

# Regulatory Authority Workshop on REMIT

Welcome & Introduction

*Laura Brien, Director, CER*

8<sup>th</sup> May 2014

- 11:00 - RA Welcome & Introduction, Laura Brien, CER
- 11:05 - RA Overview of REMIT, Andrew Ebrill, CER
- 11:25 - ACER Approach to REMIT including Registration and Transaction Reporting, Stephen Donnelly, ACER
- 12:05 - SEMO Perspective on REMIT, Niamh Delaney, SEMO
- 12:20 - TSO Obligations under REMIT, Colm O'Duibhir, Gaslink
- 12:30 - General Questions / Discussion
- 12:50 - RA Wrap-up & Next Steps, Laura Brien, CER

# Regulatory Authority Overview of REMIT

*Andrew Ebrill, Manager, CER*

8<sup>th</sup> May 2014

- Overview of REMIT
- NRA Perspective
- Market Abuse Prohibition Rules
- Market Monitoring
- Registration and Reporting



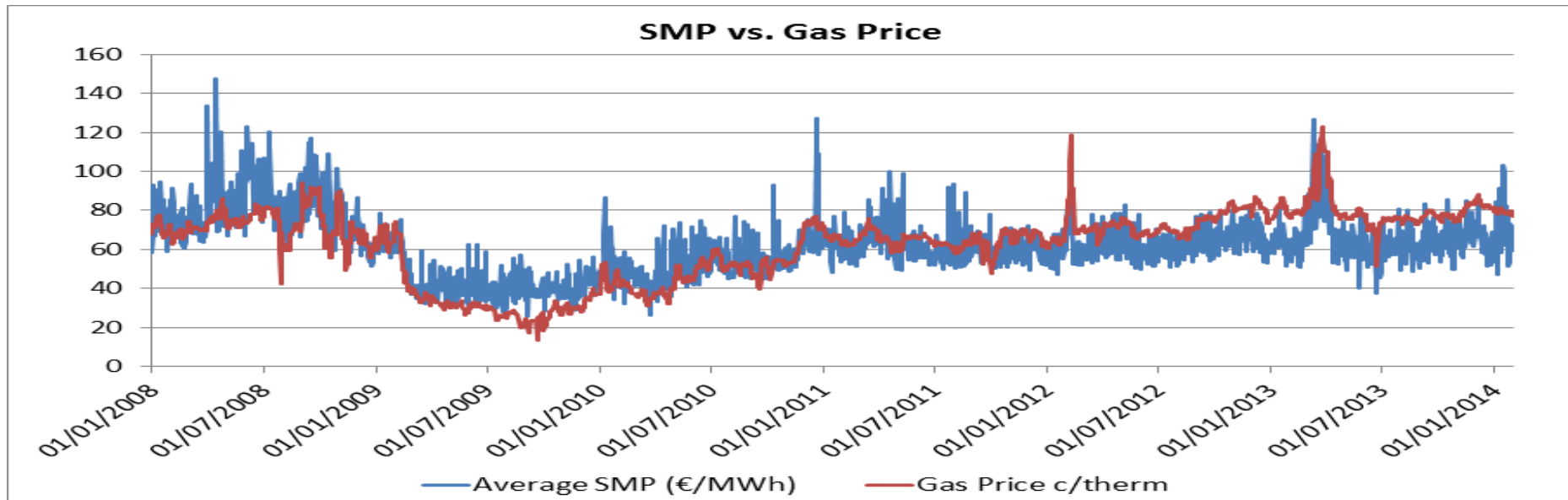
- Regulation on wholesale Energy Market Integrity and Transparency went “live” across EU on 28<sup>th</sup> Dec '11, with some provisions applying later
- Drivers for REMIT:
  - Many NRAs do not have access to national and MS transaction data
  - Wholesale markets are increasingly pan-EU, so market abuse in one MS may adversely effect others
  - Provides an EU market transparency and integrity framework, with centralised monitoring via ACER



- REMIT provides an EU framework for wholesale energy market:
  - New prohibition of wholesale energy market abuse, i.e. “insider trading” & “market manipulation”
  - New NRA enforcement of market abuse prohibition
  - New monitorer of wholesale energy via ACER, to detect market abuse at EU level
  - New regime for market participants to register with NRA and report data to ACER
- REMIT covers EU electricity and gas wholesale contracts & contracts for supply/distribution to customers > 600 GWh p.a



- SEM is already transparent, with strong oversight and market power mitigation measures



- We welcome REMIT's market abuse prohibition and transparency
- REMIT involves key obligations on market participants
- We are pressing for a system which captures suspected market abuse - but is not administratively burdensome for market participants

