



Putting energy  
into learning



Presented by ICE Education & Energy Management Institute

*Register Today!*

*See Registration Form Inside for Details*

# Natural Gas Risk Management

August 17-18, 2010 • Intercontinental Exchange/ICE • New York, NY

*Learn how to manage your  
company's risk in the Natural  
Gas market during this two-day  
intensive course.*





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# Natural Gas Risk Management

August 17-18, 2010 – Intercontinental Exchange/ICE – New York, NY

*Natural Gas Risk Management will help you understand what market factors impact your margins and why you need to manage your company's risk.*

## What You Will Learn

You'll examine: Market macro and micro fundamentals • **Natural Gas purchasing and selling methodology** • **Processing and marketing** • **Futures and options for natural gas risk management** • **Over-the-counter swaps, options, forwards for natural gas risk management and trading** • **Techniques to put all of the above pieces together.**

Topics covered include:

- Establishing a NYMEX Futures Account
- Establishing an OTC account
- Establishing relationships with all suppliers
- Designing a Risk Management Program
- Defining the hedge objectives of your company
- Determining the hedge strategies for your company
- Understanding the daily Marked to Market
- Monitoring and adjusting your hedge strategy
- Designating individual(s) responsible for hedging
- Defining your price/margin exposure
- Quantifying the volume of natural gas
- Qualifying the mix and quality of natural gas
- Reviewing the structure of your supply contracts
- Assessing the risk profile of your company
- Establishing your corporate risk policy
- Obtaining board approval of risk policy

## Who Should Attend

This course is designed for utilities, major oil and large independent processors, marketers, government agencies, end users, purchasers with responsibility for managing natural gas risk, futures and OTC Brokers.

## CPE Credits



This course earns 14 CPE credits. EMI awards credit hours towards CPE and Certified Purchasing Manager status (CPM).

## Course Times

8am - 4pm, August 17  
8am - 4pm, August 18

## Venue Location

**Intercontinental Exchange/ICE**  
2 World Financial Center  
225 Liberty Street  
New York, NY 10281

## Registration Fees

1st delegate: \$1,895  
2nd delegate: \$1,595  
3rd delegate: \$1,395\*

Fee includes full course, expert instruction, course materials, continental breakfast & lunch.

## 3 Easy Ways to Register

**1** Call PMA Conference Management at 201.871.0474 or send email to: register@pmaconference.com.

**2** Complete & fax this form to 253.663.7224.

**3** Complete & mail the form to: PMA Conference Management, POB 2303, Falls Church, VA 22042.



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## Course Syllabus – DAY ONE

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### Session 1: Overview Of Macro And Micro World Natural Gas Market Fundamentals.

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Macro supply and demand, micro supply and demand, processing problems, weather and more... This session will discuss all of the factors impacting natural gas margins today. We'll emphasize what to watch and when and how to identify which factors impact price and supply and risk management programs.

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### Session 2: Where Do All the Players Fit Into The Natural Gas Infrastructure?

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We continuously hear about exploration, producing, processing, supply and distribution, marketing, transportation and trading when describing the natural gas industry and the integrated energy companies. You will learn what this flow means, how it has evolved over the last 30 years and where the optimum entry and operating points are for each of the participants.

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### Session 3: Buy Low – Sell High: Let's Start With Traditional Buying Techniques And What Ever Happened To Bid Week?

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Natural gas can be purchased at all levels of the infrastructure – Spot – Wholesale – Retail. NG can be purchased using traditional and non-traditional methods. Products can be purchased from various types of suppliers – marketers – regulated utilities – unregulated utilities – traders – other jobbers. To compete in tomorrow's market environment and to manage price and margin risk, you will need the knowledge and capability to purchase in an ever-changing environment.

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### Session 4: Identifying Natural Gas 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 (Producer - Marketer/Trader – Commercial/Industrial/Utility End-User), this session will identify and quantify their risk. Each attendee will fall into one or more of the categories providing you with the knowledge needed to identify and quantify your own risk. This is absolutely the first step in building an effective and long lasting risk management strategy.

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### Session 5: 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 prerequisite to moving to the tool identification and technique stage of managing price/margin risk.

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### Session 6: A Walk Down Correlation Row.

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Not only does it make good business sense to make sure financial instruments correlate to the risk you are hedging, and, in addition, FASB 133 requires it. This session will present examples of the relationships of various regulated exchange instruments and real-life physical risks. Correlations of futures versus spot markets, wholesale (hubs) markets, retail markets in a variety of places around the U.S. will be presented for various timeframes.

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### Session 7: Hedging Tool Identification 101.

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There are three tool bags in the risk management arsenal – Physical Purchasing and Selling 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 the risk manager.

