



## REMIT Quarterly

ACER guidance on the application of REMIT and transaction reporting

Issue No. 11 / Q4 2017

### Assessment of the Operation of Different Categories of Market Places and Ways of Trading

In accordance with Article 7(3) of REMIT, the Agency shall assess on an annual basis the operation and transparency of different categories of Organised Market Places (OMPs) and ways of trading. This year marks the first time that this assessment contains information derived from REMIT databases, namely the Agency's REMIT Information System (ARIS). Subsequent issues will continue looking into the data collected in ARIS and will provide additional insight into the way the information is evolving.

#### Wholesale Energy Market Segments and Products

Trading in wholesale energy products (electricity and natural gas) occurs either on OMPs, such as exchanges or brokers, or on a bilateral basis. The contracts can therefore be either standardised or admitted to trading at OMPs, or bilaterally-traded non-standardised contracts.

Wholesale electricity and natural gas markets involve both physical and financial elements. Physical product contracts involve the physical delivery of natural gas or

electricity over an agreed period of time. Physical market participants are the ones delivering or receiving a commodity. Spot and physical forward contracts are contracts for physical delivery over an agreed period of time; for electricity they are usually in standardised profiles, e.g. 'base load', 'peak load', 'off-peak' etc., while for natural gas they are usually for 'base load'. Further information can be found in the guidance published on the REMIT Portal at <https://documents.acer-remit.eu>.

Table 1 shows the number of records of transactions (trades and orders) per type of contract collected by ARIS in 2016 and 2017. In 2017, a total of 546.2 million transactions were collected. ARIS recorded a share of 77.40 % of electricity and 22.63 % of natural gas transactions. The largest share of contract type for electricity are continuous contracts with 46.39 % (CO), while for natural gas these are the futures (FU), which account for 12.10 % of all transactions collected by ARIS.

Table 2 shows the contract types reported per OMP in 2017. Due to potential data quality issues, there may be some dis-

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crepancies between the data and publicly available information. According to Article 11(2), first subparagraph, of Commission Implementing Regulation (EU) No 1348/2014, persons required to report data shall bear the responsibility for the completeness, accuracy and timely submission of data to the Agency, and should address potential reporting issues as defined by the Agency.

#### List of Organised Market Places

To make reporting easier, the Agency has drawn up a list of organised market places, which it regularly updates. The list of OMPs (available at <https://www.acer-remit.eu/portal/organised-marketplaces>)

#### Important News and Notes

The Agency would like to reaffirm its commitment to provide valuable and high-quality REMIT information management services to its stakeholders (at least at the level provided in the period 2013 – 2017), but has to draw your attention to the following:

The Agency is facing serious human and financial resource shortages for REMIT information services and for the operation

of the Agency's REMIT Information System in 2018.

In addition, the majority of contractual arrangements with IT contractors who have been working on ARIS development/maintenance and IT operations since 2013 will expire in Q1 2018, which is why there will be a change of IT service providers for ARIS in 2018 following the conclusion of new IT system integration and IT consultancy services contracts. The new contractors will gradually take over IT operations (includ-

ing the Central Service Desk, infrastructure management, etc.) as well as further development/maintenance of ARIS modules. The transition is currently expected to be completed in Q4 2018.

This may impact business continuity as well as the timelines and quality of the services provided by the Agency to its stakeholders and ARIS users (such as delays in support, possible outages, etc.).

Thank you very much for your understanding.

**Table 1 The number of transactions (trades and orders) per type of contract collected by ARIS in 2016 and 2017\***

	2016		2017	
	Number	%	Number	%
<b>Electricity</b>	<b>272,177,753</b>	<b>77.90%</b>	<b>422,639,844</b>	<b>77.37%</b>
AU	116,720,929	33.41%	138,452,238	25.35%
CO	116,985,985	33.48%	253,380,078	46.39%
FU	16,848,815	4.82%	13,426,414	2.46%
FW	12,583,023	3.60%	12,684,776	2.32%
OP	1,265	0.00%	1,803	0.00%
OP_FU	1,990	0.00%	2,240	0.00%
OP_FW	1,205	0.00%	787	0.00%
OP_SW	113	0.00%	7	0.00%
OT	7,992,040	2.29%	4,174,815	0.76%
SP	706,332	0.20%	305,487	0.06%
SW	336,056	0.10%	211,199	0.04%
<b>Natural gas</b>	<b>77,222,999</b>	<b>22.10%</b>	<b>123,596,838</b>	<b>22.63%</b>
AU	94,252	0.03%	128,823	0.02%
CO	9,334,930	2.67%	47,113,225	8.63%
FU	56,779,170	16.25%	66,164,202	12.11%
FW	10,296,180	2.95%	9,607,099	1.76%
OP	3,829	0.00%	8,509	0.00%
OP_FU	25,721	0.01%	26,524	0.00%
OP_FW	1,529	0.00%	2,160	0.00%
OP_SW	55	0.00%	128	0.00%
OT	9,642	0.00%	17,605	0.00%
SP	629,439	0.18%	470,807	0.09%
SW	48,252	0.01%	57,756	0.01%
<b>Grand Total</b>	<b>349,400,752</b>	<b>100.00%</b>	<b>546,236,682</b>	<b>100.00%</b>

