

# ELECTRICITY TRADING ON SPOT AND FUTURES MARKETS

## SEMINAR, 1 DAY

On the spot market, controllable generation plants and consumers can optimise their sales revenues. With the increase in generation volumes that can be forecasted at short notice, trading volumes and the importance of the European short-term markets have been rising for years. At the same time, the rules and framework conditions keep changing. The futures market, on the other hand, is essential as a hedging instrument against fluctuating electricity prices on the spot market for many players in the energy industry. Solid knowledge of the concrete functioning of the common products (futures, forwards, options) and the various trading options is important in order to act successfully. This seminar provides basic knowledge about price mechanisms and influencing factors of the spot and futures markets and their interaction.

## Your contents

### Session 1: brief introduction to electricity trading

- overview of electricity markets: characteristics, motivation and participants
- roles and tasks in the liberalised electricity market
- control energy, balancing energy and their importance for balancing groups

### Session 2: short-term trading at EPEX Spot

- the day-ahead auction as reference market
- price formation via the merit order: marginal cost-based bids
- price formation in continuous trading (incl. exercise)
- price development along the weather forecast

### Session 3: potentials at the spot market

- market liquidity: volumes in intraday trading
- special features of quarter-hourly contracts – market potential for short-term storage?
- market Coupling EU: Single Day-Ahead Coupling and Cross-Border Intraday Coupling

### Session 4: the futures market for electricity trading

- trading motivation: hedging, arbitrage and speculation
- futures trading products: Forwards, futures, options
- opportunities and risks of the forward market products

### Session 5: trading strategies and procurement

- customer segments: SLP vs. RLM customer
- electricity procurement: full supply vs. structured procurement
- procurement strategies: back-to-back, tranches, portfolio

### Session 6: outlook and market analysis

- policy objectives in Europe and Germany and their implementation
- market developments in key commodity markets: Emissions, Gas, Coal
- insight into Energy Brainpool's modeling of power price scenarios



Photo: Energy Brainpool

## TARGET GROUP

- Professionals from trading, electricity marketing or balancing group management of conventional or RE plants
- Professionals from product development or business development of utilities, direct marketers and (virtual) electricity producers
- Professionals in portfolio, risk, schedule and load management and analysis

## YOUR BENEFITS

After this seminar you will be able to,

- explain interrelationships and price influences on the spot market,
- recognise the opportunities and risks on futures markets,
- calculate important key figures with the help of practical examples and
- evaluate the potential of the different markets.

Supplement your market knowledge with the seminars **PPA Intensive Seminar: Valuation & Contract Design** or **Techniques of Power Price Forecasts**.