



Risk Management
Commodities Trading
Physical Logistics
Regulatory Compliance

Emissions 8.1

Comprehensive Trading and Risk Management of Both Emissions and Energy Commodities

Increasing regulatory requirements are driving the need for improved renewable and emissions management solutions. Regional and national directives are placing tremendous pressure on energy market participants to manage emission allowances, carbon offsets, renewable energy certificates (RECs), and other environmental commodities for environmental compliance. Energy companies, manufacturers, refiners, and energy consumers need systems to manage their environmental portfolios. Today many firms still manage carbon emission allowances and offsets separately from the rest of their portfolio of power, natural gas, crude oil, and coal – often manually with spreadsheets. As worldwide emissions trading matures, more and more firms will be looking to handle emissions alongside their other commodities in one comprehensive system. Allegro offers a solution that provides a comprehensive view of risk, credit, positions, trades, and contracts across all commodities.

Product Overview

Allegro's Emissions component meets the challenges that arise from these mandated requirements with highly efficient trade activity functionality aimed at renewable credits and emissions certificates. Allegro's Emissions component provides comparative reporting with the ability to access, manage and match requirements necessary for compliance. This component has the flexibility to capture, trade and track emissions certificates and renewable credits with all required attributes to manage the following functions:

- Trade capture of bilaterals, allocations, expire, options, surrender certificates
- Forecasted and actual emissions usage
- Forecasted and actual renewable credits usage
- Physical Inventory
- Position management and reporting
- Valuation and Mark to Market
- Compliance Reporting

Key Features	Key Benefits
Trade Capture - Manage complex deals with required attributes to track risk – for emissions and renewable credits	<ul style="list-style-type: none"> Efficient and comprehensive tracking process to capture trades with unique attributes such as program, phase, vintage year, registry, registration confirm and expiration
Inventory Management – Manages and tracks corporate portfolio to best optimized asset	<ul style="list-style-type: none"> Complete process to track physical open certificate allocations, surrender, bilateral trades, options and expire certificates to create a complete position
Position Modeling and Reporting	<ul style="list-style-type: none"> Captures planned and forecasted physical positions, short emissions usage, long renewable generation position or short REC demand requirements (LSE's requirements) Instantaneous visibility of positions to best manage company profitability
Valuation and Mark to Market	<ul style="list-style-type: none"> Sets valuation process for emissions and/or renewable independent of other commodities Creates forward curves and prices for renewable and emissions Runs valuations in real-time
Reporting and Reconciliation	<ul style="list-style-type: none"> Easily download registry data into super-set tables by date, block number or other criteria View instantaneous reports to generate a comparative analysis with registries by creating position and computed delta for dispute resolution support, and filed reports. Reconcile to national or regional holding entity

Business Case

Until this point, energy companies have been using manual solutions, including spreadsheets, disparate systems, or have altered their ETRM solution to manage their emissions and meet reporting requirements. These options each lack the ability to track the unique characteristics of the different emissions and renewable trades. Additionally, they lack standardization by registry and are unable to manage different requirements for each registry and jurisdiction. Now, Allegro provides a standardized, integrated solution that tracks every attribute of an emissions trade throughout the entire life-cycle and across varying jurisdictions.

The flexibility of the Allegro Emissions component allows traders to enter emissions trades with basic trade information. The Allegro view is customized so that traders are only required to enter a very minimal amount of data into predetermined drop-down fields, which in turn speeds up the trade entry process. The remainder of the necessary and detailed information can be added further along in the process by staff in the back office during reconciliation.

Once a trade is captured, it moves into the inventory management phase where users can match their long and short position on a single screen. At this point, traders or risk managers are

able to bring their forecasted certificates into the system to be matched against the regulatory requirements and then actualize them to match the complete emissions position.

At the valuation stage, risk managers can see the results of the inventory matching of long and short positions in order to determine and manage the value of their portfolio and see their Mark to Market exposure.

In one simple step, a customer can then simply download registry data from any global registry in order to perform a comparative analysis to confirm that registry data mirrors the user's corporate position. With this comparative analysis, a compliance manager asserts that all certificates are registered and prompts the Allegro solution to create a crystal report, with all necessary data, to show compliance to regulatory agencies.

Application View

Trade ID	Trade type	Trade date	Trade class	Trade status	Carbon status	Quantity	Contract	Contract ID	Price Type	Product
113223	Emissions Spot	01/01/2009 12:0	Emissions	New	NEW	5000	EM-CAUD	EM-CAUD	BUY	500
113227	Emissions Cert	01/01/2009 12:0	Emissions	New	NEW	5000	EM-CAUD	EM-CAUD	SELL	500
113219	Emissions Spot	01/01/2009 12:0	Emissions	Confirmed	NEW	5000	EM-CAUD	EM-CAUD	BUY	500
113220	Emissions Spot	01/01/2009 12:0	Emissions	Confirmed	NEW	5000	EM-CAUD	EM-CAUD	SELL	500
113221	Emissions Spot	01/01/2009 12:0	Emissions	Confirmed	NEW	5000	EM-CAUD	EM-CAUD	BUY	500

Emissions 8.1 provides a simple and fully integrated solution to manage emissions certificates and renewable credits

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Allegro[®]

Allegro is a global leader in commodity trading and risk management solutions for power and gas utilities, refiners, producers, commodity traders, and commodity consumers. With more than 26 years of deep industry expertise, our enterprise platform drives profitability and efficiency across front, middle, and back offices, while managing the complex logistics associated with physical commodities. Allegro provides customers with agile solutions to manage risk across gas, power, coal, crude, petroleum, agricultural, emissions, and other commodity markets, allowing decision makers to hedge and execute with confidence. Allegro has recently been recognized as the Energy Risk Software House of the Year and received The Energy Business Awards Gold Award for Excellence. Headquartered in Dallas, Texas, Allegro has offices in Calgary, Houston, London, Singapore and Zurich, along with a global network of partners.