Source: ACER.

\*AU=Auction, CO=Continuous, FW=Forward style contract, FU=Future style contract, OP=Option style contract, OP\_FW=Option on a forward, OP\_FU=Option on a future, OP\_SW=Option on a swap, SP=Spread, SW=Swap, OT=Other

allows market participants to identify relevant OMPs as reporting channels for transaction reporting. It also makes it easier for OMPs to submit identifiable reference data for each standard contract that they admit to trading, in order to assist the Agency to comply with its obligation to draw up and maintain a public list of standard contracts.

Figure 1 shows the number of registered OMPs and distinct country codes.

### List of Standard Contracts

The List of standard contracts (available at <https://www.acer-regmit.eu/portal/standardised-contract>) specifies the supply contract types for which the standard reporting form is applicable. The List of standard contracts is neither meant to assign unique identifiers to the contracts listed, nor will the collected information be used for matching against the transaction reports.

Figure 2 provides an overview of the amount of standard contracts listed on various active OMPs. The snapshot is taken on 31 December each year. Since the beginning of data collection, delivery zones in 25 Member States<sup>1</sup> have been listed.

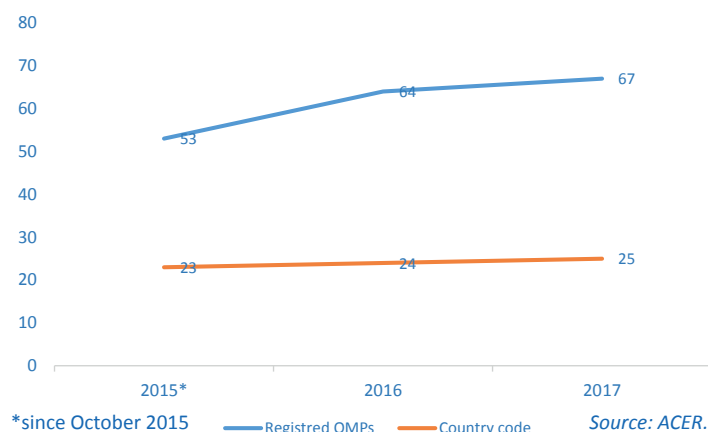
<sup>1</sup> The list of standard contracts does not list Cyprus, Malta and Luxembourg.

