ENTSO-E response to the ACER public consultation on technical standards for trade reporting under REMIT and ACER guidelines for the registration of Registered Reporting Mechanisms and for the registration of Regulated Information Services

1. Introduction

ENTSO-E welcomes the opportunity to comment on ACER public consultation on technical standards for trade reporting under REMIT and ACER guidelines for the registration of Registered Reporting Mechanisms and for the registration of Regulated Information Services and is pleased to share its view on the issues that have been raised by the consultation. In addition, ENTSO-E is ready to further discuss the issues raised in this document.

2. Technical Standards for Trade Reporting

On the Standards and formats 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? (For example ISO Currency standard identifiers for Currency information, ISO Country Codes for Country information, etc.).

Generally TSOs do not have experience in reporting energy derivatives; however, we believe that existing standards should be used as often as possible.

Additionally we want to mention that relevant market areas (bidding zones) for the entire electricity trade including energy derivatives are not fully consistent with the proposed ISO country code. In special cases, there could be different ISO country codes used within the bidding zone. Any requested data would therefore be related to the entire bidding zone and not only to the single country, identified by the ISO country code.

Furthermore it is important that the ISO country code does only relate to country borders. For the electricity sector, market areas are determined by the control areas of TSOs. Generally it should be considered that for electricity market data reporting the geographical borders do not necessarily equal bidding zone borders.
It is also possible that there are more than one TSO per single country.

II. What single standard and single format do you think the Agency should recognise:
   o   a. For reporting of transactions from organised market places that are exchanges
   o   b. For reporting of transactions from organised market places that are not exchanges
   o   c. For reporting of transactions through confirmation services
   o   d. For reporting of electricity nominations / scheduling
   o   e. For reporting of gas nominations / scheduling

For electricity TSOs from the above mentioned list the point b and d are relevant. Please see the detailed answer below. For general information all ENTSO-E standard description can be found at our website, https://www.entsoe.eu/publications/edi-library/. These ENTSO-E work products are currently also being defined/developed as IEC-CEN/CENELEC standards (e.g IEC 62325).

b, Due to the fact that these organised market places differ significantly, no common format is applied. There are differently designed public tenders for ancillary services such as balancing, industrial loads etc. in place. Furthermore the cross border capacity allocation has its own market based procedure. In order to ensure that for the cross border capacity allocation one single format is applied the ENTSO-E Capacity Allocation and Nomination System – ECAN- could be used. It supports all the communication of the information related to cross-border capacity allocation including Capacity Allocation Specification, Total Allocation Document, Offered capacity, Capacity Rights Document etc.

d, **The ENTSO-E Scheduling System – ESS standard could be used for the electricity nominations/scheduling data communication both for internal and cross-border purposes. It is widely used across Europe in different versions.**

In this context, it is important to highlight, that schedules for the electricity sector could be defined as the netted power exchange for every market unit of the relevant business day between two balance responsible parties that could include several different transactions from several legal entities.
Those schedules would not give information on single trades between two legal entities. and thus would not be appropriate to be used as a lifecycle information of a single trade Due to the lower granularity of the schedules, the single trades have to be aggregated before they can be compared with the schedules.It can be the case that the trades of one legal entity are done via several EICs while at the same time the trades of several legal entities are done using the same EIC code.

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?

ENTSO-E is mainly concerned by country codes, currency and date and format standards.
ISO 3166-1 country code is the standard used in ESS format that we propose to report, as well as ISO 8601 date and time format standard. Regarding the ISO 4271 currency codes, it is important to highlight that this standard illustrate the symbol that is commonly known, however what is used in electronic exchanges are the codes defined under the UNCEFACT recommendation 20.

In addition please refer to question I where we highlighted that relevant market areas (bidding zones) for the entire electricity trade are not fully consistent with the proposed ISO country code.

