

ENERGY TRADING, RISK MANAGEMENT & PRICING



GENTEX[®]
TRAINING CENTER



Introduction

Energy Trading, Risk Management & Pricing Training Course prepares energy and finance professionals to trade, price, and hedge energy commodities with control. Participants work through energy market structures and trading venues, physical and financial trading mechanics, pricing, benchmarks, and formula design, hedging with futures, swaps, and options, risk measurement with VaR, stress testing, and position limits, and trading governance, controls, reporting, and compliance as one connected discipline. The programme links the trading positions an organisation takes with the pricing discipline and risk controls that determine the outcome. As a result, learners gain a practical command of energy trading, risk, and pricing. Furthermore, the course strengthens quantitative judgement, trading discipline, and risk governance.

Energy Trading, Risk Management & Pricing Course Objectives

- Explain energy market structures across crude, gas, power, and LNG.
- Apply trading venues, contracts, and physical versus financial trading.
- Apply pricing formulas, benchmarks, and index-linked structures.
- Apply hedging with futures, forwards, swaps, and options.
- Apply route-to-market and asset-backed trading concepts.
- Apply Value at Risk (VaR), expected shortfall, and stress testing.
- Apply position limits, mandate structures, and trading controls.
- Apply credit, counterparty, and collateral risk management.
- Apply mark-to-market valuation and forward curve practice.
- Apply trading governance, compliance, and risk reporting practice.

Course Methodology



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- Interactive sessions built on energy trading and pricing cases.
- Workshops on pricing formula design, hedging strategy, and limit setting.
- Group exercises on VaR calculation, stress scenarios, and position reporting.
- Hands-on practice with trade captures, position reports, and hedging schedules.
- Simulation of a trading desk review and a hedging decision committee.
- Facilitator coaching and peer review on personal trading and risk plans.

Who Should Take This Course

- Energy traders, originators, and trading analysts.
- Risk analysts and middle-office specialists.
- Treasury and commodity finance professionals.
- Pricing and commercial contract managers.
- Internal auditors covering trading and hedging.
- Consultants advising on energy trading and risk frameworks.

Energy Trading, Risk Management & Pricing Course Outlines

Day 1: Energy Markets and Trading Structures

- Market structures: crude oil, natural gas, power, LNG, and refined products.
- Trading venues: exchanges, OTC, and brokered markets.
- Physical versus financial trading and delivery obligations.
- Benchmarks, indices, and price reporting agencies.
- Market participants and their trading motivations.
- Regulatory frameworks for energy trading and market conduct.



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- Case discussion: a physical deal that hid an unhedged financial exposure.

Day 2: Pricing, Contracts, and Formula Design

- Pricing mechanisms: fixed, floating, formula, and index-linked.
- Benchmark selection and basis relationships.
- Contract structures: term, spot, and master agreements.
- Formula design, escalation clauses, and price review.
- Transfer pricing and internal trading arrangements.
- Tariff and regulated pricing interaction.
- Workshop: designing a pricing formula for a supply contract.

Day 3: Hedging and Financial Instruments

- Futures, forwards, and swaps for energy hedging.
- Options: calls, puts, collars, caps, and floors.
- Fixed-for-floating and basis swaps.
- Hedge ratio design, horizon, and timing.
- Hedge effectiveness assessment and hedge accounting basics.
- Structured deals, storage, and optionality valuation.
- Exercise: designing a hedge for a fuel or power exposure.

Day 4: Risk Measurement and Trading Controls

- Value at Risk methods: parametric, historical, Monte Carlo.
- Expected shortfall and tail risk assessment.
- Stress testing, scenario analysis, and backtesting basics.
- Position limits, mandate structures, and delegated authority.



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- Credit, counterparty, and collateral risk management.
- Segregation of duties and trade capture controls.
- Simulation: applying limits and responding to a limit breach.

Day 5: Valuation, Governance, and Reporting

- Mark-to-market valuation and forward curve construction.
- Valuation governance, curves, and model risk.
- Trade reporting, position reports, and P&L explanation.
- Risk reporting packs and dashboard design.
- Compliance monitoring and market conduct obligations.
- Internal audit over trading and hedging controls.
- Capstone: presenting an energy trading risk and pricing framework.

Conclusion

By successfully completing Energy Trading, Risk Management & Pricing, participants will gain a practical command of energy market structures and trading mechanics, pricing and formula design, hedging with futures, swaps and options, risk measurement with VaR and stress testing, and trading controls, valuation, governance and reporting. They will acquire skills in pricing design, hedging strategy, risk measurement, and trading governance that protect energy margins and keep trading within mandate. Gentex Training Center designs the programme to help professionals trade and price energy with confidence.

FAQs for the Energy Trading, Risk Management & Pricing course





Q1 What is the "Energy Trading, Risk Management & Pricing" course about?

It prepares energy and finance professionals to trade, price, and hedge energy commodities with control. The course spans energy markets and trading structures, pricing, contracts and formula design, hedging and financial instruments, risk measurement and trading controls, and valuation, governance and reporting.

Q2 What are the key benefits of the "Energy Trading, Risk Management & Pricing" course?

You gain a practical command of energy trading, risk, and pricing that links the trading positions an organisation takes with the pricing discipline and risk controls that determine the outcome. The course improves pricing formula design and benchmark selection, strengthens hedging and risk measurement practice, sharpens limit setting and trading controls, and gives you valuation and reporting practice that keeps trading within mandate.

Q3 What skills will I gain from the "Energy Trading, Risk Management & Pricing" course?

You will develop four core skills: energy market and trading structure analysis, pricing formula and contract structure design, hedging design with futures, swaps and options, and risk measurement with limits, valuation and trading governance reporting.



Q4 What tools, methods, or standards are covered in the "Energy Trading, Risk Management & Pricing" course?

The course covers market structures across crude oil, natural gas, power, LNG and refined products, trading venues of exchanges, OTC and brokered markets, physical versus financial trading and delivery obligations, benchmarks, indices and price reporting agencies, market participants and their trading motivations, regulatory frameworks for energy trading and market conduct, pricing mechanisms of fixed, floating, formula and index-linked, benchmark selection and basis relationships, contract structures of term, spot and master agreements, formula design, escalation clauses and price review, transfer pricing and internal trading arrangements, tariff and regulated pricing interaction, futures, forwards and swaps for energy hedging, options including calls, puts, collars, caps and floors, fixed-for-floating and basis swaps, hedge ratio design, horizon and timing, hedge effectiveness assessment and hedge accounting basics, structured deals, storage and optionality valuation, Value at Risk methods of parametric, historical and Monte Carlo, expected shortfall and tail risk assessment, stress testing, scenario analysis and backtesting basics, position limits, mandate structures and delegated authority, credit, counterparty and collateral risk management, segregation of duties and trade capture controls, mark-to-market valuation and forward curve construction, valuation governance, curves and model risk, trade reporting, position reports and P&L explanation, risk reporting packs and dashboard design, compliance monitoring and market conduct obligations, and internal audit over trading and hedging controls.



Q5 How is the "Energy Trading, Risk Management & Pricing" course applied in real-world practice?

Participants apply it to real work such as designing a pricing formula for a supply contract, selecting a benchmark and assessing basis risk, designing a hedge for a fuel or power exposure, calculating VaR and running stress scenarios, applying position limits and responding to a breach, explaining P&L and preparing a position report, and presenting a trading risk framework to a risk committee. The same methods support compliance monitoring and internal audit over trading controls.