**Table 2 Contract types\* collected in 2017 per OMP**

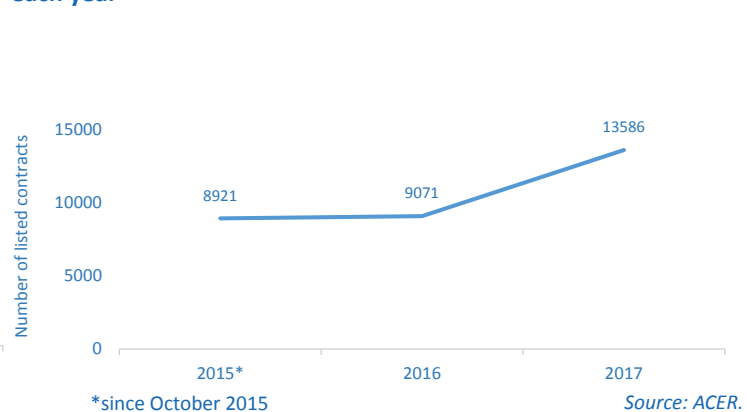
OMP name and country	Contract types collected
ARAX Commodities Ltd	UK FU,FW,SW
ARRACO GLOBAL MARKETS LTD	UK FU,FW,SW
BGC Brokers L.P.	UK FU,FW
Borsa Italiana S.p.A., IDEM - IDEX segment	IT CO
BRM (Bursa Romana de Marfuri)	RO FW
BSP d.o.o.	SI AU,CO
Central Eastern European Gas Exchange Ltd., CEEGEX	HU CO,FU
Central European Gas Hub, CEGH, Wiener Börse AG	AT FW
CommErg B.V.	NL FW
Corretaje e Información Monetaria y de Divisas Sociedad de Valores SOCIEDAD ANONIMA, CIMD SV	ES FU,FW
Croatian Power Exchange Ltd.	HR AU,CO
EEX Non-MTF	DE FU
Energy Broking Ireland	IE FW
Energy Exchange Austria, EXAA	AT AU,FW
Enterprise Commodity Services Limited	UK FU,FW,OP_FU,OP_FW,OP_SW,SW
ETPA B.V.	NL AU,CO
European Energy Exchange Regulated Market	DE AU,CO,FU,FW,OP_FU,SP
European Power Exchange Belgium, EPEX SPOT Belgium (former Belpex NV)	BE AU,CO,FU,FW
European Power Exchange, EPEX SPOT	FR AU,CO,FU,FW,SP
European Power Exchange, EPEX SPOT (former APX Commodities Ltd)	UK AU,CO,FW
European Power Exchange, EPEX SPOT (former APX Power B.V.)	NL AU,CO,FU,FW
Gaspoint Nordic	DK CO,FU
Gestore dei mercati energetici - GME	IT AU,CO,FW
GET Baltic, UAB	LT CO
GFI Brokers Limited	UK FU,FW,OP,OP_FW,SP,SW
Global Commodities NC	FR FW
Griffin Markets Limited	UK FU,FW,OP_FW,SP,SW
HPC SA	FR FU,FW,OP
Hungarian Power Exchange Ltd., HUPX	HU AU,CO,FU,FW
Iberian Gas Hub (Sociedad Bilbao Gas Hub, S.A.)	ES FU,SW
ICAP Energy AS	NO FU,FW,OP_FW,SW
ICAP Energy Limited	UK FU,FW,OP_FW,OT,SP,SW
ICE Endex Gas Spot Ltd.	UK CO,FW
ICE Endex Markets BV	NL AU,CO,FU,FW,OP_FU
ICE Futures Europe	UK FU,FW,OP_FU
Independent Bulgarian Energy Exchange	BG AU,FW
Kaasupõrssi Oy	FI CO
LAGIE S.A.	GR AU
Marex Spectron International Ltd	UK FU,FW,OP,OP_FU,OP_FW,SP,SW
MIBGAS S.A.	ES AU,CO
N2EX/Nord Pool Spot AS	UK AU,CO,FW
Nasdaq OMX Oslo ASA	NO FU,OP_FU
Nasdaq OMX Stockholm AB	SE FU
Nord Pool Spot AS	NO AU,CO,FW
OMIP - Pólo Português, S.G.M.R., S.A.	PT FU,FW
OMI-Polo Español S.A, OMIE	ES AU
Organizátor krátkodobého trhu s elektrinou, OKTE, a.s.	SK AU,CO
OTCex SA	FR FU,FW,OP,OP_FW,SP
OTE a.s.	CZ AU,CO
Ovovis GmbH	DE FW
Polish Power Exchange, POLPX	PL AU,CO,FW,OT
Polish Trading Point S.A.	PL FW
Power Exchange Central Europe, PXE a.s.	CZ CO
Power Sprinter GmbH	DE OT
Powernext non-MTF	FR FU
Powernext Spot & Regulated Market	FR AU,CO,FU,FW,SP
PVM Oil Futures Ltd	UK FU,FW,OP
Romanian gas and electricity market operator, OPCOM S.A.	RO AU,CO,FU,FW,OT
Shard Capital Partners LLP	UK FW,OP_FW
Single Electricity Market Operator, SEMO	IE AU
SPX, s.r.o.	SK FW
Tavira Securities Ltd	UK FU,FW,SW
TFS Derivatives Ltd	UK FU,FW
Tradition (Dubai) Ltd	AE FW,SP
Tradition Financial Services (trading name for Finacor Deutschland GmbH)	DE FW
Tradition Financial Services Ltd	UK FU,FW,OP_FW,SP,SW
Tradition Italia SRL	IT FW
Tullett Prebon (Europe) Limited	UK AU,FU,FW,OP,OP_FW,SP,SW
Tullett Prebon (Securities) Limited	UK FW

Source: ACER.

