

Day 1

Houston ★ June 10, 2008

0800	Registration and breakfast		
0900	Welcome address		
0910	Do we need tougher regulations in the OTC markets? Dan Berkovitz, Member, Permanent Subcommittee on Investigations, U.S. SENATE		★ KEYNOTE ADDRESS ★
0950	Risk management implications of increased investment in commodity markets <ul style="list-style-type: none"> Emergence of commodities as an asset class for corporate and retail investors Implications for risk managers if correlations change Reevaluation of the energy complex, especially strategic planning, M&A, VaR, stress testing, and portfolio hedging Alternatives to coping in a potentially more crowded and volatile energy market environment Timothy Essaye, Managing Consultant, TOWERS PERRIN		★ PLENARY ADDRESS ★
1030	Morning coffee break		
	Stream 1 Advances in strategic risk management	Stream 2 Modelling techniques for quantitative risk managers	Stream 3 Developments in carbon trading
1100	Chairman's opening remarks	Chairman's opening remarks	Chairman's opening remarks
1110	Utilizing operational risk measurements in your risk management regime <ul style="list-style-type: none"> What types of operational risks exist in the energy industry Modelling costs/losses associated with operational risks Benchmarking the energy industry · Bottom-up and top-down methods Darilyn Jones, Senior Vice President, Risk Control, SEQUENT ENERGY	Overcoming the challenges of counterparty credit risks <ul style="list-style-type: none"> Combining the rating agency evaluations with your own criteria The use of credit derivatives Pricing of credit risk for energy derivatives Tamara Weinert, Credit Manager, NUON	★ PANEL DISCUSSION ★ Does emissions trading work? <ul style="list-style-type: none"> Which is better: Cap and trade, or carbon tax? Liquidity, price justification and economic internationalization check Trading or tax? Emissions reductions check Daniel Maserang, Vice President, Market Risk & Analytics, INTERNATIONAL POWER Barbara Buchner, INTERNATIONAL ENERGY AGENCY Ricardo Nogueira, Director, EEA NORTH AMERICA <i>Further panellists to be confirmed</i>
1150	Managing market risks in the wholesale and retail power markets <ul style="list-style-type: none"> Principal risks on the supply side of the power business Principal risks on the demand side of the power business Primary pricing and risk management tools models "Optimal" pricing structures and risk metrics employed Hedge strategies, tools and instruments employed: physical, financial Performance measurement and risk metrics Sailesh Ramamurtie, Vice President, Portfolio Management, Risk Management Group, CONSTELLATION GLOBAL COMMODITIES GROUP	The new thing in commodity options <ul style="list-style-type: none"> The model-free implied volatility <ul style="list-style-type: none"> What it means for commodities Implementation challenges Performance metrics: Historical and black vols as subsets Once more from the top: Top-down commodity option valuation <ul style="list-style-type: none"> Closed form EVT options: some (nearly) painless implementation examples Dependence in EVT option valuation Chris Schlegel, Manager, Risk Analysis Services, SOUTHERN COMPANYY	Dynamics of a carbon credit market environment <ul style="list-style-type: none"> Who will be the new price-takers and price-makers? What role do exchanges have A look at different industries (eg energy, transport and logistics) Ben Cotton, Head of Fund Relationships, MAN FINANCIAL LTD

