

ACER



European Union Agency for the Cooperation
of Energy Regulators

6th ACER REMIT Forum: Transparency and integrity of stressed power and gas markets

EMIT 2022

25 October 2022, Ljubljana

Public



European Union Agency for the Cooperation
of Energy Regulators

Opening & welcome to this year's REMIT Forum

Christian Zinglensen, ACER Director

EMIT 2022

25 October 2022, Ljubljana

Public

Today's forum at a glance

AGENDA

1st session: market surveillance

- Experience of REMIT market surveillance implementation in 2021/2022
- Views on recent developments and their impact on market surveillance activities
- Panel discussion on market surveillance - lessons learnt

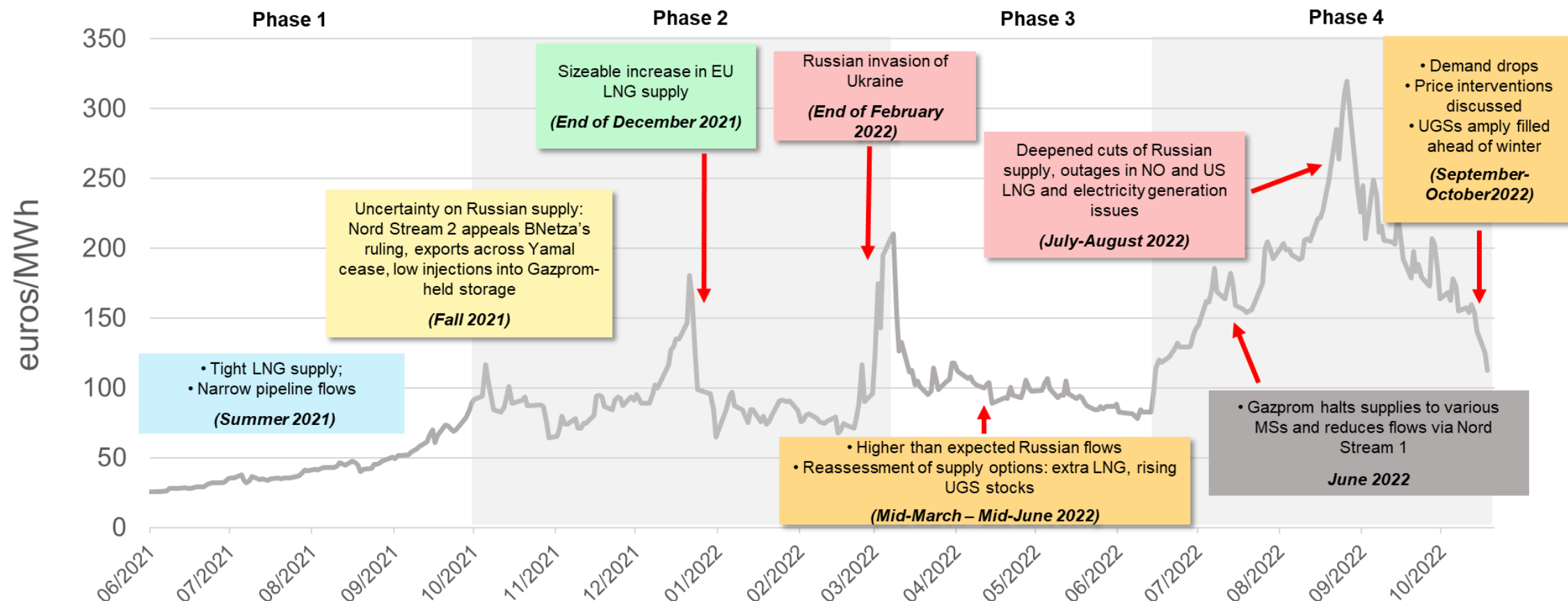
2nd session: market integrity and transparency

- The REMIT framework revision from data collection and data quality perspective
- Panel discussion on REMIT framework revision



‘Stressed markets’ indeed ...