**Figure 1 OMP registration statistics**



**Figure 2 The number of listed Standard contracts on 31 December each year**

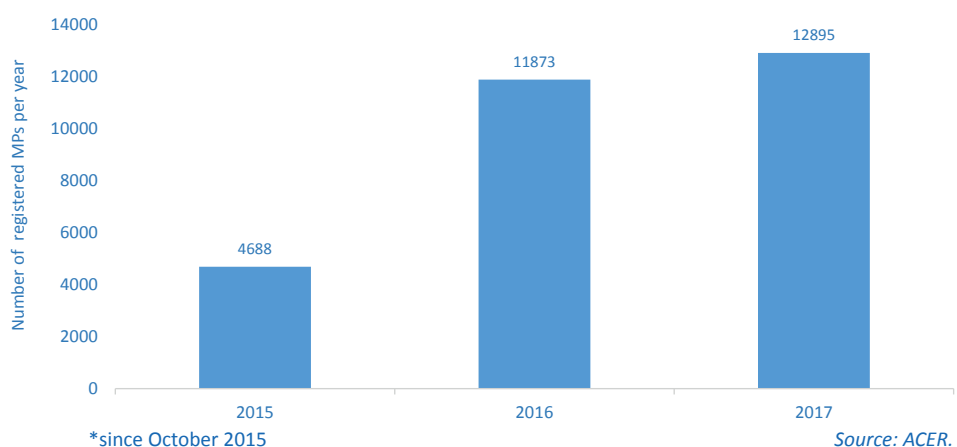


**European Register of Market Participants - CEREMP**

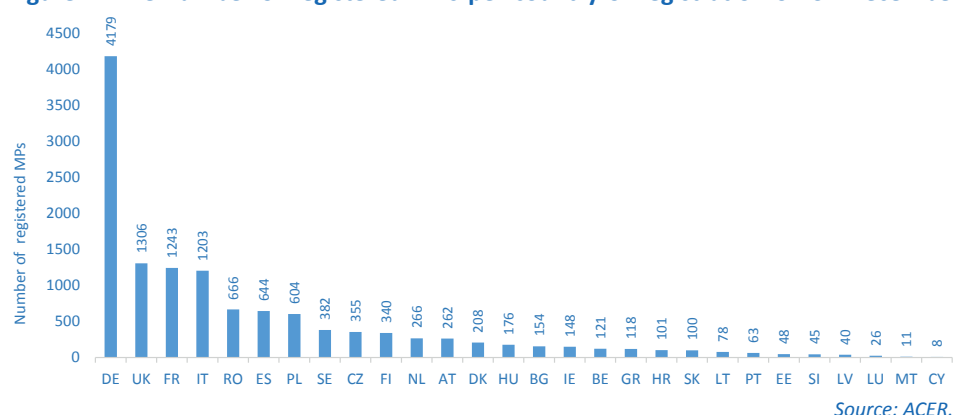
At the end of 2017, there were 12,895 market participants registered in the European Register of Market Participants (CEREMP), which is shown in Figure 3. Overall, the number of market participants in the EU wholesale energy market has been increasing in recent years.

Figure 4 presents the number of registered market participants per country on 31 December 2017. Market participants were registered in 28 Member States. With 32.40 %, Germany leads in the number of registered market participants and is followed by UK, France and Italy accounting for roughly 10 % each.

**Figure 3 Total number of registered MPs on 31 December each year**



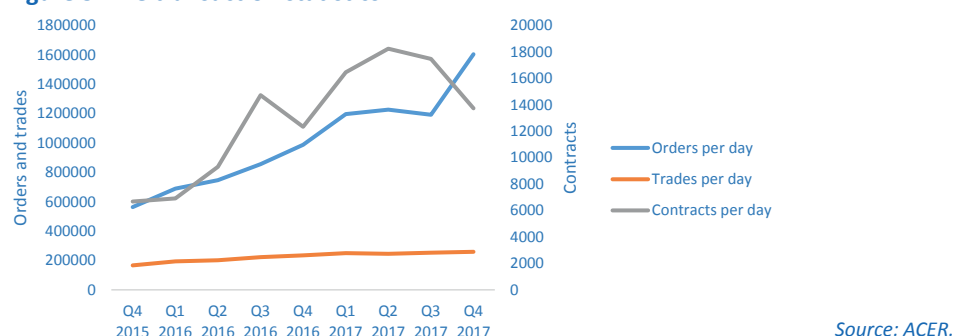
**Figure 4 The number of registered MPs per country of registration on 31 December**



**Transaction Statistics**

The transaction records consist of orders, trades and contracts. Since the beginning of data collection, there has been an upward trend. In 2017, ARIS received on average 1.3 million orders, 250,000 trades<sup>2</sup> and 16,000 contract records per day. The 3rd quarter of 2017 peaked with 1.6 million orders and 258,000 trades. In addition, the Agency receives 5,500 records of electricity and gas fundamental data per day on average.

