



Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2023

Course: Energy Trade & Risk Management

Program: BBA Oil & Gas Marketing

Course Code: OGET3003

Semester: 6th

Time: 03 hrs.

Max. Marks: 100

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q1.	Which of the following is not a financial derivative? a) Swap b) Option c) Forward d) Contango	2	CO1
Q2.	What are two types of options from the perspective of the right to trade?	2	CO2
Q3.	A large, sudden increase (or less often, decrease) in energy prices, especially the price of crude oil in the world market, is generally termed as a) Oil shock b) Price shock c) Market shock d) None of these	2	CO2
Q4.	Futures Contracts are contracts that can be settled in cash or settled by delivery depending on the terms of the contract as decided by the exchange (True/False)	2	CO1
Q5.	What is the significance of the strike price in an option?	2	CO2
Q6.	A European Option a) Can be exercised anytime during the life of the Option b) Can be exercised only at maturity c) Is traded only on the European Exchange d) Is a floating rate option	2	CO2
Q7.	Briefly define a Market.	2	CO1
Q8.	An agreement to subscribe to a newspaper at a specified price at a future date. (True/False)	2	CO1
Q9.	A trader enters into a long position in the Put Option. What is his current position in the market?	2	CO1
Q10.	Power Exchanges in India are an OTC Trading Platform. (True/False)	2	CO1

SECTION B			
4Qx5M= 20 Marks			
Q11.	Differentiate between American and European Options.	5	CO2
Q12.	Discuss the need for Markets.	5	CO3
Q13	Discuss the various risk types in the bilateral power market.	5	CO3
Q14	Discuss the Monte Carlo method of calculating of VaR?	5	CO2
SECTION-C			
3Qx10M=30 Marks			
Q13.	Discuss the advantages of Trading Futures Contracts.	10	CO3
Q14.	Value of the portfolio: INR 200,000 Duration of the Investment: 1 month Standard Variation: 10% Calculate the Value at Risk at a 5% level of significance. a) In terms of value b) In terms of the percentage of the portfolio	10	CO4
Q15	Discuss the importance of Trading Swaps.	10	CO3
SECTION-D			
2Qx15M= 30 Marks			
Q16	In the capacity of the power purchase in charge of a power trader, you are the coordinator of a power purchase bilateral contract. The seller and buyer have expressed their concerns over the risk involved. a) Which clauses of the power purchase agreement will you include to eliminate/mitigate the following risks: i. Credit Risk ii. Operational Risk b) In context of the Indian Market, is it possible to mitigate price risk in the electricity market. i. If Yes, How? ii. If No, Why?	30	CO4