



Market Risk
Lisbon / 23 may 2012 // Madrid / 24 may 2012

Credit Risk
Madrid / 04 june 2012 // Lisbon / 11 june 2012

Operational Risk
Lisbon / 20 june 2012 // Madrid / 21 june 2012

Risk Management Seminars



WHO SHOULD ATTEND

- Chief Risk Officers
- Directors of Investments
- Heads of Risk Management
- Heads of Investment Risk Management
- Risk Analysts/Managers
- Quantitative Analysts
- Internal auditors
- Portofolio Risk Managers
- Traders

COMPANIES

- Energy
- Utilities
- Brokers
- Banks

SPEAKERS

- DAVID HIRST Managing Director of Ainsty Risk Consulting
- DIANA HIGGINS General Director of Crediten Limited

LANGUAGE

English

PRICE

950 € + VAT per participant per session (lunch included).
10% discount for OMIP/OMIClear Members or full (3) Seminars registration.

REGISTRATION

Registrations are limited and accepted by order of entry.
Contacts: marketing@omip.pt or phone +351 21 000 60 19

SEMINARS VENUES

Madrid: OMIE Premises
Calle Alfonso XI, 6, 4ª planta
28014 Madrid

Lisbon: Hotel Neya
Rua D. Estefania nº 71-77
1150-132 Lisboa

INFORMATION

Marketing 

marketing@omip.pt 

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“As progress continues towards EU energy market harmonisation, participation in the Spanish and Portuguese markets is becoming attractive to a growing number of national and international players. Understanding price risk in these markets can be critical to survival and success - not just to direct participants, but to anyone with an interest in the Spanish and Portuguese energy.”

David Hirst

SCHEDULE: 08:45 – 18:00

INTRODUCTIONS AND COURSE OUTLINE

- Introductions & speed networking
- Course Objectives

COMMODITY MARKET OVERVIEW

- Commodity markets background
- Commodity risks
- Cashflow management - forecasting and hedging

INTERACTIVE EXERCISE

ENERGY MARKETS

- Energy market fundamentals
- Generation assets, retail portfolios and speculative trading
- Volume risk and uncertainty
- Contracts, exchanges and legal
- Risk Management Maturity Model

FINANCIAL RISK MANAGEMENT TOOLS

- Risk and statistics
- Volatilities and correlations
- VaR and measuring risk, implied v historical
- Measuring sensitivities
- Exercise

ENERGY PRICE RISK

- Basis and spread risks
- Cross commodity exposures
- Portfolio management and optimisation
- Case study and examples

ENERGY MARKET NEWS AND ANALYSIS

CASE STUDIES AND EXERCISE

- Cross commodity exposures

IBERIAN MARKETS - JOSÉ LUIS PASTOR, HEAD OF POWER AND CO2 TRADING & ORIGINATION FOR ENDESA

- Practical use of financial instruments in managing generation assets and integrated position.

TRADERS BLIND SPOTS – A RISK MANAGERS PERSPECTIVE

MAKING IT WORK

- Using options and structured products
- Back office systems and processes: “bid-to-bank”
- Trading limits and controls
- Testing and validating models
- Trading culture - mindset v. model
- Interactive session

WRAP UP AND CONCLUSIONS

“The on-going challenging credit environment combined with upcoming regulatory reforms such as the European Market Infrastructure Regulation “EMIR” makes it imperative to sharpen counterparty risk management practices in energy trading. Increasing exchange and central party clearing and reporting requirements demand additional skills and activities in credit and collateral management teams. “

Diana Higgins

SCHEDULE: 08:45 – 18:00

INTRODUCTION TO CREDIT RISK IN ENERGY TRADING

- Understand how risk moves within the scope of the enterprise risk management framework in energy trading
- Clearing and collateral as risk mitigation activities within the changing regulatory environment
- This session is illustrated through case studies: Constellation energy, Lehman Brothers

QUALITATIVE AND QUANTITATIVE COUNTERPARTY ANALYSIS

- Ratings and rating migrations: Interactive session

PART 1: ANALYSIS OF OVER-THE-COUNTER (BILATERAL) COUNTERPARTIES

- Explore methodologies to estimate ratings of counterparties within the scope of different types of transactions
- Leveraging the methodologies used by rating agencies and the added value of in-house analysis
- Practical analysis to meet the priorities, resources and time constraints in energy trading

PART 2: ANALYSIS OF EXCHANGES AND CLEARING HOUSES

- Understanding the risk behind trading with exchanges and clearing houses
- Clearing members and counterparty risk

PART 3: ANALYSIS OF SPECIAL CASES

- Decision making for trading with counterparties with limited publicly available information
- Workshop: Attendants estimate a rating.