**Figure 5 The transaction statistics**



<sup>2</sup> Note that each non-standard contract is also considered a trade.

## Transparency of different categories of market places: Inside Information Platforms – Use and Coverage

**In accordance with Article 7(3) of REMIT, the Agency shall assess on an annual basis the operation and transparency of different categories of Organised Market Places (OMPs) and ways of trading. The following assessment follows on previous transparency assessments in the REMIT Annual Report which were discontinued by the Agency for resource reasons. The Agency will continue to report its assessments through the REMIT Quarterly instead.**

In the summer of 2017 the Agency began examining more closely the Inside Information Platforms (IIPs) listed on the REMIT Portal to determine their compliance with the stated requirements from the ACER Guidance and Manual of Procedures. The use of such platforms by market participants was also examined using REMIT data, data from the Centralised European Register of Market Participants (CEREMP) as well as data provided by the listed platforms.

The data analysed shows that out of over 13,000 market participants, only around 8% use an IIP and around 7% do not list any information in CEREMP. While verifying the figures with the IIPs it became clear that less than half of those which indicated the use of an IIP in CEREMP are actually registered with the indicated IIP.

This problem is not limited to the so-called ‘small market participants’ or pure trading firms. Examining those with the largest volume of trades in a given month shows disclosure practices that raise serious concerns about these firms’ compliance with REMIT. Many do not use an IIP and when

they indicate their own website, there is little or no relevant REMIT information there. The Agency would like to remind all market participants that although the Agency only plans to collect web feeds from IIPs listed on the REMIT platform, the obligation to have a web feed has been in force for all places of publication (including a company website) since January 2015.

This topic was highlighted in the 2016 REMIT Annual Report and was more recently presented at the 1st Energy Market Integrity and Transparency Forum in Ljubljana on 11 October 2017. Reactions from those in attendance, as well as other presentations during the day, suggest that this is a topic which the Agency should focus on in the short-medium term.

The presentation reiterated publicly that it is the Agency’s stated objective to have all REMIT inside information disclosure happen via centralised platforms. This goal is especially beneficial to the market as the use of such platforms improves transparency, making it easier for market participants to access the information they need and make effective and timely trading decisions. In most cases it is also less burdensome for market participants to use IIPs rather than to disclose via their own website and develop a web feed (a mandatory requirement). It also helps to ensure disclosure to as wide a public as possible. Finally, the use of centralised platforms is also beneficial for the market monitoring activities of the Agency and National Regulatory Authorities (NRAs).

Such advantages are only realised if the platforms meet the minimum require-

ments outlined in the ACER Guidance and Manual of Procedures. The Agency is working with the listed platforms on improving how they meet these requirements, and it will continue to involve NRAs in this ongoing work.

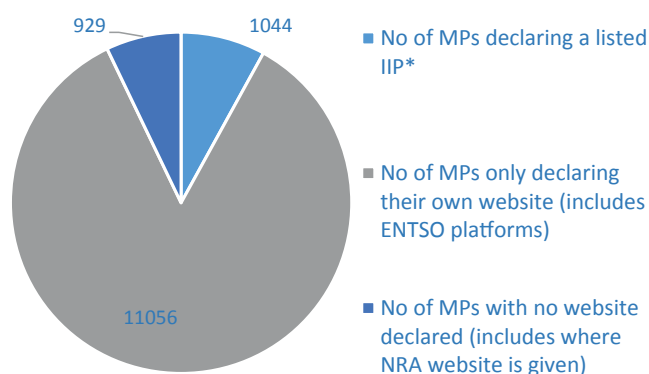
**Currently there are three major issues to be addressed:**

- The use of platforms by market participants (as opposed to own website disclosure);
- The performance of such platforms (in terms of the stated requirements and user-friendliness);
- The coverage of such platforms across all EU Member States (the ‘where do I publish’ problem).

