

COMMENTS ON ACER PUBLIC CONSULTION ON THE REMIT TECHNICAL STANDARDS FOR TRADE REPORTING

Assoelettrica welcomes the present consultation of ACER on the REMIT technical standards for trade reporting, being convinced that the aim of this work should be the harmonisation of reporting frameworks under financial Regulations (MiFID and EMIR) and the avoidance of burdensome double reporting.

STANDARDS AND FORMAT FOR REPORTING

I. Do you agree that for the reporting of energy derivatives, the same standards applicable to the values taken by each field of information should apply under REMIT as under MiFID and EMIR?

Assoelettrica believes that the use of the same standards for reporting information on energy derivatives under REMIT and the relevant financial legislation is fundamental in order to avoid double reporting. Furthermore, it would help enhancing the interoperability of the reporting systems set by those legislative acts. Therefore, we believe that the harmonization of reporting obligations under REMIT and the financial Regulation (MiFID and EMIR) should be guaranteed since the beginning of the reporting regime. This harmonization effort is particularly important if the same trade repositories established according to EMIR are required to report to ACER transactions in contracts falling under the scope of REMIT.

II. What single standard and single format do you think the Agency should recognise:

- a) For reporting of transactions from organised market places that are exchanges**
 - b) For reporting of transactions from organised market places that are not exchanges**
 - c) For reporting of transactions through confirmation services**
 - d) For reporting of electricity nominations / scheduling**
 - e) For reporting of gas nominations / scheduling**
-
- a) Assoelettrica supports the use of Financial Information Exchange (FIX) protocol for reporting of derivative transactions from organised market places that are exchanges: in facts, the FIX protocol is the most widely used in the derivatives markets for cleared products.
 - b) In the European energy markets the Trayport European Energy Network has probably the widest market coverage with a large number of broker platforms using the same Trayport technology.
 - c) We would support the EFETnet Central Matching Service (CMS) Electronic Confirmation Matching (eCM), based on open Commodity Mark-Up Language (CpML), as the standard for reporting of transactions through confirmation services.
 - d) The ENTSO-E electronic nomination standard for reporting of electricity nominations / scheduling seems an appropriate solution. However the current TSO nomination systems are based on different market implementations and interpretation of the ENTSO-E standard. In addition not all European markets have adopted the ENTSO-E format.
 - e) The ENTSO-G electronic nomination standard for reporting of gas nominations / scheduling seems an appropriate solution. However the current TSO nomination systems are based on different

market implementations and interpretation of the ENTSO-G standard. In addition not all European markets have adopted the ENTSO-G format.

As regards the standard format for gas nominations / scheduling, we may eventually suggest to consider that a wide number of European market participants is currently using EDIG@s which is also suggested as a data format in the draft European Network Code Interoperability and Data Exchange Rules for document based data exchange and integrated data exchange.

III. The Agency has identified a set of common standard codes which it proposes being used in the new reporting framework (see Annex I). Do you think these standards are the relevant ones?

The standard codes developed by the International Organization for Standardization proposed by ACER are extensively used and sufficiently widespread to be exploited for the transaction reporting system established by the Agency to comply with the obligations set by art. 8 of REMIT.

Nevertheless, the standard codes used to identify market participants and their counterparty(ies) should be added to the proposed list. ACER has already suggested a list of viable identification codes of market participants in the Annexes of its Recommendations published on October 23rd 2012 and the list seems to be exhaustive.

Once the ACER unique identifier is assigned, all the codes used by counterparties must be communicated in the registration phase in order to identify market participants with these existing codes.

IV. If a format is recognized by the Agency, what governance provisions should the Agency require to ensure the quality persists?

A robust change control management process should be implemented to ensure that full impact and risk assessment of format changes are taken into due consideration.

V. Do you have comments on these standards?

In terms of file format, where transactions are executed on Exchange, Broker and TSO platforms, these should be reported directly to ACER using their file formats: this would allow to minimise costs of implementation for the industry.

VI. What are the practical implications of the use of these standards and formats for the energy industry?

The use of new standards and formats can have financial and operational impacts on the energy industry since it implies either the update of data management software or specific adaptations of the internal IT systems of the concerned market operators. These last interventions may require a significant amount of time to be successfully accomplished, from 3 to 6 months, at least.

VII. Are there other format and standards the Agency should consider for recognition?

No.

On the taxonomy

VIII. Do you think that the taxonomy proposed in Annex II is the relevant one?

Yes, we believe that the taxonomy proposed encompasses all the relevant dimensions necessary to categorize standardized wholesale energy contracts.

IX. Do you think the first criteria on the delivery market (as country) should rather be the delivery zone or bidding zone?

The taxonomy should be aimed at simplifying at most the categorization of contracts. Therefore the reference to the country as delivery market seems to be sufficient.

X. Does the taxonomy represent your view of the structure of the wholesale energy markets relevant to REMIT? For each dimension, are the categories given exhaustive? If not, please offer suggestions.

As regards the duration of the contract, we suggest to add a further category including quarterly contracts (distinguished from seasonal contracts) which are significant products exchanged on many market platforms.

Furthermore, the categories proposed under the "Profile type" dimensions may not reflect all the products available (e.g. the ones with delivery only on working days etc.) whereas the increasing flexibility of delivery profiles risks making the proposed categories obsolete soon. Thus, when the categorization implies some simplifications, the criteria used to categorize contracts should be clearly defined whereas the taxonomy should be regularly updated after consultation of market participants.

XI. Should Regulated Information (Transparency/Inside Information) be categorized using at least the first two criteria of the taxonomy?

The identification of the relevant market (e.g. country code) and the commodity concerned (electricity and gas) seems to be sufficient to categorize transparency and inside information.

As regards inside information, it should be also considered that specific events having a significant impact on wholesale energy products may not directly involve one specific commodity. In these cases, the energy product type should be identified, on a best effort basis, considering the products on which the information concerned can potentially have an impact.

XII. Would you suggest any simplifications or additions to the taxonomy?

Assoelettrica recommends ACER to follow the ESMA approach whereby this field is optional providing that the Unique Product Identifier data elements are reported through other data fields within the transaction reporting scheme.

Similarly, we recommend ACER to coordinate the taxonomy for the definition of the LEI and UTI data fields with ESMA to ensure that the same conventions are adopted, in order to avoid unnecessary complexity and additional costs.