CREDIT EXPOSURES AND MONITORING CREDIT RISK

- Current exposures: settlement and mark-to-market
- Potential Future Exposure (PFE) and VaR
- Examples of calculating exposures for different types of transactions

CALCULATING MARGINS WITH EXCHANGES AND CLEARING HOUSES

- Calculating initial margins in exchange trades
- Calculating variation margins in exchange trades
- This session is driven by interactive examples applicable to the Iberian Power Exchange

BECOMING THE DEFAULTING PARTY

- Key lessons learnt while managing a liquidity crisis in an energy company after the Enron collapse
- The case illustrates the collateral implications following a rating downgrade
- How credit clauses were tested under real circumstances
- Credit decisions under distress

RISK MITIGATION AND COST OF CREDIT

- Comparing the relative cost of using guarantees, letters of credit, margining and clearing as instruments to mitigate credit risk
- Credit Value at Risk (CVaR) and application to manage the credit risk of a portfolio

CENTRAL CLEARING VS OVER THE COUNTER (OTC) RISK IMPLICATIONS

- Key differences of exchange vs over-the-counter transactions within the enterprise risk management framework
- Reconciliations as a key activity to manage cash liquidity risk

DOCUMENTATION: KEY CREDIT CLAUSES IN ENERGY TRADING

- Over-the-Counter
- Credit support annex
- Exchange traded products
- Agreements with clearing houses
- Interactive session

“There is a growing awareness of the vital role played by actively managing operational risk in the energy markets. It has never been more important, with complex systems, large value transactions and a dependency of maintaining a good reputation. But it is very difficult to equate risks across credit, market and the operational aspects of business. This course will provide participant the essential framework ensure risks identified are prioritised and acted on. “

David Hirst

SCHEDULE: 08:45 – 18:00

INTRODUCTIONS AND ROUND THE TABLE OBJECTIVES FOR THE COURSE

- Introductions & speed networking
- Course Objectives

RISK MANAGEMENT: MARKET, CREDIT & OP RISK A CONTINUOUS PROCESS

- Shareholder Value, Stakeholders and Risk
- Corporate Governance

ENERGY COMPANY OBJECTIVES & RISK APPETITE

- Risk Appetite – a worked example
- Case Studies

CATEGORISATION OF OPERATIONAL RISKS

- Internal v External

ENERGY “MARKETS”

- EU Energy and Markets- Legislation and Regulation
- Other Regulatory Risks

CURRENT COMPLIANCE ISSUES FOR ENERGY TRADING

- REMIT
- EMIR
- MiFiD2

EXTERNAL EVENT RISKS

- Case Studies
- Inter dependency of Energy Infrastructure

OPERATIONAL RISK CASE STUDIES

- System & Process Failures
- Fraud Risk
- Reputational Risk
- Strategic Risk

BUSINESS CONTINUITY

- Case Study
- Scenario Planning
- Disaster Escalation
- Business Continuity Management

OPERATIONAL RISKS THEMES

- Swiss Cheese and Extreme Events
- Organisational “memory”

MODELLING OPERATIONAL RISKS

- Quantification of risks
- Describing risks with probabilities
- Worked Example – Generator return to service
- Stress Testing

MITIGATION- OPTIONS AND CHOICES

- A Classic Risk Management Framework

REPORTING OF RISK

- Difficulties comparing risks – “Chalk and Cheese”
- Measuring and Reporting Impact & probability
- Reporting Processes
- Prioritising Risk

PSYCHOLOGY OF RISK MANAGEMENT AND DECISION MAKING

- Decision Making
- A behavioural Approach to Risk
- Prospect Theory
- “Group Think”

WRAP UP AND CONCLUSIONS



EDUCATION

MBA – University of Bradford
Fellow of the Institution of Civil Engineers
European Engineer (“Eurlng”)

LANGUAGES

English (fluent)

PROFILE

David is a commodity risk and energy management consultant based in York with 15 years of experience in trading including electricity, gas, carbon and softs commodities. A professional Engineer and Risk Manager, David’s 15yrs experience in the Energy sector started with building gas turbine based power stations during the UK’s “dash-for-gas” in the 1990’s, and included work on the competitive energy market design in 2000’s. Working with regional energy supplier Yorkshire Electricity, European utility RWE power, and independent coal fired generator, Drax Power David has a wealth of energy market risk experience.

