Assignment 7

The due date for submitting this assignment has passed. **Due on 2016-09-07, 23:00 IST.**

Submitted assignment

1) Physical electricity cycle has four phases: Generation (A), Distribution(B), Transmission(C) and Retailing(D). The CORRECT sequence is

- ABCD
- ACBD
- ABDC
- ADCB

**No, the answer is incorrect.**

**Score:** 0

**Accepted Answers:**

ACBD

2) At IEX and PXIL, following electricity contracts are traded leading to physical purchase/sale of electricity

- Long term power purchase contracts
- Short term bilateral contracts
- Day-ahead contracts
- Base load contracts

**No, the answer is incorrect.**

**Score:** 0

**Accepted Answers:**

Day-ahead contracts

3) Choose the CORRECT statement:

- Unconstrained MCV for surplus area will be lower than unconstrained MCV for deficit area.
- Unconstrained MCP for surplus area will be lower than unconstrained MCP for deficit area
- Surplus area price will be lower than deficit area price.
- Surplus area price will be higher than deficit area price.

**No, the answer is incorrect.**

**Score:** 0

**Accepted Answers:**

Surplus area price will be lower than deficit area price.

4) To hedge price risk, a coal fired power producers will take

- Long futures in dark spread
- Short futures in dark spread

**2 points**
Commodity Derivatives and Risk Management - - Unit 8 - Week 7:

- Short futures in spark spread
- Long futures in spark spread

No, the answer is incorrect.
Score: 0

Accepted Answers:
Long futures in dark spread

5) Choose the INCORRECT statement: One Renewable Energy Certificate(RECs) is
- Equivalent to 1MWh of energy generated from renewable sources.
- In India, RECs can be Solar and Non-Solar
- Are generated by electricity generators who use non-renewable energy sources
- Are bought by companies having "Renewable Purchase Obligation"

No, the answer is incorrect.
Score: 0

Accepted Answers:
Are generated by electricity generators who use non-renewable energy sources

6) Choose the CORRECT sequence of "market clearing price (MCP)" determination in electricity trading
- Unconstrained MCP, NLDC, RLDC, SLDC, Constrained MCP
- Unconstrained MCP, Constrained MCP, NLDC, RLDC, SLDC
- NLDC, RLDC, SLDC, Unconstrained MCP, Constrained MCP
- Constrained MCP, Unconstrained MCP, SLDC, RLDC and NLDC

No, the answer is incorrect.
Score: 0

Accepted Answers:
Unconstrained MCP, NLDC, RLDC, SLDC, Constrained MCP

7) Choose the INCORRECT option: In India, Rainfall Index
- Is calculated and reported by Indian Meteorological Department
- Is calculated and reported for Mumbai, Indore, Jaipur
- Has a cap on the maximum daily rainfall to reduce the impact of rainfall on a single day
- Is calculated during monsoon season (June to October) of every year.

No, the answer is incorrect.
Score: 0

Accepted Answers:
Is calculated and reported by Indian Meteorological Department

8) Choose the INCORRECT statement
- Power producers selling electricity at spot price are sellers of swap
- Distributors buying and selling electricity at spot prices are sellers of swap
- Distributors buying electricity at fixed price and selling electricity at spot price are sellers of swap.
- Consumers buying electricity at spot price are buyers of swap.

No, the answer is incorrect.
Score: 0

Accepted Answers:
Distributors buying and selling electricity at spot prices are sellers of swap

9) Choose the INCORRECT statement
- Nations Framework Conventions on Climate Change (UNFCCC) was nonbinding in nature
- Kyoto Protocol envisaged "common but differentiated responsibilities"
- Kyoto Protocol came into existence only after 100% of members agreed to abide by the protocol requirements
- Kyoto Protocol is a legally binding agreement

No, the answer is incorrect.
Score: 0

Accepted Answers:
Distributors buying and selling electricity at spot prices are sellers of swap
No, the answer is incorrect.
Score: 0
Accepted Answers:
Kyoto Protocol came into existence only after 100% of members agreed to abide by the protocol requirements

10) Cooling Degree days (HDD) is valued as                      2 points
   - Max (0, base temperature - actual temperature)
   - Max (0, actual temperature - base temperature)
   - Max (0, (base temperature - actual temperature)/2)
   - Max (0, (actual temperature - base temperature)/2)

No, the answer is incorrect.
Score: 0
Accepted Answers:
Max (0, actual temperature - base temperature)

11) A cold drinks manufacturer fears ________ summer. This company will take __________ futures on ________ contracts

   - Milder, long, HDD
   - Hotter, short, HDD
   - Milder, short, CDD
   - Milder, long, CDD

No, the answer is incorrect.
Score: 0
Accepted Answers:
Milder, short, CDD

12) Choose the INCORRECT pair:                               2 points

   - Hurricane Index: Saffir Simpson Index
   - Hurricane Index: Carvill Index
   - Insurance company: take long futures in hurricane index
   - Insurance company: take short futures in hurricane index

No, the answer is incorrect.
Score: 0
Accepted Answers:
Insurance company: take short futures in hurricane index

13) Bombadier Corporation (which sells snowmobiles) bought a derivatives contract on Snowfall index. Bombadier feared that snowfall may be ________ , hence it look __________ option.

   - Less, long call
   - High, Long Call
   - Less, Long Put
   - High, Long Put

No, the answer is incorrect.
Score: 0
Accepted Answers:
Less, Long Put

14) Choose the CORRECT statement: Rainfall index              2 points

   - for a city is calculated by keeping rain gauge at one place in the city.
   - normally has a cap on amount of daily rainfall considered for index calculation.
   - normally has a floor on the amount of daily rainfall considered for index calculation.
   - Is calculated for all months in given year.

No, the answer is incorrect.
Score: 0
Accepted Answers:

normally has a cap on amount of daily rainfall considered for index calculation.