

ERAC Practice Test Questions and Answers

1. What is basis risk in energy trading?

- A) Risk from equipment failure
- B) Risk of price mismatch between hedge and exposure
- C) Risk from regulatory changes
- D) Risk of physical damage

2. What is the role of follow-up audits?

- A) To ignore previous findings
- B) To verify corrective actions
- C) To create new risks
- D) To reduce audit frequency

3. Liquidity risk in energy markets refers to:

- A) Risk of counterparty default
- B) Risk of price fluctuations
- C) Inability to trade assets quickly
- D) Risk of equipment failure

4. What is a 'load profile' in energy analytics?

- A) A document listing all installed electrical equipment
- B) A graphical representation of energy demand over time
- C) A forecast of future utility rate increases
- D) A summary of peak demand charges on a utility bill

Answers: 1-B 2-B 3-C 4-B

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