

Credit Risk in Energy Trading

Discover a fresh risk approach that will streamline your policies and maximise your competitive edge

London, United Kingdom

20th, 21st & 22nd September 2010

EXCLUSIVE HALF DAY WORKSHOP FOLLOWING A TWO DAY PEER LED CONFERENCE

Attending this Annual **marcus evans** Conference Will Enable You to:

- **Learn** how to implement the latest risk mitigation techniques
- **Debate** the importance of optimising your credit risk strategy to incorporate future energy markets
- **Evaluate** how other risks impact upon credit risk
- **Review** collateral management and its use to mitigate risk
- **Analyse** the real implications of the new regulations
- **Uncover** the impact trade finance has had on the energy trading landscape
- **Discover** new insights by exploring how other commodities measure credit exposures
- **Manage** your counter-party risk with practical knowledge of the latest stress-testing methods

Learn from Key Practical Case Studies:

- **EDF Trading** explores the challenges facing credit risk today
- **TOTAL UK** takes a practical look at Oil
- **BP** looks to credit risk management in other commodities for a fresh approach
- **Centrica** examines the current trading landscape and its impact on liquidity
- **RWE Supply and Trading** explain how collateral management is integral to successful credit risk management
- **Alpiq** on the relationship between market, liquidity and credit risk

Workshop Sponsor:



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OPTIMISE credit risk strategies by examining CUTTING-EDGE risk mitigation techniques



In the Chair:

Ron Wells
Executive Director
Counterparty Risk Analysis &
Portfolio Management
Commodities Credit EMEA
J.P. Morgan

David Hirst
Formerly
Head of Risk Management
Drax Power

marcus evans Expert Speaker Panel:

Ron Wells
Executive Director
Counterparty Risk Analysis &
Portfolio Management
Commodities Credit EMEA
J.P. Morgan

Hugh Brunswick
Managing Director
EFETnet

Andrea Bucca
Head Econometrician
BP

Maria Taylor
Head of Credit Risk
EDF Trading

Diana Higgins
Head of Risk Reporting
Centrica

Fauwad Hurzuk
Head of Implementation and Consulting
Services
energycredit, a Temenos company

Dirk Daveluy
Manager, Collateral and Clearing
RWE Supply and Trading

David Hirst
Formerly
Head of Risk Management
Drax Power

Dr Lara Beraha-Levy
Head of Risk Controlling
Alpiq Swisstrade AG

Gavin Ashton
Senior European Risk Specialist
Cargill

Dr Wolfgang Kohler
Credit Risk Manager
EnBW AG

Dr Michael Jost
Credit Risk Manager
RWE Supply and Trade

Nick de Haan
Collateral Analyst
Vattenfall Energy Trading Netherlands

Dr Marco Poggi
Head of Credit Risk
Enel

Steve Ingle
Derivatives Product Manager
Bank of New York Mellon

Mark Higgings
Vice President, Head of Business
Development EMEA Collateral
Management
Bank of New York Mellon

Suzanne Sprague
Associate Director Risk Management
CME Clearing

20th September 2010

08:30 Registration and Coffee

09:00 Opening Address from the Chair

Ron Wells

Executive Director, Counterparty Risk Analysis & Portfolio Management, Commodities Credit EMEA

J.P. Morgan

OPTIMISING YOUR RISK STRATEGY

09:10 **The Reality of Transparency and the True Impact on Credit Risk Management**

- Review the latest regulatory changes
- Practical implication of new regulations on credit risk management
- Evolving your credit strategy to plan for the future

Maria Taylor

Head of Credit Risk

EDF Trading

09:50 **Panel Discussion:**

Will Your Policies Meet the Demands of the Future?

- What are the future energy markets?
- Pricing of new market and credit risk
- Debate how to build policies that effectively evaluate the long-term
- Working as an entire risk management unit

David Hirst

Formerly

Head of Risk Management

Drax Power

Maria Taylor

Head of Credit Risk

EDF Trading

Diana Higgins

Head of Risk Reporting

Centrica

10:30 Morning Coffee and Networking Break

PRACTICALLY MITIGATING YOUR CREDIT RISK

11:00 **Case Study:**

Measuring Credit Exposures in the Current Market

- Learn effective methods from key practical examples
- Current vs. future exposures
- Pricing credit: Expected loss calculated
- Latest credit risk modeling techniques

Dr Michael Jost

Credit Risk Manager

RWE Supply and Trading

11:40 **An update on EFET Standardisation for Collateral Management and for OTC Clearing Registration**

- EFET approach ensuring automation in OTC and cleared markets
- Managing bilateral credit risk
- Update on the OTC clearing pilot project

Hugh Brunswick

Managing Director

EFETnet

12:20 Luncheon

14:00 **"Best in Class" Credit System for a Multi-Commodity Trading Company**

- Credit risk management process
- Example of credit risk systems
- Complexity of integrating: Systems and processes
- Solutions

Dr Marco Poggi

Head of Credit Risk

Enel

14:40 **Case Study:**

Quantitative Analysis Across All Commodities: Discovering New Modelling Methods

- Current energy markets
- Freight
- Metal

Andrea Bucca

Head Econometrician

BP

15:20 Afternoon Tea and Networking Break

16:00 **Case Study**

Taking a Fresh Look at Credit Risk: Cargill

- Overview of risk process – who does what and how this has developed from a fragmented starting point
- Detailed overview of assessing credit risk for specific customer (how limits are requested and approved)
- How to track market differences
- Online use of credit reference agencies across broad portfolios
- How to track risk across a range of businesses – specifically food and commodities

