



# Implementing REMIT in the Contracting Parties

Energy Community Secretariat

First meeting on implementation of REMIT in  
the Energy Community; *27 June 2017*

- **Background**
- **REMIT definition and key requirements**
- **Concept for implementation in the Contracting Parties**

- Proposal from ECS to implement REMIT framework in the Contracting Parties
- Concept for REMIT implementation is already presented to PHLG, Athens Forum and ECRB EWG
  - PHLG conclusions: supported the proposal, discussions with ACER, ENTSO-E and G and prepare an impact assessment
  - AF conclusions: recognized importance, supported step-wise approach, continue to work with stakeholders and prepare an impact assessment
- Adapted version to be discussed with all stakeholders
- Agreement with ACER needed on:
  - Sharing of registration software with CP NRAs
  - Expansion of its monitoring role (ref database)
- Commitment of ENTSO-E and ENTSO-G needed

## REMIT - Level I

- Obligation to publish inside information
- Prohibition of market abuse (insider trading and market manipulation)
- Market Monitoring (registration of market participants / RRM<sub>Registered Reporting Mechanism</sub>, data collection, PPAT<sub>persons professionally arranging transactions</sub>)
- Investigatory and enforcement powers to NRAs (penalties)
- Other articles about data protection & reliability

## REMIT Implementing Regulation - Level II

- List of contracts and data to be reported
- Responsible parties and deadlines

## REMIT guidance - Level III

- Guidance, recommendations, Q&A, RRM requirements, TRUM<sub>Transaction Reporting User Manual</sub> etc.

### Market integrity (4Ps)

Publication of inside information

Prohibition of insider trading

Prohibition of market manipulation

Providing data [to ACER] & Monitoring

# REMIT important definitions

## Inside Information

- Precise nature
- Not made public
- Relates to wholesale energy products
- Likely to significantly affect the prices
- Required to be disclosed (3rd package, etc.)
- Capacity and use of facilities for production, storage, transmission of electricity and gas

## Market participants

- Any person, including TSOs, entering into transactions (incl. placing orders) in 'wholesale energy markets':
- Trading companies, producers, shippers, wholesale consumers, final customers, TSOs, storage operators, LNG operators and investment firms
- REMIT registration

## Wholesale energy products

- Contracts for supply of electricity or gas with delivery in EU
- Contracts relating to transport of electricity or gas in EU
- Derivatives relating to electricity or gas produced, traded or delivered
- Derivatives relating to transport of electricity or gas

## Wholesale energy market

- Markets within EU where energy products are traded:
- Balancing market, intra-day and day-ahead market
- Forward markets (contracts)
- Derivatives markets
- Markets for transportation capacities and related derivative markets

# Obligation to publish inside information



- Market participants to publish inside information *in an effective and timely manner* Art 4 REMIT
- Scope
  - own business, parent/related undertaking
  - information market participant is in control of or responsible
- Content
  - Information relevant to:
    - the capacity and use of facilities for production, storage, consumption or transmission of electricity or gas
    - including planned/unplanned unavailability of such facilities



- prohibition of **insider trading** Art 3
  1. trading on the basis of such information
  2. disclosing such information to other persons
  3. recommending or inducing others to trade on the basis of such information
- prohibition of **market manipulation** Art 5
  1. false or misleading trade or order to trade
  2. trades attempting to secure certain price level (artificial)
  3. trades based on fictitious devices or deception
  4. disseminating of false and misleading information
- investigatory and enforcement powers for NRAs



- Data collected by ACER – shared with NRAs and other competent national authorities
- To be reported by market participants to ACER
  - All trades and orders to trade to be reported (**trade data**)
  - Information relating to capacity and use of facility for production, storage, consumption or transmission (**fundamental data**)
- ACER responsible for market monitoring, but not only:
  - NRAs and organised market places (PPATs)
  - PPAT to put in place surveillance systems
- Registration of organised market places and RRM<sub>s</sub> Registered Reporting Mechanism
- ACER has in place surveillance system to detect suspicious activity
  - If detected – requests more info via NRAs
  - If market abuse found – request NRAs to impose penalty