1230	Lunch and opportunity to visit the exhibition		
1330	<p>Financial Transmission Rights (FTR) risks have their rewards</p> <ul style="list-style-type: none"> • FTRs structure, use, and misuse • Old markets, new markets • Hedge or spec? • Risk versus reward: Is FTR pricing efficient? <p>Michael Rosenberg, Manager, Quantitative Analysis, PG&E</p>	<p>Correlation modelling – a practical framework for correlation models</p> <ul style="list-style-type: none"> • Stochastic hazard rates with jumps • Disentangling volatility and correlation effects • Ensuring fit of the correlation coefficient • Managing correlation risk with spread option models <p><i>Speaker to be confirmed, visit energyriskusa.com for updates</i></p>	<p>Correlation between carbon trading and other commodities</p> <ul style="list-style-type: none"> • Impact on power price • Impact on natural gas price • Impact on coal price • Techniques for cross-commodity trading <p>Véronique Bugnion, Director Research, POINT CARBON NORTH AMERICA</p>
1410	<p style="text-align: center;">★ PANEL DISCUSSION ★</p> <p>Looking to the future: changing demands of the electronic trading landscape</p> <ul style="list-style-type: none"> • Changing mechanics of trading • Electronic confirmations, formats and protocols • Physical markets moving to electronic trading <p>Brian Busch, Director of Risk Solutions, SOLARC <i>Further panellists to be confirmed</i></p>	<p>Modelling of wind energy</p> <ul style="list-style-type: none"> • The unique characteristics of wind • Models for wind speed and power curves • Calibration on real production data • Monte Carlo scenario generation • Case study: Ontario primary demand and the contribution of wind generation <p>Hans Tuenter, Senior Model Developer, Planning & Analysis, ONTARIO POWER GENERATION, ENERGY MARKETS</p>	<p>Voluntary carbon market – effective or just a corporate marketing?</p> <ul style="list-style-type: none"> • How will the voluntary program work? • Verification issues to overcome • Ensuring quality of the reduction and net results <p><i>Speaker to be confirmed, visit energyriskusa.com for updates</i></p>
1450	<p>Industrial use of derivatives for energy risk management</p> <ul style="list-style-type: none"> • Use of derivatives in your energy portfolio to mitigate risks • How do these affect the prices of the physical products? • Results from the use of floors, caps, collars, average options, spread/heat-rate options, tolling, swing options, weather derivatives • Benefiting from spread options, straddles, strangles, and swing options <p>Cliff Howe, Managing Consultant, TOWERS PERRIN</p>	<p>Hedging refining margins and ethanol production</p> <ul style="list-style-type: none"> • Simultaneously hedge the price of the products of a refinery • Refining margin protection • Supply trends in ethanol <p>Nicholas Dazzo, Vice President Energy Derivatives, KOCH SUPPLY AND TRADING</p>	<p>Overcoming the issues surrounding geologic sequestration of CO2</p> <ul style="list-style-type: none"> • Legal liabilities of the emitter versus the subsurface owner where the sequestration takes place • Managing the cost expectations of geologic sequestration • Definition from the US EPA: commodity, pollutant or hazardous waste? <p>Mike Moore, FALCON GAS STORAGE</p>
1530	Coffee break		
1600	<p>Latest thinking on ERM – integrating the risks and creating value for the organization</p> <ul style="list-style-type: none"> • How should risks in different time periods be compared? • Overcoming the cultural change barriers • Benchmarking with industry standards <p>Petter Kapstad, Head of Risk Management, STATOILHYDRO</p>	<p>Closer to the asset – merging of trading, supply, and logistics in the oil trading space</p> <ul style="list-style-type: none"> • Specialized niche handling and advanced modelling in the ETRM space • Changing demands of oil trading • Managing the different relationship between the vendor and the customer <p>David Newton, Chief Executive Officer, TRADECAPTURE</p>	<p>Capitalizing on the new carbon regime</p> <ul style="list-style-type: none"> • Design developments that could affect your organization's carbon policies • Integrating with other trading schemes • Is voluntary emissions reduction the way forward? <p><i>Speaker to be confirmed, visit energyriskusa.com for updates</i></p>
1640	<p>Capturing and incorporating country risks for multinational companies</p> <ul style="list-style-type: none"> • Methods for capturing country risks • Early reviews of country risks • Strengthening the link to impact assessment • Identifying areas that the company can control • Development of management systems and work processes <p>Liv Marit Klausen, Adviser, Strategic Risk, STATOILHYDRO</p>	<p>Extracting optionality between the price of oil and its products</p> <ul style="list-style-type: none"> • Optimizing the spread between oil and its products • What does the crack spread mean for you • Options for physical and financial assets • Generating the implied volatility of your curves from global events • How do all these tie in your PNL workings <p>Kevin Kindall, Director of Quantitative Analysis, CONOCOPHILLIPS</p>	<p>CDM pricing and structuring</p> <ul style="list-style-type: none"> • Comparing between index-linked and fixed-price • Emerging structures for carbon trading • How to price Emissions Reduction Purchase Agreements (ERPAs) <p>Ricardo Nogueira, Director, EEA NORTH AMERICA</p>
1720	Chairman's closing remarks	Chairman's closing remarks	Chairman's closing remarks
1730	Cocktail reception		
1830	End of day one		

