



Applied Energy Derivatives

The Need

This program gives participants a practical approach to applying derivative products. The program focuses on combining financial products with physical transactions to provide solutions to your customers' energy needs.

The Program

This course gives participants the high level of comfort needed to successfully sell, market or converse with clients about applying derivatives to manage energy risk. The program covers the core building block of all derivative products begins with the core building block of all derivative products—the forward price curve—as well as in-depth instruction in traditional swap and option products with an emphasis on corporate applications.

The Practical

Armed with this fundamental knowledge, participants will be able to fully understand practical applications of basic derivative products, especially how their customers use the products in their day-to-day risk management endeavors. Our program emphasizes the practical, not the theoretical, concentrating wholly on providing customer-driven solutions to risk management problems.

Summary and Objectives

At the conclusion of this program participants will be able to:

- ✓ *Construct a forward price curve, including adjustments for contract terms and location*
- ✓ *Utilize the price curve to reduce the customer's cost of storage*
- ✓ *Define basis risk and demonstrate how it can negatively affect customer cash flows*
- ✓ *Explain the structure of a swap and its benefits and risks*
- ✓ *Calculate the price of a swap from the price curve*
- ✓ *Tailor a swap structure to provide a customer with embedded financing*
- ✓ *Price and structure a basis swap to reduce or enhance a customer's risk position*
- ✓ *Understand option terminology and concepts*
- ✓ *Identify the option(s) embedded in swing contracts*
- ✓ *Create caps, floors and collars from puts and calls*
- ✓ *Participate proactively in conversations on derivative structures and strategies, both internally and with customers*
- ✓ *Discuss the advantages and disadvantages of swap and option strategies*