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

If a format is recognised by the Agency, then the following governance policy should be applied:

- If the format is formally a standard from a standardisation organisation the governance of this standardisation organisation is to be applied.
- If the format is defined by the Agency consequently it is the responsibility of the Agency to define and to publish the corresponding governance policy.

- Market Participants are given sufficient time for implementation.

However, in order to minimise the IT implementation cost, it appears preferable to use existing international standards as much as possible.

V. Do you have comments on these standards?

Having assumed that „these standards" means the list provided in Annex I, please refer to our answer in question III. In addition, a general clarification on which standard is used with which kind of data would be very much appreciated.

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

ENTSO-E believes that once a first list of formats and standards is established, completion of a cost benefit analysis in advance would be beneficial before a final choice is made. Adopting new formats will potentially require implementation efforts and practical implications should be defined on a case by case basis.

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

Please refer to question II and III. In addition, the IEC/CEN 62325 standard should be looked at, since it will be an validated international standard soon, mainly:
-IEC 62325-351: CIM Model,
-IEC 62351-451-2: ESS,
-IEC 62325-451-3: ECAN

Additionally, ENTSO-E's Energy Identification coding (EIC) scheme and the parallelly in Europe used GS1-coding-scheme that identify different objects and parties relating to the IEM and its operations, should be taken into account for use as a standard.

On the taxonomy

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

As a general comment, we assume that the taxonomy is used on ACER side and there is no intention to modify the current standards, if it is not in line with the anticipated taxonomy on the monitoring side. However, if the submitted data from RRM should follow these taxonomy dimensions and the recommended formats (ESS and ECAN) do not support it, it could lead to extra cost and time for modification of the current interfaces. As far as the list is concerned, based on our experience the listed transaction types, Duration and Profile type elements could be extended with further factors like for the profile type most of the Power Exchange Systems allow Market Participants to define their own block which result unlimited variations of blocks. In addition, the duration and Profile type are not clearly distinguished. The former could be

understood as contract period, which may range from the time resolution of the market (e.g. 15 minutes) to a year and beyond. The latter could be understood as a subset of market time units within a contract period. Add "market time unit" to criterion 5 and the clarification "if spanning several market time units" to criterion 6.

Regarding the delivery market please refer to question I where we highlighted that relevant market areas (bidding zones) for the entire electricity trade are not fully consistent with the proposed ISO country code.

IX. Do you think the first criteria on the delivery market (as country) should rather be the delivery zone or bidding zone? Ref: A13-AMIT-10-115/7

Generally it could be both delivery zone and bidding zone as well but from TSO perspective in most of the cases bidding zone is the appropriate.

Further please refer to question I where we highlighted that relevant market areas (bidding zones) for the entire electricity trade are not fully consistent with the proposed ISO country code.

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.

The categories should be completed, mainly on the transaction type, profile type and duration. The categories may also be subject to later updated to follow future development. In addition, the taxonomy lacks the distinction between energy and capacity contracts. This may be included under "Energy product type", splitting "Electricity" into "capacity and energy".

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

It mainly depends on the aim of the usage of the data. The question cannot be answered properly without knowing for what purposes and how ACER would like to use the data, however, as a general idea we could say that those two criteria could help ACER in ranking the regulated information by tagging it after reception. Nevertheless, the more categories are used the better the result could be.

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

Please refer to question VIII and X.

3. Guidelines for the Registration of RRM and RIS

I. General

> 1. The registration process for both Registered Reporting Mechanisms and Regulated Information Services comprises two stages: Firstly, the Agency will review a written application, and if appropriate make a provisional registration (pre-registration of the applicant); secondly, the Agency will make a final registration subject to successful integration with the Agency's technology as described in the Agency's „Technical Specifications for Registered Reporting Mechanisms and Regulated Information Services" document. For reasons of operational reliability, the technical specifications document will be kept confidential and applicants will have to sign a non-disclosure agreement before receiving a copy of the technical specifications document. This is a best practice applied by national financial regulators under EU financial market rules which the Agency also intends to apply for REMIT purposes. Please indicate your views on the proposed approach for the registration process.