# Registration requirements

- Required for *all market participants prior to entering* into reportable transactions
- Registration with NRA in the country of establishment
  - NRAs to issue manual on registration and access on CEREMP

## Market participants need to:

- Create a CEREMP account
- Provide info about company
  - address, tax no, EIC<sup>Energy Identification Code</sup>, LEI<sup>Legal Entity Identifier</sup>, authorised legal representatives, contact persons, etc.
  - Ultimate controller & relationship information
  - Delegated parties for reporting – RRM<sup>Registered Reporting Mechanism</sup>



# Enforcement powers to NRAs

- REMIT goes beyond 3rd package
  - at least is more concrete on powers NRAs should have in ensuring market integrity
- **investigatory and enforcement powers** for NRAs - to be exercised in proportionate manner:
  - directly or in collaboration with other authorities; or
  - by application to the competent judicial authorities
  - Allowing access to relevant information/documentation
  - Carry out on-site inspections
  - Demand information and data traffic records
  - Request court to freeze/sequester assets, etc.
- **Penalty regime** - penalties should be effective and proportionate, reflecting the damage and potential gains

-3rd package-

## **Electricity Directive**

*Powers to NRAs in ensuring proper functioning of the market*

- Investigate and impose measures
- Require information from undertakings
- Impose penalties

## Reportable contracts and orders to trade

What?	When?	By who?
Electricity and gas standard contracts executed via OMP and orders (from forward to intraday and day-after)	T+1	Market participants or relevant OMP (if requested by market participant)
Electricity and gas non-standard contracts executed via OMP and orders (from forward to intraday and day-after)	T+30	Market participants
Transportation contracts and order (primary market)	T+1	TSO / Auction Office
Transportation contracts and orders (secondary market)	T+30	Market participants or relevant OMP
Intragroup contracts (power and gas) Contracts for electricity produced by unit $\leq 10$ MW Contracts for gas produced by unit $\leq 20$ MW Balancing contract (power and gas)	At the request of ACER	Market participants Market participants Market participants TSPs

# Fundamental data reporting

## Reportable fundamental data

What?	When?	By who?
Electricity: capacity and use of facility for production, consumption and transmission, incl. lanned and unplanned availabilty (Reg. 543/2013, Art. 6-17)	As soon as published on central	ENTSO-E (Art. 7,1 dissagregated) (Art. 16,1,a by T+1)
Gas: capacity and use of facility for transmission, incl. lanned and unplanned availabilty (Reg. 715/2009, Art. 3.3(1) and 3.3(5))	As soon as published on central	ENTSO-G
Gas: day-ahead nominations and re-nominations of capacity on interconnection, entry from production/storage, exit to a single consumer/storage, LNG facilities and hubs (disagregated)	T+1	TSOs
LNG: technical, contracted and available capacity; send-out and inventory; planned and unplanned unavailability of the LNG facility	T+1 (asap)	LNG SOs
LNG: date and volume of unloading and reloading; name and size of the ship and name of the terminal; Planned unloading and reloading	T+1 Month ahead	Market participant (LNG SOs on its behalf)
Gas: technical, contracted and available capacity; gas in stock, injections and woithdrawals; planned and unplanned unavailability of the storage facility	T+1 (asap)	SSO
Gas: amount of gas stored at the end of gas day	T+1	Market participant (SSOs on its behalf)

- **Standard adaptations**
  - EC → ECS | MS → CP
  - But: ACER's role on data collection and monitoring remains central
    - Discussions taking place with ACER and EC on this topic.
    - ENTSO-E to report the fundamental data
    - ENTSO-G to report the fundamental data
- **Exclusion of derivative contracts** that are considered financial instruments
- Changes in the definitions (place of delivery EnC instead of EC)

Added new article: Competences of ACER, ENTSO-E and -G:

1. Where the Agency for the Cooperation of Energy Regulators (the Agency), ENTSO for Electricity and ENTSO for Gas are competent within the European Union pursuant to Regulation (EU) 1227/2011, they shall execute the same competences where Contracting Parties are involved under the present Regulation unless differently stated.
2. Competences of the Agency, ENTSO for Electricity and ENTSO for Gas pursuant to this Regulation are without prejudice to the Secretariat exercising its competences pursuant to Article 67(b) of the Energy Community Treaty ('the Treaty').
3. The Agency, shall share data collected pursuant to this Regulation with the Energy Community Secretariat.