0830	Registration and breakfast		
0900	Welcome address		
0910	The state of risk management in the energy industry and the opportunities for enhancement Vincent Kaminski, Professor, RICE UNIVERSITY'S JESSE H. JONES GRADUATE SCHOOL OF MANAGEMENT		★ KEYNOTE ADDRESS ★
0950	Forum on emerging risks in energy markets - how do other companies deal with them · Regulatory and trading risks · Countering increased cost risk in capital projects · Addressing political risks, NIMBY risk, regulatory risk, competitive risk from new entrants and new business models · Financial tools to mitigate FX risks Dan Berkovitz, Member, Permanent Subcommittee on Investigations, U.S. SENATE Chris Ross, Vice President, CRAI Robert Stibolt, Chief Risk Officer, BEAR ENERGY LP <i>Further panellists to be confirmed</i>		★ PANEL DISCUSSION ★
1030	Morning coffee break		
	Stream 1 New developments in the energy markets	Stream 2 Modelling techniques for quantitative managers	Stream 3 Commodities risk: How commodities can affect your energy business?
1050	Chairman's opening remarks Stephen Maloney, Managing Consultant, TOWERS PERRIN	Chairman's opening remarks Valery A. Kholodnyi, Managing Director, Quantitative Research and Risk Analytics, PLATTS ANALYTICS	Chairman's opening remarks Sailesh Ramamurtie, Vice President, Risk Management Group, CONSTELLATION GLOBAL COMMODITIES GROUP
1100	<div style="text-align: center; background-color: black; color: white; padding: 5px; border-radius: 10px;">★ PANEL DISCUSSION ★</div> Importance of Energy Trading & Risk Management Systems (ETRMS) for risk managers <ul style="list-style-type: none"> • Role, scope, criteria, issues, complications and importance of ETRMS in your organizations • Implementing a robust commodity risk management procedure • Driving the success of ETRMS from the boardroom level • Overcoming the shortcomings of your current ETRMS Moderator: Sid Jacobson, Managing Consultant, Energy Trading and Risk Management, PA CONSULTING <i>Further panellists to be confirmed</i>	Modelling of congestion charges <ul style="list-style-type: none"> • Factoring in new markets and new market designs • Congestion charges within an ISO framework • Evaluating the properties of congestion charges • Does this follows a normal distribution or skewed? Ted Kury, Senior structuring and pricing analyst, THE ENERGY AUTHORITY	Challenges for commodities buyers in the energy industry <ul style="list-style-type: none"> • State of global energy commodity markets • Energy commodity products and instruments: physical, financial, standard, non-standard/customized/structured, short-term, long term, indexed, fixed price, basis driven, fixed/variable volume • Effective pricing, price discovery, risk assessment and risk management/mitigation • Contractual terms and negotiations • Supply-demand imbalances: opportunities and threats Sailesh Ramamurtie, Vice President, Portfolio Management, Risk Management Group, CONSTELLATION GLOBAL COMMODITIES GROUP
1140	Impact of credit crunch – how will it filter down to the energy markets <ul style="list-style-type: none"> • Making credit an area of concern for the front office, and not just the middle and back office • What were the credit rating agencies doing when this happened? • Pricing credit in energy transactions • Lessons to learn from the insurance agencies and banks Khalid Abedin, Senior Vice President, Global Credit Risk Management, CONSTELLATION ENERGY COMMODITIES GROUP	Modelling of liquidity for oil, gas or power <ul style="list-style-type: none"> • Assessing the risks and modelling the physical assets • Establishing the price at any given time • Determining liquidity in the market and working in a market with limited buyers • How to hedge in an illiquid market Vincent Kaminski, Professor, RICE UNIVERSITY'S JESSE H. JONES GRADUATE SCHOOL OF MANAGEMENT	Price risk management within a highly-integrated market for commodities <ul style="list-style-type: none"> • Convergence of energy, agricultural, and base metals prices • Commodities demand and its impact on market prices for gas and power • Understanding indirect demand of commodities and how this should feature in your trading strategies Nick Cioll, Chief Risk Officer, COMMERCE ENERGY

