International Association of Oil & Gas Producers

Agency for Cooperation of Energy Regulators (ACER)
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OGP response to ACER's TRUM consultation PC_2014_R_02

OGP welcomes the opportunity to comment on ACER's TRUM consultation. We support TRUM as being a powerful document enabling efficient, consistent reporting which consequently will reduce work effort for Market Participants (MP), ACER and NRAs. We appreciate the efforts by ACER in seeking MP input which in our view is essential to achieve high quality results and broad industry support.

Initially, we would like to underline OGP's general concerns which we appreciate to be taken into considerations:

- Double reporting should be avoided: OGP believes that once MP have reported information to ACER they should not be obliged to report the same information to NRAs. Unfortunately we have learned that some NRAs are thinking of setting up their own TRs, which would be a worrying development and in contradiction to REMIT requirement of not creating administrative burden and/or unnecessary costs for MP. Where NRA's are setting up their own data systems for market monitoring purposes, NRA's should ensure that they obtain transaction data directly from ACER's systems rather than from MP.

- Timing: The late start and tight schedule allowed to this important activity as well as the uncertainty around the underlying reporting principles due to the absence of approved Implementing Acts (IA) is a challenge. A period of six months between publication of the IA and start of the reporting is too short. Many important documents will only be published by ACER either just before or alongside the final IA leaving insufficient time to implement. Drafts of these documents should be circulated as soon as possible.

- Data security: Data protection rules and processes are fundamental to MP and should be published by ACER as soon as possible.

- Backloading obligation: Not all REMIT reportable data fields have been collected and/or stored in the MPs IT systems. To ensure the quality and feasibility of the submission, OGP suggests minimising the mandatory fields for these specific circumstances in consultation with MP.

- EMIR/REMIT consistency: Whilst much efforts was already put into alignment of data fields between EMIR and REMIT reporting, it could be further improved for consistency, e.g. field 8 (for the code "Principal"), field 25 ("E" vs. "EL"/ "G" vs. "NG"), field 26 (transaction timestamp), field 32 ("OTC" vs. "XXXX") etc.

Please find below OGP answers to TRUM consultation specific questions:

1. The Agency currently understands that the attached data fields (see Annex I of the draft TRUM) for the reporting of transactions in standardised and non-standardised contracts will be included in the Commission's implementing acts. Please provide us with your views on the attached data fields.

We welcome that the overlap between taxonomy and product definition fields has been removed as well as the trend to decrease the number of fields to be reported and the alignment with data generated by Organised Market Places (OMP).

A. Please find in Annex 1 to our response a table with our comments on standardised contracts. Few topics are recurring:
   - Additional guidance required on which fields are mandatory or optional and on whom, whether they apply for gas or electricity, for trades are executed on or outside of OMP
   - If the field is not applicable, which value should populate the field: left blank, default value
   - Lack of "live " examples to facilitate understanding
   - Additional clarification needed around the meaning of "contract" versus "transaction" versus "product"
   - Some fields seem duplicative: can it be clarified through populated examples?

B. Regarding non-standardised contracts, OGP recognises the effort to provide better definitions for some of the fields, remove "free text" fields and come up with the concept of "volume optionality" to structure the reporting. However, we would like to suggest further area for improvements:
   - The terms "contract" and "transaction" are also used inconsistently. This aspect is even more critical in the case of non-standardised contracts.
   - Clarify how to populate fields 11, 20, 24, 25, 27, 31/32 (e.g. with use of trading scenario or "live" examples).
   - If dual matching is sought then reconciliation will be impossible for the majority of "details of the contracts" fields.
   - Regarding transaction life cycle data - only significant changes should be required to be reported, e.g. changes to volume, duration and price.

2. Please provide us with your general comments on the purpose and structure of the draft TRUM, annexed to the consultation paper.

OGP supports the initiative of TRUM becoming a "live" document to capture feedback from MP during implementation and hence build on experience. However we assume this do not apply to the fields in TRUM Annex 1 (unless approved by IA) but more to the guidance to support reporting alignment/consistency.

OGP suggests ACER to establish a simple, transparent process for management of change to help MP to stay up to date and maintain quality and consistency of reporting. The process should include e.g. a rationale for any proposed changes (including a change in the list of standardised contracts), a defined timeline for MP feedback and sufficient time allowed for implementation. It should be recognised that it is difficult and costly to change reporting systems once they have been set and it is why frequent and significant changes to data fields and formats should be avoided.

Information on the data fields relating to orders to trade are currently missing from the TRUM and should be published as soon as possible.

Based on the experience of implementing EMIR reporting obligations the TRUM should provide guidance on how and by whom UTIs should be generated in varying scenarios e.g. Market specifies (OMP) / Confirmation / Electronic (automatic electronic matching) / Paper - selling convention (bilaterally agreed).

The process to “anonymise” trader IDs and its implication should be explained.

