

**Public Consultation
on “REMIT Technical Standards for Trade Reporting”
(Public Consultation Document PC_2013_R_02)**

– Response of the ECT-Group –

I. Introductory Comments

We are representing the Energy Commodity Traders Group (“ECT-Group”), a group of mostly German energy trading firms which established a joint working and discussion group for the exchange of experiences in financial and physical energy trading and for the co-ordination of the communication with German and European authorities. We would like to respond to the Public Consultation on “REMIT Technical Standards for Trade Reporting”.

The ECT-Group consists of entities active in the energy trading sector; several of them pursue also banking activities or render financial services related to energy derivative products. Entities which pursue banking activities or render financial services related to commodity derivatives are according to the German Banking Act investment firms which have to apply for a license in order to carry out the banking activities or financial services related to commodity derivatives and which are supervised by the German Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”). The ECT-Group serves as a platform for such firms in order to develop common positions with respect to the financial supervision and to communicate them to BaFin and other legislative and administrative bodies. There has been a steady and successful cooperation between BaFin and the ECT-Group in order to develop an adequate supervisory regime for investment firms rendering financial services related to energy derivative products.

II. Statement

ECT-Group supports the Commission’s efforts to provide for more transparency on the wholesale energy market and thus strengthen the market participants’ trust in the integrity of electricity and gas markets as well as ensure competitive wholesale prices.

Therefore, the reporting formats should be harmonised to such extent that the requirements of REMIT, but also those of MiFID and EMIR can be complied with, in order to limit the overall administrative and financial burden associated with the adjustment process.

III. Detailed answers to the questions

Therefore, in consideration of the foregoing, please find in the following our detailed answers to your questions that are most important to us:

Question 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? (For example ISO Currency standard identifiers for Currency information, ISO Country Codes for Country information, etc.).

In the opinion of the ECT-Group, it would basically make sense to use common formats / common standards by means of which the data can be reported in accordance with REMIT but also in accordance with MiFID and EMIR. Such an approach would avoid unnecessary red tape, would minimise the administrative effort and facilitate the monitoring process.

Question 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

Using as many existing standards and formats as possible, such as those in use for physical nomination processes, confirmations or communications with regulated markets, would keep the costs of the system down in the long run. However, already available and applicable standards and formats defined by other framework guidelines and network codes should apply first.

Question 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?

Yes. Furthermore, these standards – as has already been mentioned under Question I – comply with the format of derivative contract reports as laid down in EMIR in accordance with the Commission Implementing Regulation (EU) No.1247/2012 and are thus well suitable to be standardised.

Question IV:

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

In the opinion of ECT-Group, it would make sense that data reporting with the recognised format undergoes a so-called “test phase“ in the beginning and a sufficient and adequate implementation period. Having in mind that the new reporting standards will require the adjustment of the existing IT systems or the establishment of new ones, market participants need to be sure that the reporting of data based on the available or implemented resources runs as required. Subsequently, regular inspections / controls should be carried out and the possibility to give error messages should be provided for, in order to be able to react as soon as possible with “repairs“ / adjustments. Insofar, it would surely be positive, if ACER would have to keep track of changes being made to ISO-standards etc. in order to regularly adjust and communicate the applicable standards accordingly.

Question VI:

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

In the view of the ECT-Group, for the majority of the companies in the energy industry this would mean the adjustment of existing or the establishment of new IT systems, which would involve considerable administrative and personnel costs. Therefore, the more important is it to introduce common standards that are in conformity with REMIT, as well as EMIR and, if required, with MiFID, in order to limit the overall expenses to the minimum necessary.

Question VIII:

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

The ECT-Group considers the proposed taxonomy to be in principle sufficient; however, focussing on the country code will not lead to the desired results. The right approach would be to focus on the relevant market area.

Question IX:

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

The first criterion for a standard format (REMIT, EMIR, MiFID) should – as also provided for in the Commission Delegated Regulation (EU) No. 148/2013 supplementing EMIR – be the delivery zone.

Question 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.

Yes.

Question XI:

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

The ECT-Group considers the taxonomy to be dispensable. The data are so different that not even the distinction between generation and transport would be identifiable when using the first two criteria. Should it, however, still be introduced, please refer to our answer to Question VIII. As additions to the taxonomy, the following amendments could be taken: No. 2: oil, coal, emissions (for derivatives, formula hedging)

No. 5: the Quarter period

No. 6: flexible and structured profiles should be completed.

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