Jobbers/Home Heating Oil Distributors, Major Oil, NG and Independent (including Marketers, Supply and Distribution personnel, Exchange Personnel, Terminal managers, and Risk Managers), Wholesale and Commercial managers, Government agencies (Federal, State, and Municipal), Transportation companies (Gasoline and diesel powered fleets), and Utilities.



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## *Learn From the Experts that Experts Trust*

EMI experts are frequent editorial contributors to petroleum magazines & are trusted by today's leading news sources.

Our experts have been featured in:

Futures Magazine • The Wall Street Journal • USA Today • The New York Times • The Washington Post • Journal of Commerce • CNN • NBC • CBS • ABC • Bloomberg • Reuters

**EMI's leading industry experts** have an average of over 30 years of knowledge and experience in:

**Energy • Commodity trading • Risk management  
• Education • Consulting • Financial services**

Plus many years of managing marketing, international trading, manufacturing, consulting, start-up operations and project finance operations of well-known companies; integrated major oil companies as well as international trading companies.

EMI's industry experts have also provided risk and value management analysis, advice, information, and services to a variety of companies in the electric power industry. Clients have included power marketers, integrated utilities, retail power providers, hedge funds, and power plants.

**Highlights of our instructors' experience** include: • Developing a suite of models for a variety of power markets that quantify value and risk • Managing spark spread portfolios for hedge funds in the power markets • Operating in futures trading pits as a market observer in the power markets • Developing working papers for investigations and performing compliance audits in the power industry • Helping Texaco initiate its first use of futures exchanges as an integral part of hedging/trading strategy • Chief Operating Officer of Triwell Marketing and refining • Director of OPIS, Oil Price Information Service, a management-consulting and educational services group that solely focused on the downstream energy industry • Member of Board of Directors of Longview Refinery • Member of the New York Mercantile Exchange Petroleum Advisory Board • Expert witness for a hearing before the subcommittee on surface transportation for the Commerce, Science, and Transportation Committee of the US Senate • Supplied expert testimony to a US Senate sub-committee hearing on diesel petroleum product pricing • Supplied testimony to the Federal Highway Administration regarding fuel tax evasion • Expert witness in a MTBE litigation against the major oil companies • Publishers of The Daily Hedger, BTU's Daily Gas Wire and BTU's Daily Power Report, which advise thousands of petroleum professionals daily.

Our instructors are frequent expert speakers for numerous petroleum industry events and trade associations including: • DOE DESC World Energy Conference • OPIS Fleet Fueling • CME NYMEX • Fuel Management University • NATSO • ATA • AAA • Dairy Distribution • eyeforEnergy eCommerce • OPIS Supply Summit • CIOMA • American Society of Mechanical Engineers • American Society of Lubricating Engineers • Ambrust Aviation • NACHA.

Over the years EMI has developed a series of intensive courses covering all aspects of Energy from production all the way to managing the impact price and volatility on the margin of end-users, resellers, traders, marketers, shippers, retailers and refiners. Our instructors have had the privilege to instruct thousands of professionals representing all aspects of the energy industry, including every major oil company (i.e. Exxon Mobil, BP, Shell, Equilon, Motiva) major power utilities (i.e. Sempra, Edison Mission, Berkley, Toronto Hydro, Dominion, Conectiv) small marketers (i.e. Sprague, Getty, Southern Counties, Western Petroleum) trucking fleets from 50 to 10,000 (i.e. UPS, U.S. Postal Service, Yellow, Pepsi, Werner), gasoline-powered fleets hyper-markets (i.e. The Pantry, Wawa, BJs Wholesale) and many fortune 500 energy consumers.



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**REGISTER ONLINE**

## Registration Fees:

1st Attendee: \$1,995 for full program

2nd Attendee: \$1,795

3rd Attendee: \$1,600

For additional attendees beyond three, please call Jennifer Ochipinti at 609.372.4677.

## 1 CHOOSE YOUR COURSE DATE/LOCATION

**March 29-30, 2017**  
**Regus Business Center**  
Chicago Mercantile Exchange Group  
30 South Wacker Drive  
Suite 2200, The Bull Room  
Chicago, Illinois, 60606  
PH: 312.466.5600

**May 2-3, 2017**  
**Regus Conference Center**  
800 Town and Country Blvd.  
Suite 300  
Houston TX 77024  
PH: 832.431.3000

**August 14-15, 2017**  
**Regus Conference Center**  
800 Town and Country Blvd.  
Suite 300  
Houston TX 77024  
PH: 832.431.3000

Hotel recommendations for select course locations available online at [www.energyinstitution.org/hotels](http://www.energyinstitution.org/hotels)

## 2 ENTER ENROLLMENT DETAILS

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email Address: \_\_\_\_\_

## 3 MAKE PAYMENT CHOICE

Please invoice my company (payment must be received prior to course date)

Pay by credit card (circle one):    Mastercard    Visa    American Express

Card Number: \_\_\_\_\_ Expiration Date:    /    /

Card Holder Name: \_\_\_\_\_

Card Holder Signature: \_\_\_\_\_

## 4 SUMBIT REGISTRATION FORM

EMAIL:    Send form to [register@pmaconference.com](mailto:register@pmaconference.com).

TEL:    Call PMA Conference Management at 201.871.0474

FAX:    253.663.7224

POST:    PMA Conference Management  
POB 2303  
Falls Church, VA 22042

### REFUND/CANCELLATION POLICY

Attendees may reschedule for a different date or course with no penalty. Attendees may substitute a colleague in place of themselves as long as prior notice is given to EMI.

Course fees are 100% refundable up to 14 days prior to course date, 80% refundable up to 5 days prior to course date and 50% refundable up to 2 days prior to course date. Cancellations are non-refundable thereafter.