Professionally David represents the UK on the World Federation of Engineering Organisations Energy Standing Committee, and recently stepped down as the chair of the Energy Journal. He is part of the joint Institution of Civil Engineers and Actuaries Enterprise Risk Management and Project Risk Management steering groups.

As Director of Ainsty Risk Consulting David has provided energy and commodity risk management services to EDF Energy, Sugar & Coffee traders ED&F Man, & Ernst & Young.

David has an MBA from the University of Bradford, is a Fellow of the Institution of Civil Engineers, and a Liveryman in the Worshipful Company of Engineers.

PROFESSIONAL HISTORY

Ainsty Risk Consulting Limited // Managing Director // 2010 - Present
Drax Power // Head of Market & Credit Risk // 2008 - 2010
RWE Power // Head of Strategic and Operational Risk // 1997 – 2008
Civil Engineering & Major Building // Project Management // 1984 - 1997



EDUCATION

MBA – Edinburgh University
Civil Engineer – Universidad de los Andes

LANGUAGES

English (fluent)
Spanish (fluent)

PROFILE

Diana is a credit risk management consultant based in London with 13 years of experience in commodity trading including electricity, gas, oil and metals.

As director of Crediten, Diana trains teams of credit practitioners and professionals who interact with the credit teams at chief, senior, middle management and analyst level. She runs public and in-house tailored courses in energy firms. Also, as a consultant she identifies operational and conceptual improvement opportunities, revises policies and advises on best practice.

Prior to founding Crediten she has built, transformed, developed and managed credit risk functions as the European Credit Risk manager in Centrica, Head of European Credit at Williams Energy and held manager and analyst positions at Enron Europe and Glencore. Also she has experienced through credit distress events the importance of cash management in credit risk.

Diana has been a delegate to the European Federation of Energy Traders (EFET) Credit and Collateral Committees and is co-author of the EFET Credit Training Manual.

Guest speaker and panellist at Risk and Energy events including Energy Risk, International Energy Credit Association (IECA), EMART, Marcus Evans, Incisive Training and IE Business School. Often quoted and profile-featured in the Energy Risk magazine.

Diana is an MBA from Edinburgh University and is a Civil Engineer from Universidad de los Andes in Colombia.

PROFESSIONAL HISTORY

Crediten Limited // Director - consultant // 2011 - Present
Centrica Energy // European Credit Risk Manager // 2004 - 2011
Foundation Energy // Consultant // 2004
Williams Energy // European Head of Credit // 2002
Enron Europe // Credit Manager, Senior Analyst, Analyst // 1999 – 2001
Glencore UK // Credit Analyst // 1998 – 1999
Santander Investment // Equity Analyst // 1997 - 1998

Price:**950 € + VAT per session.**

10% discount for OMIP/OMIClear members or full (3) Seminars registration.

Registration fee includes morning and afternoon refreshments and lunch.

Registration Details

Please complete the form below in Block Capitals

Name:	Email:	Phone:
Company:	Title/Position	Department:
Country:	City:	
Address:		

Seminars Registration:

	Lisbon	Madrid
Market Risk	23 May <input type="checkbox"/>	24 May <input type="checkbox"/>
Credit Risk	11 June <input type="checkbox"/>	04 June <input type="checkbox"/>
Operational Risk	20 June <input type="checkbox"/>	21 June <input type="checkbox"/>

Payment Details

- Daily financial settlement (only applicable to OMIP/OMIClear members)
- Cheque to OMIP SGMR, S.A.
- Bank transfer to OMIP account:
 Caixa Geral de Depósitos (CGD)
 IBAN: PT50 0035 0082 0000 7598 7303 4
 SWIFT CODE: CGDIPTPL

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