For practical (what if counterparty is not yet registered) and cost (multiplies number of up-to-date lists of ID codes to be maintained) reasons, reporting parties should be given options to identify counterparties to a trade by means of several of the approved ID codes. At the same time, we can foresee that ACER requires the need to rationalise ID codes use. Therefore OGP suggests that ACER establishes a “ranking” between the codes i.e. by default, LEI is used; if not available, then ACER code is used and then if not available (in case of missing/late registration), a third, widely available /non REMIT-EMIR code could be used. The guidance could also be included in the registration user manual.

A key lesson learnt from EMIR implementation is the considerable interpretation of the data fields across MP for EMIR reporting making the matching difficult. REMIT provides no obligation on the MP for fields matching but we have learned that ACER might use this methodology for market monitoring. Thus we propose to perform the matching similarly to the current matching provided by Confirmation Matching Systems (CMS) which applies to most standard transaction activities. ACER should not seek to match fields with MP discretion like free text fields, notional amount or quantities, counterparty data, as it is unfeasible and would lead to infinite recycling.

Further we suggest to align ACER’s system feedback process with the EMIR process. “Receipts” and “mismatch error messages” should be transferred to the RRMs and MP could follow the process flow of the submission through the interface with the RRM. TRUM should hence include explanations on the matching process performed by ACER system, details on the content of the “receipt” as well as the process in case of “trades reporting mismatched” (when, how, who).

Finally ACER should provide transaction report receipts sooner than the proposed T+2 which could place participants in a position of non-compliance.

3. The Agency has currently identified a set of standard formats to be used in the reporting framework (see Chapter 5 of the draft TRUM). Do you consider these standard formats relevant? Are there any other standards that the Agency should consider?

We suggest to use the same standards currently used for regulatory reporting such as under EMIR and MIFID.

No information has been provided on the technical transfer measures for the exchange of information between participants, RRMs and ACER and security measures. We believe this question is relevant to RRMs.

4. Please provide us with your views on the field guidelines for the reporting of transactions in standardised supply contracts (see Chapter 6 of the draft TRUM).

See table in Annex 1 and answer to question 1. OGP would like to see the information whether the fields are matched or not.

5. Do you agree that for the reporting of energy derivatives, the same standards that apply under EMIR and MiFID should apply under REMIT (see Chapter 7 of the draft TRUM)?

OGP supports the reporting of energy derivatives using the same standards as those applied under EMIR and MiFID as this will prevent the need for dual reporting under REMIT as confirmed in the last draft IA version. The TRUM should explicitly reconfirm that MP should not report under REMIT trades which have already been reported under EMIR whilst indicating that ACER will collect these data directly from the TR/ESMA.

6. The Agency intends to include in the TRUM guidance on how trade reports shall be reported for different trading scenarios (see Chapter 8 of the draft TRUM). Please provide us with your views on which trading scenarios you would consider useful to cover in the TRUM.

We think it is a good initiative which should enhance MP understanding. We would propose that the TRUM shows all the relevant fields populated for the following scenarios:

Scenario 1: gas index traded on platform (the most common trading scenario for OGP member companies)

1. Execution of framework contract with all the counterparties of the OMP or with the exchange (based on Industry standard like EFET, NBP97, ZBT 04 and beach 2000)
2. Trader goes “on screen”,
   a. as initiator, with a bid or offer for a trading product available on the platform (Day-Ahead, Month,….), for a fixed price
   b. as aggressor
3. Aggressor “hits”=> trade ID created
4. Broker executes => execution timestamp available
5. Key trade data recorded into each counterparty Energy Trading and Risk Management system (ETRM) and used into Confirmation Matching Systems (CMS)
6. Infrequently, reporting data could be modified because data inputted in ETRM system was not correctly reflecting the trade.

Scenario 2: Oil index contract
Company X buys 60MWh/h of Gas Year 14 (delivery 01/10/14-30/09/15) delivered at TTF in NL priced on a gasoil formula with a coefficient of 0.047. The coefficient converts the gas volume into an equivalent oil volume with the equation total gas volume * coefficient = oil in tones to transact. In this case therefore the hedges required would be

- Sell 60MWh/h of GY14 @ TTF
- Buy 60*24*365 = 525,600 * 0.047 = 24.7kt of gasoil (this would be spread across the twelve months of GY14 depending on the fixing schedule, leading to a requirement to buy just over 2kt a month

The TRUM should, in addition to showing populated fields, clarify the following:
1. Would Company X report the gas leg of this trade as a standardised or non-standardised transaction?
2. Would Company X need to report the gasoil hedge, as this is not a wholesale energy product as defined in REMIT?

Other scenarios:
- Trades that were subject to compression/novation or "netting"
- An OTC cleared trade, which was preceded by a number of orders before execution of the trade

7. Please provide us with your views on the section in the draft TRUM related to data integrity (see Chapter 9 of the draft TRUM).

OGP believes that MP should be allowed to decide how to report to meet their REMIT obligations. We understand that compliance processes are essential to ensure data integrity when handled internally or by 3rd parties, but it should be left to each MP to build a fit-for-purpose plan.