## REMIT: Article by article (II)

Article 1: Subject matter, scope and relationship with other Energy Community legislation

- *General adaptations*
- *Exclusion of financial instruments*
- *Removal of duplicate requirements for ACER*

Article 2: Definitions

- *Standard adaptation*
- *Change in the definition of wholesale energy products (delivery EnC)*
- *Definition of competent financial authority is deleted Added the definition of critical infrastructure*

Article 3: Prohibition of insider trading

- *General adaptations*

## REMIT: Article by article (III)

### Article 4: Obligation to publish inside information

- *Potential exemption for delaying the publication of sensitive information related to critical infrastructure*

### Article 5: Prohibition of market manipulation

- *No change*

### Article 6: Technical updating of definitions of inside information and market manipulation

- *Article is deleted*
- *MC decision stating that CP will apply such delegated adopted in Accordance with this Article*

### Article 7: Market Monitoring

- *General adaptations*
- *ACER's report on market monitoring to include CPs and to be submitted to ECS*



## Article 8: Data collection

- *Deleted the obligation for EC to develop implementing acts – left for MC decision*
- *Deleted the part related to data provided by trade repositories*

## Article 9: Registration of market participants

- *General adaptations*
- *Amendment of deadline for registration*
- *Deleted the requirement for ACER to publish the list of registered market participants*

## Article 10: Sharing of information between the Agency and other authorities

- *General adaptations*
- *Deleted the provision related to recognition of trade repositories and exchange the reported information with ESMA*

# REMIT: Article by article (V)

## Article 11: Data protection

- *General adaptations*
- *Data protection by NRAs has to be preserved in line with national legislation*

## Article 12: Operational reliability

- *To be ensured by EC, the same as other institutions (including ACER and NRAs)*

## Article 13: Implementation of prohibitions against market abuse

- *General adaptations*
- *NRAs power to notify ECS*

## Article 14: Right of appeal

- *General adaptations*

## REMIT: Article by article (VI)

Article 15: Obligations of persons professionally arranging transactions

- *No change*

Article 16: Cooperation at Energy Community and national level

- *General adaptations*
- *Coordination between ACER, ECRB and ECS*
- *Removed implications related to financial instruments*

Article 17: Professional secrecy

- *General adaptations*
- *Removed implications related to financial instruments*

## REMIT: Article by article (VII)

### Article 18: Penalties

- *General adaptations*
- *Amended the deadline for implementation*

### Article 19: International relations

- *Article is deleted to avoid duplicate requirement for ACER*

### Article 20: Exercise of the delegation

- *Article is deleted to avoid duplicate requirement to EC to adopt delegated acts*

### Article 21: Committee procedure

- *Deleted as it only relates to EU legislative procedures*

### Article 22: Entry into force

- *Amended with transposition deadlines*

# REMIT IA adaptations

- General adaptations
- Definition of 'group' amended
- Deleted requirement related financial instruments
- Removed duplicating ACER requirements
- Deleted requirements for RRM to avoid duplication
- Entry into force amended

# Proposed implementation dates

By 1 July 2018	By 1 March 2019	By 20 June 2019
Art 1: Subject and scope	Art 9: Registration of market participants (+3 months for registration)	Art 7: Market monitoring
Art 2: Definitions		Art 8: Data collection / reporting obligation
Art 3: Prohibitions of insider trading		Art 10: Sharing info between ACER and NRAs
Art 4: Publishing inside information		Art 11: Data protection
Art 5: Prohibitions of market manipulation		Art 12: Operational reliability
Art 13: Investigatory & enforcement powers for NRAs		Art 16: Cooperation
Art 14: Right to appeal		Art 17: Professional secrecy
Art 15: Obligations for PPAT		
Art 18: Penalties		

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that curve and connect across the globe, representing a global energy network or data flow.

Thank You!

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