Gavin Ashton

Senior European Risk Specialist

Cargill

17:20 Closing Remarks from the chair

17:30 Close of Day One

Business Development Opportunities:

Does your company have solutions or technologies that the conference delegates would benefit from knowing? If so, you can find out more about the exhibiting, networking and branding opportunities available by contacting:

Nisha Vyas, Sponsorship Manager, **marcus evans** London

Tel: +44 (0)20 3002 3172

Email: nishav@marcusevansuk.com

21st September 2010

08:30 Registration and Coffee

09:00 Opening Address from the Chair

David Hirst

Formerly

Head of Risk Management

Drax Power

CREDIT RISK AND COLLATERAL MANAGEMENT

09:10 **Industry Discussion:**

The EFET Collateral Management Strategies for the Energy Trading Market

- Update on the latest collateral management methodologies and their relevance to credit risk
- Looking to the future work of the group in optimising collateral management in the energy trading market
- What are the items for review?

Dirk Daveluy

Manager, Collateral and Clearing

RWE Supply and Trading

Nick de Haan

Collateral Analyst

Vattenfall Energy Trading Netherlands

09:50 **Case Study:**

Implications for Credit Risk: Enforceability of (Automatic) Early Termination and Closeout-Netting

- Review of the legal issues
- Calculating exposures
- Credit risk mitigation
- The decision whether to stop trading – what are the relevant figures

Dr Wolfgang Kohler

Credit Risk Manager

EnBW AG

10:30 Morning Coffee and Networking Break

11:00 **The Art of Assessing, Quantifying and Managing Buyer or Supplier Future Physical Performance Risk**

- Physical Performance Risk is not the same as Credit or Payment Risk so it is not correct to apply the same Probability of Default, Potential Future Exposure at Default, and Loss given Default measures to both.
- The current general practice of applying the same measures to both leads to erroneous, usually exaggerated, assessment of the risks related to future physical performance.
- An alternative method will be proposed to answer the response that 'there is no other way', and to initiate a debate.

Ron Wells

Executive Director

Counterparty Risk Analysis & Portfolio Management

Commodities Credit EMEA

J.P. Morgan

11:40 **Credit Risk Management for Derivatives**

- Pre-trade / Post-trade considerations & options
- New market initiatives
- Management options

Mark Higgings

Vice President, Head of Business Development EMEA Collateral Management

Bank of New York Mellon

Steve Ingle

Derivatives Product Manager

Bank of New York Mellon

12:20 Luncheon

LIQUIDITY RISK: MANAGING THE IMMITIGABLE

14:00 **Risk Mitigation and the Impact on Liquidity**

- Mitigating credit risk: A probabilistic approach
- Discover the side effects on Liquidity
- Case study: Contingent liabilities
- Clearing

Diana Higgins

Head of Risk Reporting

Centrica

CREDIT RISK AND RISK MANAGEMENT

14:40 **A Holistic View on Risks in Power and Commodity Trading**

- Quick review of market, credit and liquidity risk
- Relation between market, credit and liquidity risk
- Mitigation of credit and liquidity risk
- Awareness of risk relocation

Dr Lara Beraha-Levy

Head of Risk Controlling

Alpiq Swisstrade AG

15:20 Afternoon Tea and Networking Break

16:00 **Panel Discussion:**

Credit Risk and Collateral Management: What Can be Improved in Risk Monitoring and Mitigation?

- Debate what is instrumental to credit risk in the current energy landscape?
- Understand the increasing importance of collateral management to mitigate risk

Dr Wolfgang Kohler

Credit Risk Manager

EnBW AG

Fauwad Hurzuk

Head of Implementation and Consulting Services

Energycrredit, a Temenos Company

More Speakers TBC on the day

16:20 Closing Remarks from the Chair

16:30 Close of Day One

22nd September 2010

Interactive Half-Day Conference Workshop

An exclusive half-day workshop teaching you how to effectively use clearing houses to mitigate your risk.

8:30 Registration and Coffee

9:00 Opening remarks from workshop leader

Collateral at the Clearinghouse

- Segregation of customer funds
 - How this is treated in US and Europe
 - Cleared futures versus cleared OTC swaps
 - How this plays out in the case of a default
- Types of collateral accepted
 - Differences between the US and Europe in general
 - Types of collateral accepted at the CME
- Capital efficiency at the Clearinghouse – how we use SPAN
 - Margin offsets across energy products
 - Superscanning
 - Margin Erosion in front month OTC swaps
- Risk Systems
 - Overview of systems like PC SPAN, available to help customers monitor their margins better
- Straight Through Processing
 - Operational and risk efficiencies via STP

Led by:

Suzanne Sprague

Associate Director

Risk Management

CME Clearing

And other senior representatives

13:00 Closing Remarks from Workshop Leader and End of Workshop

Workshop Sponsor:



CME Group is the operator of the Chicago Mercantile Exchange, the Chicago Board of Trade and the New York Mercantile Exchange. As the world's largest and most diverse derivatives exchange, we bring more than 150 years of expertise of trading futures and options to the global marketplace.

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marcus evans

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marcus evans congresses bring together the leading vendors and decision makers from a wide range of services and industries. Each event provides an opportunity for key suppliers to exhibit and demonstrate their products to the region's key professionals. In addition to the exhibition format the event's educational conference is attended only by delegates who are pre-qualified, in most cases to a minimum spend of US\$5 million and many with budgets in excess of \$50 million.