- Prohibits market manipulation & insider trading in EU wholesale energy markets [Arts 3 & 5]
- Persons “professionally arranging transactions” to establish arrangements to detect market abuse & notify the NRA if they suspect it [Art 15]
- Market participants to publish inside information or, if delayed, inform ACER & NRA [Art 4]
- NRAs to inform ACER if suspected breach of REMIT [Art 16]
- NRAs (not ACER) to ensure no market manipulation or insider trading & that inside information is published [Art 13]
- NRAs to have investigatory and enforcement powers to ensure this [Art 13]





- What is market manipulation prohibition? [Art 2]
  - Using trade orders/deception for false signals of S, D or P of products
  - Securing price of products at “artificial level”
  - Disseminating false relevant info re. product via media
- What is insider trading prohibition? [Art 3]
  - Trading using inside info, or disclosing the info to a person inappropriately
  - Recommending a person to trade on basis of inside info
- What is inside information? [Art 2]
  - Info which is precise, not made public, and which could effect of wholesale products if made public
- Guidance published by ACER [Art 16]

## Implications of Rules on SEM:

- All participants banned from market abuse
- Persons “professionally arranging transactions” to have arrangements to detect market abuse and notify CER/UR if any suspected
- ACER web facility established to allow ACER & RAs to be informed of market abuse suspicions from participants
- CER and UR required to prevent market abuse and can take necessary action
- Market participants should publish any inside information, e.g. generator outage updates, or if delayed, inform ACER & CER/UR

- ACER web facility established to allow ACER & RAs to be informed of inside information delay
- To assist compliance by generators, the RAs wrote to EirGrid/SONI requesting that they publish generator outage plans more regularly and engage with industry
- EirGrid consulted with industry: new system went live in 2012 following RA approval, assisting transparency, with further improvements in 2014



- REMIT establishes a new market monitorer in ACER - wholesale energy market transactions to be sent to Ljubljana [Art 7]
- Monitoring team established in ACER
- ACER to assess any market abuse and can notify suspects to NRAs for investigation [Arts 7 and 16]
- NRAs required to co-operate at regional level and with ACER [Arts 7 and 16]
- NRAs entitled to view data held by ACER [Art 7]
- ACER to send a report to EC at least annually on these activities [Art 7]

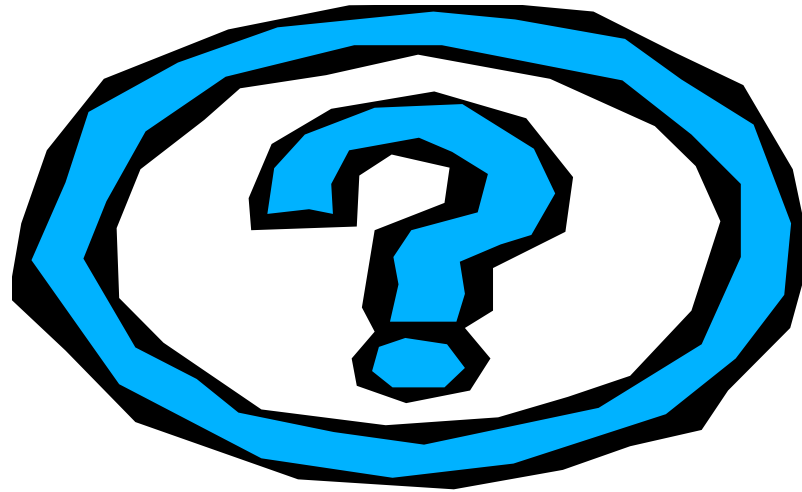


- Market participants who report to ACER required to register with NRA
- NRA shall implement a “national register” of all market participants entering transactions, to be transmitted to ACER in a format already decided by it
- Both market participants and NRA can discharge registration duties cost-effectively and simply via an ACER web facility
- RAs have tested web facility and it works!
- Two stage registration process: stage 1 within 3 months of Implementing Acts, stage 2 after publication of register by ACER



- Implementing Acts specifies criteria and format for transaction reporting to ACER
- Acts expected to be law by around mid 2014  
=> reporting starts to “go live” in stages from 6 months later
- Possible reporting criteria/format:
  - Standard contracts info in organised markets by D+1, e.g. SEM, orders to traded included, e.g. generator bids
  - Non-standard contracts info by M+1
  - Organised market places can provide the info
  - Deminimus for small gens
  - ACER & ESMA to co-operate to avoid double reporting, trade repositories to provide derivative info to ACER





## *Questions and Answers*



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## Wrap-up & Next Steps

*Laura Brien, Director, CER*

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