1220

Lunch and opportunity to visit the exhibitions

1320

Using exchange traded derivatives to manage hurricane risk

- The need for hurricane derivatives and the development of a tradable index
- Data, modeling and pricing - how hurricane risk is unlike other risks
- Trading hurricane risk - products available on CME and the experience so far
- From reinsurance to hotels - the deep end-user market

Felix Carabello, Director of Alternative Investments, CME GROUP**Steve E. Smith, Senior Vice President, CARVILL AMERICA INC***Further panellists to be confirmed*★ **PANEL DISCUSSION** ★

1400

Managing the glow spread: Nuclear fuel and generation issues

- The rapid growth in uranium markets
- New nuclear fuel hedging tools
- Hedging nuclear generation assets
- The age of “New Nuclear” development

John Wengler, Chief Risk Officer, ENTERGY**Modelling energy forwards with a delivery period in the framework of the non-Markovian approach**

- Modelling energy forwards with a delivery period such as monthly and quarterly forwards for energy spots with spikes
- Why long maturity energy forwards with a delivery period do not exhibit spikes while spots do?
- How important are spikes in modelling energy forwards with a delivery period?

Valery A. Kholodnyi, Managing Director, Quantitative Research and Risk Analytics, PLATTS ANALYTICS**How to price base metals-sensitive and energy-sensitive derivatives?**

- Building blocks for valuation of these derivatives
- What are the types of price risks for these base metals and how to measure them?
- Applications to managing your energy risk exposure
- Managing swings in demand from the metal companies
- Curtailment options

Speaker to be confirmed, visit energyriskusa.com for updates

1440

Market valuation of LNG contract

- About LNG contract
- Valuation of LNG price formulas
- Valuation of DQT/UQT clauses
- Valuation of seasonality clauses

Kaoru Kawamoto, Manager, Quants Analysis, OSAKA GAS**Real options for strategic energy investments**

- An overview and comparison of real options to traditional capital budgeting methodologies
- Structuring the long-term investment project
- Analytical methods, including binomial lattice models, and Monte Carlo simulations
- Estimating real option model inputs, uncertainty, decision nodes, and forward curves
- Example: The decision to invest in coal to liquids technology

Thomas Murphy, Principal, CRAI**Managing your metals risk exposure in building transmission lines**

- A look at the aluminium and steel markets
- Impact of long-term development plans on the optimum level of price risk hedging
- Valuing your transmission lines
- Structuring options and swaps on these metals underlyings

Speaker to be confirmed, visit energyriskusa.com for updates

1520

Afternoon coffee break

1540

LNG portfolio optimization via risks and opportunities management

- Inherent characteristics of the LNG industry: liquid vs vapor, LNG value chain vs pipeline, LNG logistical chain, logistical volatility, LNG commercial chain and volatility
- Portfolio optimization in the LNG industry
- Optimizing along the LNG value chain
- Portfolio optimization vs commodity risk management: two sides of the same coin
- Matching business model with portfolio DNA

Helen Lo, Vice President, Portfolio Management, SUEZ LNG NORTH AMERICA**Optimal power dispatch via decision tree analysis**

- A multinomial-tree dispatch model for power plant with start costs
- Option value for start-up costs and overnight run, with on-peak dispatch influenced by off-peak spark spreads and min run capability
- Results: Short-term and long-term option value with delta's, and probabilities of daily on-peak and off-peak dispatches.

Sarah Yu, Structured Transaction Analyst, Market Risk & Analytics, INTERNATIONAL POWER AMERICA**Key strategies for a successful renewable energy investment**

- Conversion technologies that reduces production costs
- Pricing elements within biofuels
- Surveying the regulatory landscape
- Who are the key players in this market?

Keong Woo, Senior Vice President Financial Services, GE CAPITAL

1620

Chairman's closing remarks

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1630

On the frontier of energy risk management

Thought leaders share their experiences and disclose best practices – a chance for delegates to discuss critical challenges facing their organizations

Aram Sogomonian, Chief Risk Officer, Head of Market Risk Management Group, CONSTELLATION ENERGY**Robert Stibolt, Chief Risk Officer, BEAR ENERGY LP****Nick Cioll, Chief Risk Officer, COMMERCE ENERGY***Further panellists to be confirmed*★ **ROUNDTABLE** ★

1730

End of Energy Risk USA conference