According to the ACER Recommendations on the records of wholesale energy market transactions, including orders to trade (Ref.: A12_AMIT-04-07) published on 23rd October 2012, TSOs or third parties acting on their behalf are required to become RRMs.
In principle the two-step approach can be reasonable and understandable but to be able to assess the impacts of the registration on the organization and the infrastructure of the company it would be very useful to share at least the principles of the requirements; however, the technical specification would be the most useful.
Detailed technical specifications for RRM and RIS is not available yet. Nevertheless, the whole procedure seems to be quite complicated inducing not necessary additional administrative burden. So far, we do not see benefits for the market that would outweigh invoked effort and costs.

> 2. According to the REMIT Technical Advice for setting up a data reporting framework from June 2012 from DG ENER's consultants, it is currently considered that only Registered Reporting Mechanisms and Regulated Information Services with legal status in an EU Member State or an EEA country should be eligible to become a Registered Reporting Mechanism or Regulated Information Service. Please indicate your views on this suggestion.

Generally, we do not see any particular reason why to limit the number of possible RRMs and RISs with having the mentioned requirement in the question. We believe a common requirements for becoming RRM and RIS could be prepared for companies in both EA/EEA and non EU member states.

Having in mind the current reporting activities between TSOs and local NRAs, ENTSO-E believes that local NRAs could become RRM. This would allow avoiding double reporting which could cause extra costs for TSOs.

As it will be a condition precedence to become a RIS that the inside information platform is nominated by NRAs to the Agency the main risk of the legal status is on the regulatory side. If there is a free choice in contracting a RIS the market will make its own risk assessments and there will be some kind of "natural selection" which RIS is considered as a reliable service provider and which not.

3. Do you have any general remarks on the draft RRM and or draft RIS Guidelines?

Having analysed the documents, ENTSO-E believes that parts of the draft Guidelines are very theoretical, not linked to operational processes and thus not detailed enough.
The referred technical specification should be available before the registration procedure starts. This is of utmost importance for the impact assessment which should be done before the start of the registration process. (The high level description in the draft Guidelines is too general and gives a wide scope to the TSOs to plan the necessary investments and changes because of the lack of concrete regulations – as an example see also the section below.)

In the meantime, those enumerated criteria could induce very complex operational requirements. The security issues of transactions reporting are indisputable and should be fulfilled to ensure confidentiality and commercially sensitive information to be transmitted. However for a reporting and monitoring purpose, the high level availability, like "maintenance of services at all times" could be very costly in IT implementation so precise specification is of an utmost importance. Back up procedures could be developed and a level of service defined which would be less requiring than a 7/7, 24/24 service for a free reporting service as the one that the TSOs will have to achieve.

In addition, in the PWC recommendations to the European Commission, some security platforms and protocols developed by ENTSO-E were mentioned (MADES/ECP), and we encourage such protocols for secure exchanges.

Finally, it is written that the data should be available for 7 years which we consider might be unnecessary having in mind the obligation of the future transparency regulation. It requires data availability for 5 years that could be reasonable for REMIT as well.

In order to avoid double reporting the Agency shall ensure that entities acting on behalf of market participant who received already relevant data shall be considered first for reporting. While introducing the new reporting processes NRAs shall be consulted first as RRM.

Additionally rapid market development practically disables usage of 7-years-old information, but infrastructure would have to be designed for their storage. Thus, cost would not be spent effectively.

II.   Questions concerning the draft RRM Guidelines

1. The aim of the Guidelines is to ensure operational reliability of the information received pursuant to Article 4(2) and Articles 8 and 10 of REMIT. Should Registered Reporting Mechanisms be required to have an ISO certification 27001 or similar to become a Registered Reporting Mechanisms as proposed in the REMIT Technical Advice for setting up a data reporting framework from June 2012 from DG ENER's consultants?