The Agency plans to continue to work with IIPs, NRAs and market participants more generally to increase the use of platforms. The requirement to have a web feed is one of the best incentives for a market participant to use an IIP rather than to develop its own systems.

The Agency welcomes the good cooperation thus far with the listed IIPs and wants to increase that going forward to ensure that the requirements are fit for purpose and fully respected as well as implemented. The Agency will also work with the IIPs to ensure that the fee models do not discourage registration from market participants which have very low volumes of UMM publication, but which nonetheless wish to register with an IIP to meet their REMIT obligations.

The Agency plans to publish an Open Letter on these topics in the near future.



**Figure 6 Place of publication of Inside Information**

\* Listed IIPs are those listed on the REMIT Portal. Listing does not currently constitute an endorsement or registration with ACER

Source: CEREMP data.

## ACER launched in December 2017 an improved version of the REMIT Notification Platform

The Agency has recently launched an upgraded version of the REMIT Notification Platform (NP), which is now more user-friendly and offers several enhanced functionalities thanks to a new interface.

The NP is provided to market participants (MPs) and persons professionally arranging transactions (PPATs), enabling them to fulfil, in a secure way, the following notification obligations under REMIT:

- For MPs to notify the Agency and the competent National Regulatory Authority for energy (NRA) in the event that the exemption from the prohibition of insider trading is used to cover immediate physical loss pursuant to Article 3(4)(b);
- For MPs to notify the Agency and the competent NRA about the delay in the publication of inside information pursuant to Article 4(2);
- For PPATs to notify the competent NRA when they have reason to suspect that

a transaction might be in breach of Article 3 or 5 of REMIT (Suspicious Transaction Report - STR) pursuant to Article 15.

In addition, the NP is open to all stakeholders that wish to report to the relevant NRA(s) and the Agency a potential breach of REMIT and, in particular, any instance of possible market abuse in the wholesale energy markets.

The improved NP allows, when deemed necessary by the stakeholder, the simultaneous notification of more than one NRA as well as the submission of anonymous notifications of potential instances of market abuse in the wholesale energy markets.

Its new web design provides a user friendly environment, which allows users to save draft notifications for future submissions, download the submitted form and receive confirmation receipts. It also simplifies the identification of market participants

potentially involved in misconduct by enabling users to select the relevant market participant directly through the Centralised European Register of Energy Market Participants (CEREMP).

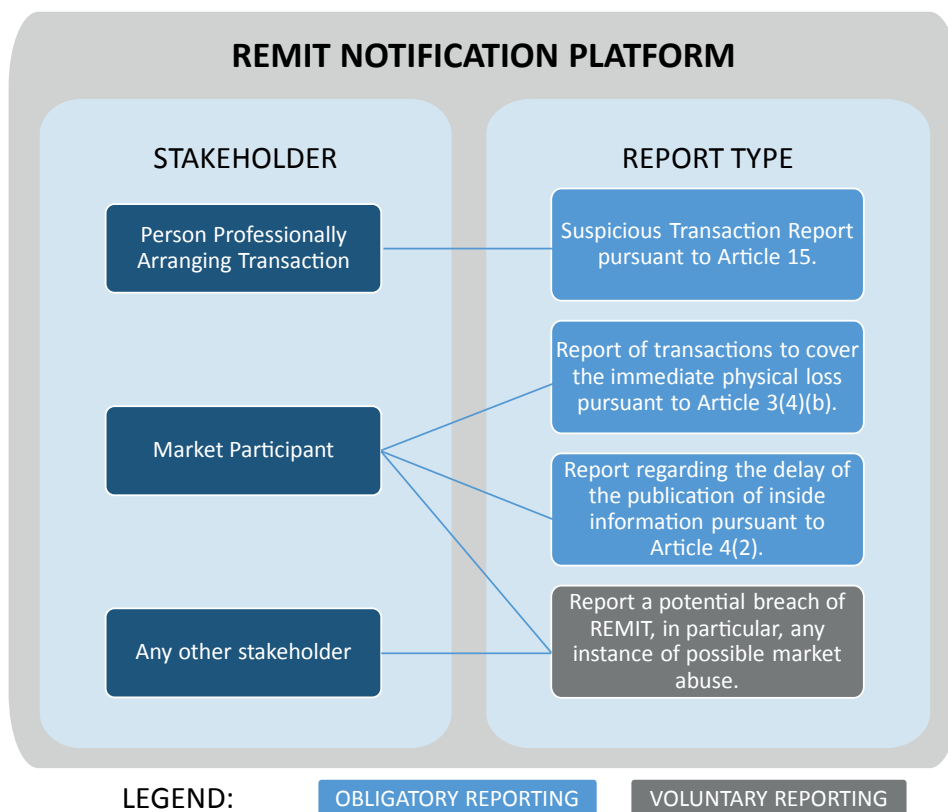
The new NP reflects the recent update of Section 9 of the ACER Guidance, which describes in detail the types of information that should be provided when notifying a potential REMIT breach. The web forms have been updated and split into separate screens to mirror the logical split of categories of information: the identity of the market participant(s), the timing of the potential breach, the market(s) concerned and the details on the related transaction(s)/order(s)/behaviour(s).

