

# Center for Energy and Value Issues CEVI



## CEVI Energy School

Organized by:

Center For Energy and Value Issues (CEVI)

## Sponsors

TEIAS

Amsterdam Power Exchange ( APX-ENDEX)

TenneT

Power and Gas

## Objective

Europe has been engaged in a debate aimed at building an integrated and competitive energy market since the early 1990s. Leaving the previous nationally oriented energy frameworks models aside, the European Union has taken up the responsibility to develop a strategic policy to change current trends. A truly competitive, single European electricity and gas market is expected to be a free market and open to competition of Europe-wide operating companies. Financial markets have responded to these changes by developing new financial products and markets. The market characteristics of physical energy markets that are opening up are fundamentally different from financial markets which are often rather mature. Although physical energy markets and financial energy markets are closely related, they behave differently. The differences in their characteristics and behavior are substantial, and the effects on price formation and exchange processes are complex. Both risk managers and investment managers need to understand what these differences are and how these differences impact both on investment decision-making and effective risk management approaches. As energy supply is still seen as being vital at a country level, the same counts for regulatory body staff.

Who should attend?

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This intensive and interactive training course is designed for practitioners active in energy markets, both the physical market and financial markets. As its primary objective, the course aims to provide a practical understanding of the behavior of energy markets and the risk management implications of physical and financial markets.

The target group of students are employees working in the energy area, such as energy companies, energy markets, regulatory bodies, governments, etc. They will be interested in the finance perspective that CEVI attaches to energy issues. The applicants should hold, as a minimum, a bachelor's degree.

Date of the Courses

The courses will take in February 7-11, 2011, Istanbul.

## **Course Program**

**CEVI, Istanbul, Hyatt Regency Hotel**

**February 7-11**

Monday February 7

9.00- 9.15 hours opening

Prof. André Dorsman, president of CEVI

9.00-12.30 hours Business Game

Egbert-Jan Schutte-Hiemstra, APX-ENDEX

- The game simulates a hypothetical energy market environment and enables an active social communication of the real players in quasi real business conditions.

12.30-13.30 hours Lunch

13.30-16.30 hours Energy in Emerging Countries

Erik van Dijk ( Investment Adviser)

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- The World is Changing and Emerging Nations have played an important role in this Process. What have been and will be the implications for the Energy Sector? A Macroeconomic Perspective.
- Energy Markets; Supply & Demand 1 - Suppliers from Emerging Countries (a market overview)
- Energy Markets; Supply & Demand 2 - Demand from Emerging Countries (a market overview)
- The Difference between Physical and Financial Energy Markets and their implications for Emerging Nations
- Energy, Emerging Markets and the growing importance of Socially-Responsible Investing
- Energy Markets and the Rise of Emerging Nations - Impacts on Risk
- Energy and Emerging Markets; Africa - Middle East - A regional case study

Tuesday February 8

9.00-10.30 hours Energy markets

Prof. André Dorsman

- The summary of the week in Ankara
  - Energy risk
  - Efficient and perfect markets
  - Efficient and perfect electricity networks
  - Market Coupling
  - Relation day-ahead market and futures market
  - Commodities versus stocks and bonds
  - Power markets are not the end of the liberalisation, but a stop in between.

10.30-12.30 hours Energy Efficiency

Tülin Keskin, WEC Turkish National Committee

- The Turkish energy situation: the role of energy in the economy and the economy of energy efficiency,
- Turkish Energy Efficiency policy and programs and financing schemes.

12.30-13.30 hours Lunch

13.30-16.30 hours Conditions for Development of An Energy Market

Egbert-Jan Schutte-Hiemstra, APX-ENDEX

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- Legislation
- Control
- Grid code

Wednesday February 9

9.00-12.30 hours The Gas Market

Prof. Dr. John Simpson, Curtin University

- The importance of oil and gas stock market sectors in international banking markets
- European and USA Gas Markets
- Trading in Gas Market

12.30 –13.30 hours Lunch

13.30 –16.30 hours Energy and Political Risk

Prof. Dr. John Simpson, Curtin University

- The influences of political risk in oil and gas stock market sectors in the EMU, UK and USA.
- A systemic composite political risk indicator for country oil and gas stock market sectors adjusting for country size and income effects.
- Financing international trade in natural gas using bank financing mechanisms (eg letters of credit) whilst controlling for country and political risk (managing international credit risk in gas exports).

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- Managing political and country risk in the export of large natural gas projects and capital equipment using government export finance and insurance agencies (bond support, direct finance and buyer credit, insurance against buyer insolvency and political risk).

Thursday February 10

9.30-12.30 hours Flexibility for Energy Production Options and Energy demand In Combination with Energy storage Indispensable for a Sustainable Society

Teus van Eck

- The flexibility of the different production options
- The demand curve
- Electricity storage
- Heat storage
- The consequences of wind- and sun energy for the energy market

Solutions

12.30-13.30 hours Lunch

13.30 –16.30 hours Value Creation in Energy: Strategic and Financial Aspects

Prof. Dr. Wim Westerman

- Operational methods (e.g. Dephi method, interviews, mapping, modeling)
- Strategy (e.g. resource-based view, Porterian analysis, SWOT analysis)
- Finance (e.g. profit, return on assets/equity, net present value, APV)
  - \* With examples from practices on grey and green energy projects
  - \* Leading comprehensive case on investing in wood-based energy sources
  - \* Procedure: sandwich of plenary presentation and group-wise application

Friday February 11

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9.00-12.15 hours Heat and Cooling, the underrated parts of the energy market

Teus van Eck

- The total energy balance for electricity, heat and cooling
- Cogeneration versus separate production
- The possibilities and the threats for cogeneration in the electricity market
- The alternatives for cooling versus traditional air conditioning
- Energy saving
- Sustainable heat and cooling
- Pros and cons for local energy options

12.15 – 12.30 hours Closing

Prof. Dr. André Dorsman