



## FUEL HEDGE SEMINAR AGENDA

**DAY 1:** 8:15am-5:00pm (Hedge School)

**7:45 – 8:15 Registration & Continental Breakfast**

**8:15 – 8:45 Attendees and Instructors**

- Goals and Objectives of the Seminar
- How Fuel Prices Affect Your Business

**8:45 – 9:30 Introduction to Energy Markets**

- Commodity Exchange History
- Futures and Trading Platforms
- Retail and Wholesale Fuel Markets
- Forecasted Crude Oil and Fuel Prices
- Confidence Intervals and Probability Distributions

**9:30 – 10:30 Main Drivers of Crude Oil and Fuel Prices**

- Fuel Supply and Demand
- World Crude Oil Production and Inventories
- Spare Capacity and Refineries
- The U.S. Dollar Influence on Prices
- World Economic Drivers
- Geopolitical Risks

**10:30 – 10:45 Break**

**10:45 – 11:30 Introduction to Fuel Hedging Markets**

- Various Hedging Markets (Physical & Financial)
- Exchange vs. Over-the-Counter Derivatives
- NYMEX Crude Oil, ULSD and RBOB Futures Indexes
- Over-the-Counter Retail Fuel Indexes

**11:30 – 12:15 Basis Risks**

- Commodity Futures Basis
- Retail vs. Wholesale
- Locational Basis Risks
- Locational Basis Correlation Model
- Example Retail Gas and Diesel Basis Risks

**12:15 – 1:00 Networking Lunch**

**1:00 – 2:30: Types of Financial Hedge Instruments**

- Basic Types of Financial Options
- Call Option, Put Option, Collar, Swap
- Call Spreads, Put Spreads, 3-ways, 5-ways
- Risk and Rewards of Each
- Credit Margin Requirements

**2:30 – 3:15 Financial Hedging Instruments Exercise**

**3:15 – 3:30 Refreshment Break**

**3:30 – 4:00 How Companies Look at Hedging**

- Determine - impact of fuel prices on your business
- Socialize – internally and build a case for addressing problem
- Analyze – all risks and present possible risk management strategies
- Execute – best hedging structure by gaining approval and buy protection

**4:00 – 4:45 Accounting Treatment for Financial Hedges**

- Mark-to-Market Accounting
- Hedge Accounting (ASC 815)
- Requirements for Auditors
- Quarterly Hedge Accounting Updates
- Pros and Cons of Each

**4:45 – 5:00 Risks and Rewards of Hedging**

**6:00 Complimentary Dinner**

**Day 2: 8:00am-12:00pm (Interactive workshop)**

**8:00 – 8:30 Continental Breakfast**

**8:30 – 9:30 Detailed Hedging Strategies**

- Hedge Structures for Current Market Conditions
- How to Build a Detailed Fuel Hedging Plan
- Scenario Analysis with and without a Hedging Plan
- Risks and Rewards of Fuel Hedging Plan
- How to Defend a Hedge Losing Money

**9:30 – 10:30 Building Your Own Hedging Plan**

- Individual Exercise to Build a Hedging Program
- Group Exercise to Build a Hedging Program
- Discussion of Various Hedge Plans Developed

**10:30 – 10:45 A Balanced Approach (Knowing Pros/Cons)**

**10:45 – 11:45 Questions and Answer Session**

**11:45 Closing Remarks**