In order to access the updated NP, please use the following link:

<https://www.acer-remit.eu/np/home>

The previous version of the NP had been in place since 2012 and had processed more than 3,000 reports.

Figure 7 User groups (stakeholders) and report types allowed by the enhanced REMIT Notification Platform



Source: ACER.



## The REMIT Query Form Goes Digital

**The Agency has launched a new functionality on the REMIT Portal to make the submission of REMIT-related questions to the Agency more user-friendly – the Online REMIT Query Form**

The previous REMIT Query Form was only available on the REMIT Portal in Word format and had to be downloaded, filled in, and sent to the Agency by email for each query. That form has now been replaced by a more convenient online form, where users can simply select the topic of the question, fill in the requested fields, and submit the query with few clicks.

For each REMIT query submitted via the online REMIT Query Form, the sender receives an acknowledgement of receipt of their query by the Agency as well as an automatic reply which includes detailed information on how to search the Agency's documents, such as the Q&A documents, the FAQs and the ACER Guidance on REMIT, for answers to frequently asked questions.

The automatic reply serves as an official reply to the query due to the fact that a large number of questions that the Agency receives has already been addressed in the existing publicly available documentation, accessible on the REMIT Portal at <https://documents.acer-remit.eu> and in the Knowledge Base at <https://kb.acer-remit.eu>. The Agency will reply individually to the sender of the query only when the answer cannot be found in said documentation.

Queries that, in the opinion of the Agency, bear elements of novelty (i.e. have not yet been covered in the Agency's documents) or have the potential to enhance the understanding of REMIT amongst market participants and other stakeholders may be included in future editions of the Q&A and FAQ documents.

The process of responding to queries may take some time, given that the aim of the Agency is to reach the most harmonised and integral understanding of the subject matter of each query by including the input of National Regulatory Authorities and potentially of other stakeholders and ex-

perts as well.

The Agency invites all interested users to submit their queries on any REMIT matters of interest to the Agency. However, it should be noted that the communication which takes place with the Agency through the REMIT Query Form is without prejudice to the REMIT compliance efforts of the stakeholders.

**Online REMIT Query Form:**

<https://www.acer-remit.eu/forms/remit-query-form>

## New Edition of Transaction Reporting Guidance

**The ninth edition of the FAQs on REMIT Transaction Reporting was published on 8 December 2017. The new edition addresses additional questions on trading examples, data fields related to standard contracts, lifecycle events related to standard and non-standard contracts, general matters concerning non-standard contracts, and other general questions.**

The Agency started publishing FAQs on Transaction Reporting in order to provide the reporting parties with more detailed information. The new questions in the FAQ are intended to help market participants better meet their REMIT transaction reporting obligations. They are related to the reporting of standard and non-standard contracts and, more specifically, concern data fields and electronic formats for standard contracts, non-standard contracts, executions under non-standard contracts and life-cycle events.

Several questions related to transaction reporting are particularly important, as the Agency's answers provide additional guidance on the reporting of Energy Identification Code (EIC) for the delivery point. The Agency continues to discuss FAQs at Roundtable meetings and will publish additional updates of the FAQs if necessary.

## Statistics

### 137 REMIT Cases Under Review

The Agency had 137 REMIT cases under review at the end of Q4 2017. REMIT cases are potential breaches of REMIT that are either notified to the Agency by external entities or identified by the Agency through its surveillance activities.

