

Citizens' summary

REMIT- EU Regulation on wholesale energy market integrity and transparency

“10 cases of potential breaches of REMIT identified by ACER in 2012”, reveals first REMIT Annual Report

WHAT'S THE ISSUE?

- The EU is committed to complete the single internal market in electricity and natural gas by 2014. The Agency for the Cooperation of Energy Regulators (the Agency) plays a central role in this process.
- Market participants (consumers, producers, suppliers, traders of gas and electricity) must be reassured that prices for electricity and gas reflect a fair and competitive interplay between demand and supply, and that no profits can be drawn from market abuse. Integrity of markets is also promoted by their transparency.
- Wholesale energy markets are increasingly interlinked across the Union. The concern to ensure the integrity and transparency of markets cannot be a matter only for individual Member States. Market abuse in one Member State often affects not only wholesale prices for electricity and/or natural gas in that Member State, but also across borders. It may also distort retail energy prices, including those paid by households and small and medium enterprises. Strong cross-border market monitoring is therefore essential to support the completion of a fully functioning, interconnected and integrated internal energy market.
- The main objective of REMIT, which entered into force in December 2011, is to prevent market manipulation and trading based on insider information which distort wholesale energy prices. These distortions often result in households and businesses paying more for their energy.
- REMIT envisages a new sector-specific wholesale energy market monitoring framework, to detect and prevent market abuse, which is unprecedented for its geographical scope and the fact of targeting individual transactions. The Agency plays a key role by collecting trading data and data on production, storage, consumption and transmission of electricity or gas. It also performs an initial assessment of these data before notifying any suspicious event to National energy Regulatory Authorities for investigation and enforcement. The new monitoring framework is expected to be fully implemented by mid-2014.
- The Agency has been working on implementing REMIT since before its entry into force. The new monitoring framework is expected to be in place by the end of 2014. The first [REMIT Annual Report](#), issued on 7 November 2013, presents the activities performed by the Agency in 2012 in developing the methods and procedures for monitoring wholesale energy markets and in deploying the required IT systems.
- The Report also reveals that 10 cases of potential breaches of the provisions in REMIT were already identified by the Agency in 2012, despite the fact that the implementation of the regulation was still in a preliminary phase. Nine of these cases were already solved. One of them was confirmed to be a breach of the provisions in REMIT.

WHO WILL BENEFIT, AND HOW?

- All citizens will benefit from fair and competitive gas and electricity markets as a result of transparent trading. In fact, based on similar experience in the US, billions of euros could be

saved. Market integrity and transparency shall ensure that prices on citizens' energy bills reflect a fair and competitive interplay between supply and demand.

- Market participants will be reassured that they are trading on an equal footing. The legal framework will equally apply across all Member States, including to cross-border transactions.
- National Regulatory Authorities will gain new competences with direct powers to investigate suspicious behaviour and impose sanctions for breaches of the rules.

WHAT EXACTLY IS THE ROLE OF THE AGENCY IN THE OPERATIONAL/MONITORING PART OF REMIT?

- The Agency will collect information on wholesale energy transactions from market participants across the Union. With the use of sophisticated software and expertise it will provide the first analysis of market transactions, which may lead to identification of suspicious events. It will refer such cases to the competent National Regulatory Authorities who will investigate the matter further and, if required, impose sanctions.

WHY SHOULD THIS MATTER TO ME AS A CITIZEN?

- As a citizen I want to make sure that I am not paying unfair energy prices as a result of market manipulation or insider trading. I can also be confident that the Agency, together with the National Regulatory Authorities, monitors wholesale energy markets effectively to detect, prevent and sanction market abuse.

USEFUL LINKS:

- [REMIT Regulation](#)
- [Video interview with Director Pototschnig](#)
- [ACER Regulation](#)
- [First Annual report](#)
- [National Authorities list](#)