OGP supports the concept of delegated reporting but robust oversight by ACER of RRMs is needed, similarly to the process followed in EMIR with respect to TR authorisation and supervision. Once certification is given, ACER should regularly review that RRMs are still fulfilling requirements and confirm that certification remains. As a result there should be no obligation on the MP regarding RRMs compliance, governance and controls processes other than to verify that the RRM has a valid ACER authorisation.

We would also support the registration of the OMPs as RRMs. On the other hand, the obligations on MP reporting their own data or data related group entities should not be as onerous as on third party reporting entities.

Given the obligation to report always remains on the MP but knowing that 3rd party entities may be used for reporting, it is suggested that ACER provide MP with more comfort that ACER will take this aspect into consideration when assessing cases of delayed reporting or reporting incidents.

The ACER Technical Specifications for Registered Reporting Mechanisms is an important tool to ensure data integrity and it should be published as soon as possible. In the absence of a final document it is difficult to accurately assess whether the data integrity will be met.

Please don't hesitate to contact us for further information.

Best regards,

[redacted]

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About OGP: The International Association of Oil and Gas Producers (OGP) represents the interests of companies engaged in the exploration and extraction of oil and natural gas, as well as national and other related industry associations. OGP membership spans the globe and accounts for more than half of the world's oil output and about one third of global gas production. From our London office, we foster cooperation in the area of health, safety and the environment, operations and engineering, and represent the industry before international organisations, such as the UN, IMO and the World Bank, as well as regional seas conventions, such as OSPAR, where we have observer status. OGP Europe in Brussels represents before the EU OGP members who are active in Europe.

Annex 1: OGP comments on standardised contracts

Field No.	Field Identifier	Description
1, 2, 5 and 6	Market participants IDs	Additional guidance needed in order to rationalize which codes are used (see further comment in answer 3).
3	Trader ID for the MP	If not transacted on an OMP, should this field be blank?
4	Trader ID for the MP or Counterparty	Please clarify what value should be populated. It looks similar to field 3, Is it intended to be filled in only if field 3 is not?
10	Trading capacity	Would be more logical to put it before field 8.
11	Buy/Sell indicator	Please indicate how to populate this field in case of a physical swap contract whereby a MP can buy and sell different commodities under the same contract and alike contracts.
12	Initiator/Aggressor	Can this field be blank when not initiated by a Broker? This information has not generally been collected in the past and might be problematic in case of backloading obligations.
23	Contract ID	Is it similar to the EMIR concept "Product ID"? Should it be left blank when not executed on OMP?
26	Transaction timestamp	Is it at the time the trade/transaction is "hit by the aggressor" or executed by the brokers? What should be the timestamp for transactions executed outside an OMP? Could it be aligned with EMIR "Reporting Timestamp" and "Execution Timestamp" definitions?
27	Contract Name	Given field 23, is this field still relevant? If yes, can a taxonomy be provided? Is it required for a transaction executed outside an OMP?
28	Transaction identification	Is this the equivalent of a UTI?
29	Linked Transaction ID	Could ACER provide specific trading scenarios on when this field would be populated? Eg applied to swap/sleeve transactions. Please indicate whether this field can be blank if not both transactions are executed on an OMP.
30	Linked order ID	If an order has not been executed on an OMP, would there be an expectation to link one to a trade? Can this field be left blank? e.g. OTC and no order The TRUM notes referenced field no 19.' Field 19 is 'Price Limit' – is this a typo?
31	Transaction Reference Number	Given we will assign a Transaction ID (UTI)/field 23, it is not clear what the purpose of this field is. Further guidance on how to populate would be welcome: • MP internal reference ID? • RRM reference ID? By means of a populated example, can the logic behind data

		field 23 vs. 27 vs. 28 vs. 29 vs. 31 be clarified?
34	Price	Should it be left blank for transaction based on an index? What is the value of an option to be reported?
35	Fixing index	Will this be provided by the OMP? How to populate if the transaction is priced on multiple indices, an average?
38	Notional amount	Is it only applicable for fixed index deals? To promote efficiency and avoid range of results, could this field be calculated i.e. field 34 * field 41?
41	Total Notional Contract Quantity	Remains unclear. A detailed example on how to populate data fields 38, 40 and 41 would be welcome
42	Quantity unit	A list of accepted values should be provided to ensure consistency between participants.
43	Settlement method	Presumably cash settled transactions already reported under EMIR do not need to be reported again under REMIT.
44	Maturity Date	Can the contract end date be used as the maturity date? Does the date of expiry refer to the (later of) delivery date or the settlement date?
45	Termination Date	Can ACER provide trading scenarios where termination date would be populated?
53	Duration	The number of delivery periods may be insufficient, e.g. how would a two month deal be reported. There are also calendar year, gas year, and financial year contracts. Should these be reported as annual?
54, 56	Load Type Load Delivery intervals	Are these applicable for gas? If not, please indicate in the TRUM that these fields can be blank for gas contracts.
59	price/time interval quantity	The example given is not how most trades are reported, i.e. Eur30/MWh is more common than Eur300/10MWh. price per quantity unit per delivery time interval.
61	Confirmation means	The choice of values is not particularly intuitive. It is not clear what Implicit is referring to. Please indicate whether this field may be blank in case of non-block hour trades.