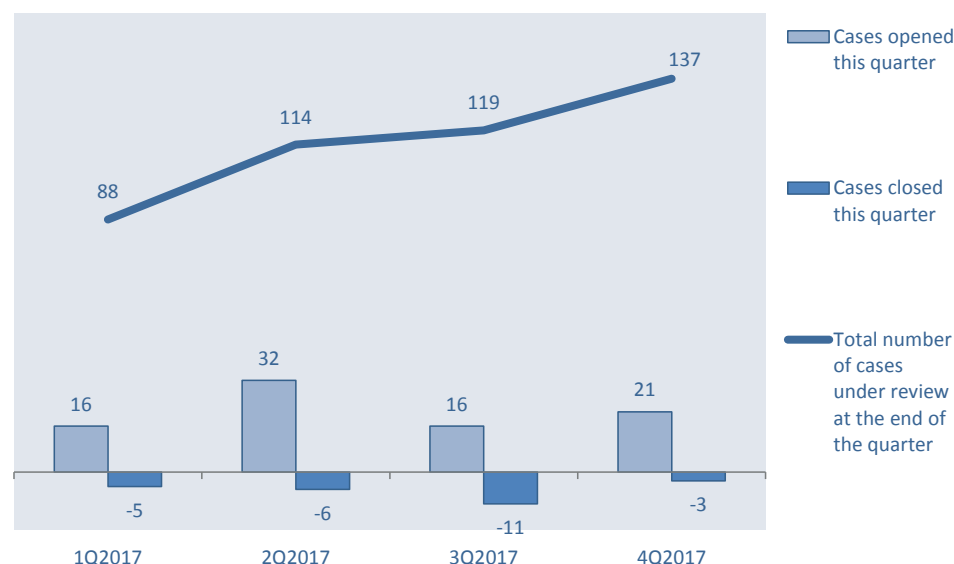
A case could, after a thorough investigation by the relevant national authority, lead to sanctions. A case could also be closed without sanctions, for instance if the suspicions were unfounded.

Figure 8 on the right shows the number of cases that were under review by the Agency in the past four quarters.

The Agency is responsible for the monitoring of wholesale energy markets and aims to ensure that National Regulatory Authorities (NRAs) carry out their tasks in a coordinated and consistent way, but it is not, however, responsible for the investigation of potential breaches of REMIT.

EU Member States have the obligation to

**Figure 8 Potential REMIT Breach Cases - Quarterly Statistics**



Source: ACER.

ensure that their NRAs have the required investigatory and enforcement powers to fulfil their responsibilities.

### REMIT Queries

The number of questions that the Agency receives through the various communication channels that have been put in place for the stakeholders (i.e. the Agency's Central Service Desk (CSD) and functional mailboxes) has been decreasing.

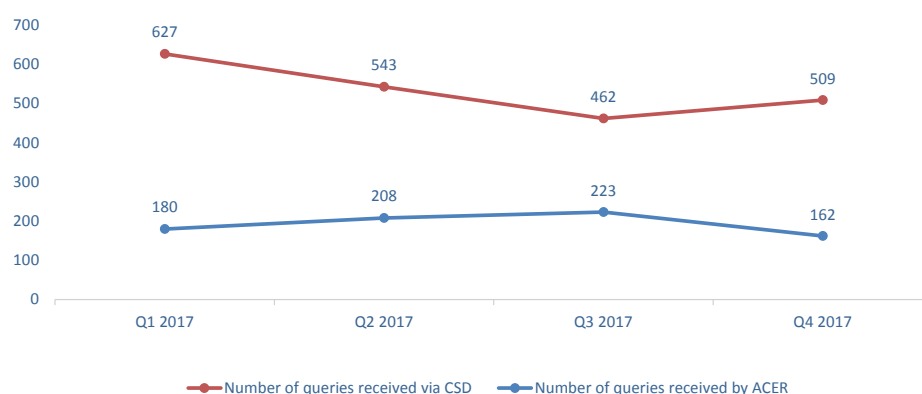
The biggest amount of queries in 2017 was received during the first quarter of the year. The second, third and fourth quarter of 2017 saw a gradual decrease in the inflow of queries.

Figure 9 on the right illustrates the total number of queries received by the Agency per every quarter of 2017.

The Agency, when necessary, responds to specific questions on a one-to-one basis. Its main means of responding to queries, however, remains the publicly available documentation, such as:

- Questions & Answers on REMIT;
- Frequently Asked Questions (FAQ) on transaction data reporting; and

**Figure 9 Statistics on REMIT Questions Reaching the Agency**



Source: Questions sent to the CSD and Agency's functional mailboxes.

- FAQ on REMIT fundamental data and inside information collection.

REMIT documentation is made available on the REMIT Portal at <https://documents.acer-remit.eu> and in the Knowledge Base at <https://kb.acer-remit.eu>.

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