

The background is a dark blue globe showing the continents of Europe and Africa. Overlaid on the globe are numerous glowing blue lines that represent energy transmission paths, connecting various points across the landmasses.

# Ensuring transparency and market integrity

Implementing REMIT in the Contracting Parties

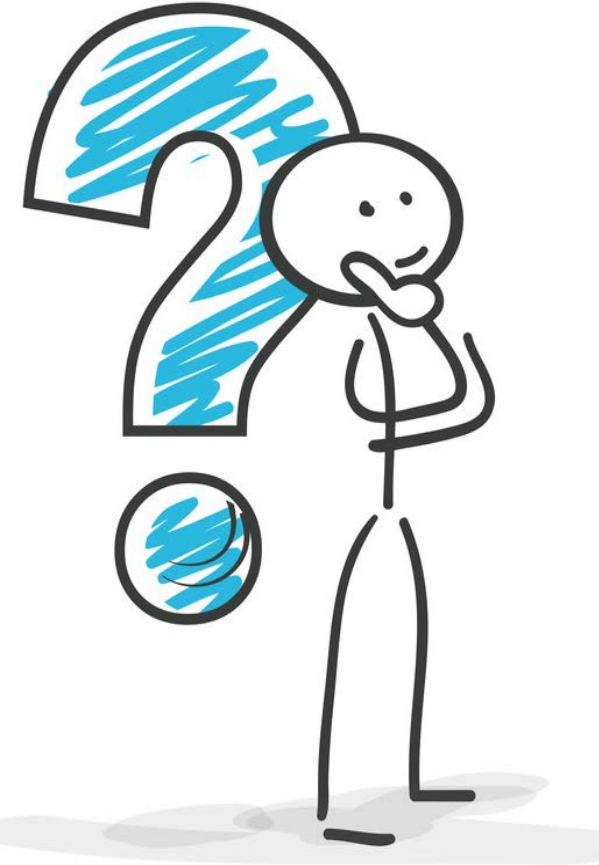
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- **Energy policy objective**
- **Concept for implementation in the Contracting Parties**
  - **Why REMIT in the Contracting Parties**
  - **Key assumptions**
- **REMIT definition and key requirements**

# A market we aiming for ...



Secure

Competitive

Sustainable

- Competitive market with **freedom of choice**
- Clear and correct signals for investments and use of resources
- Prices are set based on fair interplay between supply and demand reflecting market fundamentals
  - Confidence in this process is key
- Level playing field
  - Access to grid and market place
  - Access to information
- Attracts liquidity
- Market participants feel safe in taking **risks** that they can manage via market means

## Risk we aim to manage ...



### Effectively addressing market abuse?

- *Third package does not fully address market abuse and monitoring*
- *In the EU energy market – market abuse is addressed via **REMIT***
- *In the EU financial sector - market abuse is addressed via **MAR***

# Framework around REMIT REGULATION (EU) No 1227/2011

## 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

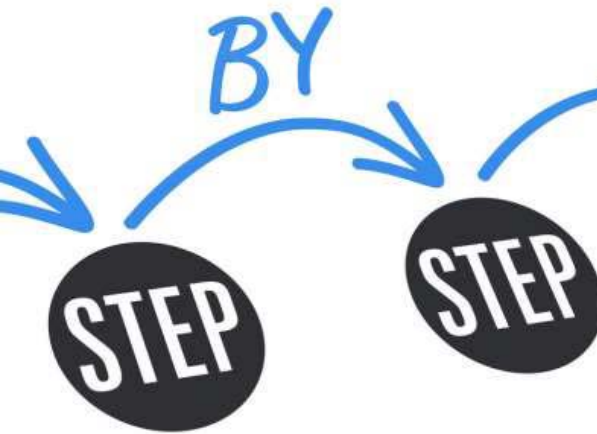
Providing data [to ACER] & Monitoring

# Implementation of REMIT in CPs

Why do we need REMIT in the CPs(?):

1. Importance of harmonized regime to avoid any loopholes
  - Abusive activity in a CP may have significant impact in the MSs surrounding such CP
  - An info which is considered an inside information in the EU under REMIT is not considered as such in the CPs although the very same information may be considered as inside under existing regime in the EU due to its impact in the prices of wholesale energy products
2. Free and competitive market accompanied with x-border integration should be effectively monitored
3. Market monitoring by ACER
  - Better monitoring for both EU MS and EnC CPs
  - Less costs

# Concept for implementation in the CPs



## Step 1

- market transparency and integrity measures
  - Prohibitions of insider trading
  - Publishing inside information
  - Prohibitions of market manipulation
- enforcement powers of regulators (penalties, investigations)

## Intermediate Step

- Registration of market participants

## Step 2

trade data and fundamental reporting and market monitoring

- Requires involvement of ACER

# 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		



# Key assumption for implementation

- **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)

# Way forward

- Concept for REMIT implementation is already presented to PHLG and ECRB EWG
- Adapted version to be discussed with
  - ACER, ENTSO-E, ENTSO-G, EFET
  - CP regulators (in a meeting to be scheduled end of June)
- Agreement with ACER needed on:
  - Sharing of registration software with CP NRAs
  - Expansion of its monitoring role (ref database)
- Impact assessment
  - Target – what is the policy objective? (why) is REMIT needed?
  - What are policy options / alternatives? – effectiveness, efficiency and coherence with the objectives of the EnC<sub>ref role of ACER</sub>
  - Legal impact and procedures: (a) on EnC level | (b) on CP level
  - Budgetary impact including human resources: (a) for NRAs<sub>registration software, monitoring</sub> | (b) for ACER | (c) for market participants

# 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



- 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



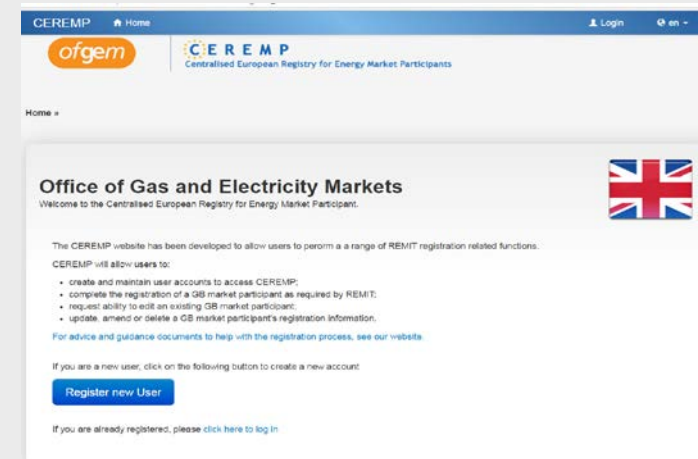
- Data collected by ACER – shared with NRAs and other competent national authorities
- To be reported by market participants to ACER
  - All trades and orders to trade to be reported (**trade data**)
  - Information relating to capacity and use of facility for production, storage, consumption or transmission (**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 RRRMs<sub>Registered Reporting Mechanism</sub>
- 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 $\leq 10\text{MW}$ Contracts for gas produced by unit $\leq 20\text{MW}$ 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)

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***Understanding how market forces have interacted in setting the price for a certain product is a legitimate question***

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***Smith's invisible hand remains invisible, nevertheless REMIT provides a mirror thorough it for the NRAs***

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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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