As the RRMs will deal with strictly confidential information, we believe that the technical security requirements should be defined properly. If this is ensured, the need to implement external (ISO) certification could be neglected. Nevertheless the agency shall assess the costs arising due to the introduction of the ISO 27001 standard first. Adding the certification complexity to the already tight and short timing for implementation shall be carefully examined and need to take into account also the costs of such process.

2. The draft RRM Guidelines currently foresee a simplified registration procedure for trade repositories registered according to EMIR. Do you agree with this approach?

We do not have any information about trade repositories and experience in EMIR.

3. Please express your views on the RRM criteria proposed industry?

Please refer to question III/3.

In addition, we would like to emphasize again that the draft Guidelines do not contain enough detail to perform an operational assessment, however the criteria proposed require on one hand a very sophisticated IT system and on the other hand modification of internal procedures and market rules. We estimate that these very demanding requirements could be adapted for a real time reporting and monitoring. The criteria could be reviewed when the analysis is not made in real time, regarding "availability at all times, and associated to market participants operating time", as well as the appropriate contingency plan. Those criteria would add to the cost recovery of the implementation tools that will be needed and the human resources associated.

4. Should Registered Reporting Mechanisms, for reasons of operational reliability, be required to support their annual reports, upon request and with at least 12 months' notice, by a recognised external auditor's report which confirms that the Registered Reporting Mechanism met all the criteria in the preceding 12 months?

It is assumed that "annual report" means the yearly financial report which has to be prepared by all companies after each business year (and not the reporting obligation set in the point 5.2. in the RRMs Guidelines).

We do not see the need, that the RRM shall support their annual report by recognized external auditors report confirming their compliance. We believe that in case RRMs are performed by TSOs and thus are regulated by National Regulatory Authorities (NRAs), the local NRA could perform this audit easily.
In case TSOs perform the task as RRM this obligation should not create extra costs for them.

III. Questions concerning the draft RIS Guidelines

1. Do you agree with the three different types of Regulated Information Services proposed and the distinction made concerning their reporting of information?

We think those three types of platforms could coexist to report Regulated information; inside information, transparency information as requested by transparency regulation and transparency information in individual non-aggregated way as it will be defined in implementing acts or according to 714/2009. However, one platform should not be limited to respond to only one type as enumerated in the guidance.

> 2. Do you agree that ENTSO-E and –G transparency platforms should play a crucial role in the reporting of transparency information according to Regulations (EC) No 714/2009 and (EC) No 715/2009, including network codes and guidelines, and be treated differently than other information sources?

Having read this question we are not totally sure what ACER meant with "treated differently" that is why we would like to answer for the first part of the question. For the fundamental transparency information we agree that ENTSO-E transparency platform should play a crucial role.

TSOs are very experienced in the context of the development of data processes and reporting channels, therefore TSOs shall play a crucial role also in developing standards and specifications for the introduction of data publication and reporting.

> 3. Do you agree that it should be sufficient that inside information platforms make their information available to the Agency through web-feeds?

As the inside information which will be provided to RISs is deemed to be public information intended to be published as soon as possible (in case of the first RIS platform type as enumerated in the guidance), we do not see security risk from an information security point of view. For the communication method, we would recommend using MADES or web-services or secure FTP solutions.

However, if a RIS needs to send to ACER inside information plus another type of information, it would be profitable to use the same protocol for all types of reporting, and adapt the security level to the type of information.

> 4. Do you agree that the technical specifications document should be the same for Regulated Information Services reporting individual and non-aggregated information than for Registered Reporting Mechanisms reporting confidential trade data due to the same sensitivity of the information?

We believe that, if the individual and non-aggregated information are confidential and commercial sensitive then yes, the same confidentiality requirement should apply. If not, we do not see the benefit of having the same technical specification which might ask unnecessary requirements.