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## Course Syllabus – DAY TWO

### Session 1: Most Widely Discussed Tool Bag – Futures and Options.

What is the futures market? You will quickly realize why hundreds of thousands of contracts per day are transacted on the regulated exchanges, providing the risk manager and trader with a simple and liquid market to manage natural price and margin risk. This session will take you into the inner workings of the CME NYMEX and ICE Intercontinental exchanges, players, contract details, back office and clearing operation.

### Session 2: How To Open The Regulated Exchange Tool Bag.

How do you set-up a futures account? How do you choose a broker to execute your hedges? What do you need to know about exchange fees and brokerage commissions? How are regulated exchange transactions guaranteed? Marked-to-Market 101. After this session you will be ready to incorporate Futures and Options into your hedge portfolio.

### Session 3: Self-Regulated Instruments – OTC – Derivatives.

This is another avenue available to the risk professional. 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 trading and hedging. Due to time constraints we will provide an overview of the derivatives market, the tools available, the mechanisms, electronic exchanges, type of contracts- ISDA. We will point out the similarities with the futures and options markets and how the OTC can provide similar ways to manage and trade energy. This session will go over a few examples (using the same data as in Day One, Session 6 so we can compare both approaches) with a marked-to-market calculated for each example

### Session 4: Keeping All Your Options Open.

If you originally thought options were not a viable trading and hedging tool, you'll be surprised to see how functional and easy they are to incorporate into your trading and risk management portfolio. This session will provide the background you'll need to open up all of your options for the ensuing sessions. We'll introduce the vocabulary, arithmetic, characteristics and different styles of options. This session will bring all of the terminology together.

### Session 5: Hedging Strategies for Our Three Fictional Companies.

What are the market conditions and how might price/margin be impacted? What tools and techniques are available and how do they correlate? How much and for how long will each company be hedged and why?

### Session 6: Execution and Implementing And Evaluation Of The Hedging Strategies.

This session brings it all together. This session will provide you with many examples of hedges to manage outright price risk, absolute price and margin risk, and inventory management. Up-to-the-minute hedges will be applied to each fictional company incorporating the tools and techniques that are the most cost effective based on current market conditions. Now that the Big 3 companies are hedged, how are the hedges working? A real-time marked- to-market will be presented and updated with real market prices. Adjustments and optimizations will be discussed and applied when and where applicable.



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## The ICE-EMI Connection

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“IntercontinentalExchange (ICE) operates global commodity marketplaces, including the world’s leading electronic energy marketplace and soft commodity exchange. ICE offers a complete range of front-to-back-office trading and risk management services powered by an integrated technology platform. Our leading edge, global network brings participants together with benchmark commodities, clearing services and market data in one vibrant marketplace.

ICE Education, as part of the group, has a remit to provide learning programmes that promote market awareness and builds capabilities for hedging and trading opportunities for all industry participants exposed to the fluctuations in commodity market prices. In doing this, ICE, along with our selected learning partner EMI, provides a unique opportunity to learn from professionals at the heart of the markets.”

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## About ICE

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IntercontinentalExchange® (NYSE: ICE) operates global commodity and financial products marketplaces, including the world’s leading electronic energy markets and soft commodity exchange. ICE’s diverse futures and over-the-counter (OTC) markets offer access to contracts based on crude oil and refined products, natural gas, power and emissions, as well as agricultural commodities including cocoa, coffee, cotton, ethanol, orange juice, wood pulp and sugar, in addition to foreign currency and equity index futures and options.

ICE® conducts its energy futures markets through ICE Futures Europe, its U.K. regulated London-based subsidiary, which offers the world’s leading oil benchmarks and trades nearly half of the world’s global crude futures in its markets. ICE conducts its soft commodity, foreign exchange and index markets through its U.S. regulated subsidiary, ICE Futures U.S. ICE Futures U.S. provides global futures and options markets, as well as clearing services through ICE Clear USsm, its wholly owned clearing house. ICE’s state-of-the-art electronic trading platform brings market access and transparency to participants in more than 50 countries. ICE was added to the Russell 1000® Index in June 2006. Headquartered in Atlanta, ICE also has offices in Calgary, Chicago, Dublin, Houston, London, New York and Singapore.

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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 • 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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## REGISTRATION FORM

### Registration Fees

\$1,895 for full program

This fee includes expert instruction, course materials and lunch.

### Discount for Additional Attendees

2nd delegate: \$1,595

3rd delegate: \$1,395

### Enrollment Information (Please Print Clearly)

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

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

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

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

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

### Payment Method

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

Mastercard     Visa     American Express

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

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

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

## 3 Easy Ways to Register

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### Venue Location

**Intercontinental Exchange/ICE**  
2 World Financial Center  
225 Liberty Street  
New York, NY 10281

### Refund/Cancellation Policy

Registration fee is 100% refundable with 14 days cancellation notice. 80% refundable with 5 days cancellation notice. Cancellations are non-refundable day of or after the event.