Overview of events and market fundamentals driving EU gas prices – TTF* - June 2021 – October 2022



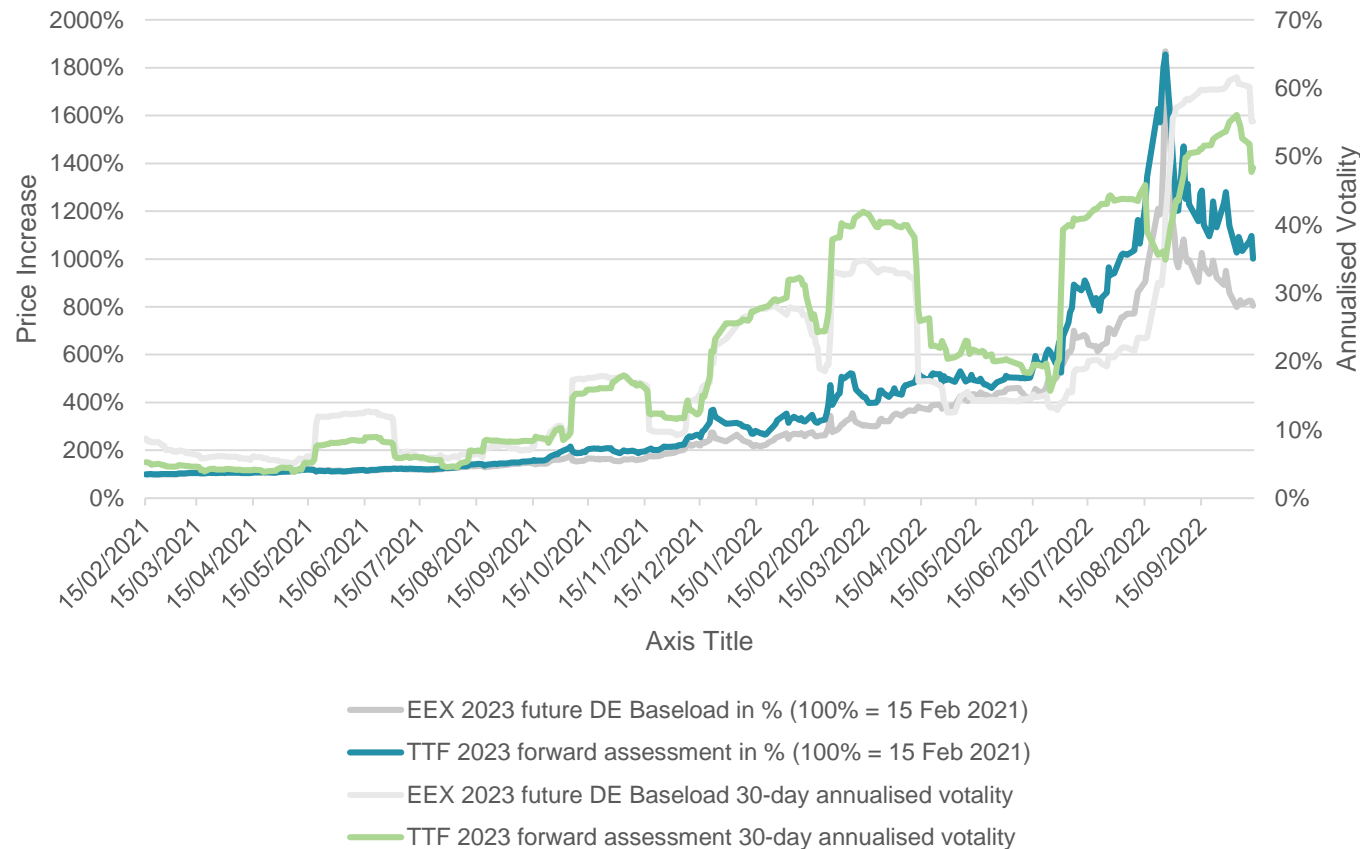
The gas price surge can be split into several phases. In the current phase, prices are being driven by gas and electricity supply scarcity.

Source: ACER based on ICIS Heren's price data

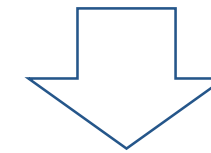
*month-ahead contract (euros/MWh)

Forward markets under strain, low liquidity as a result

Electricity and gas price and volatility increases for 2023 yearly futures

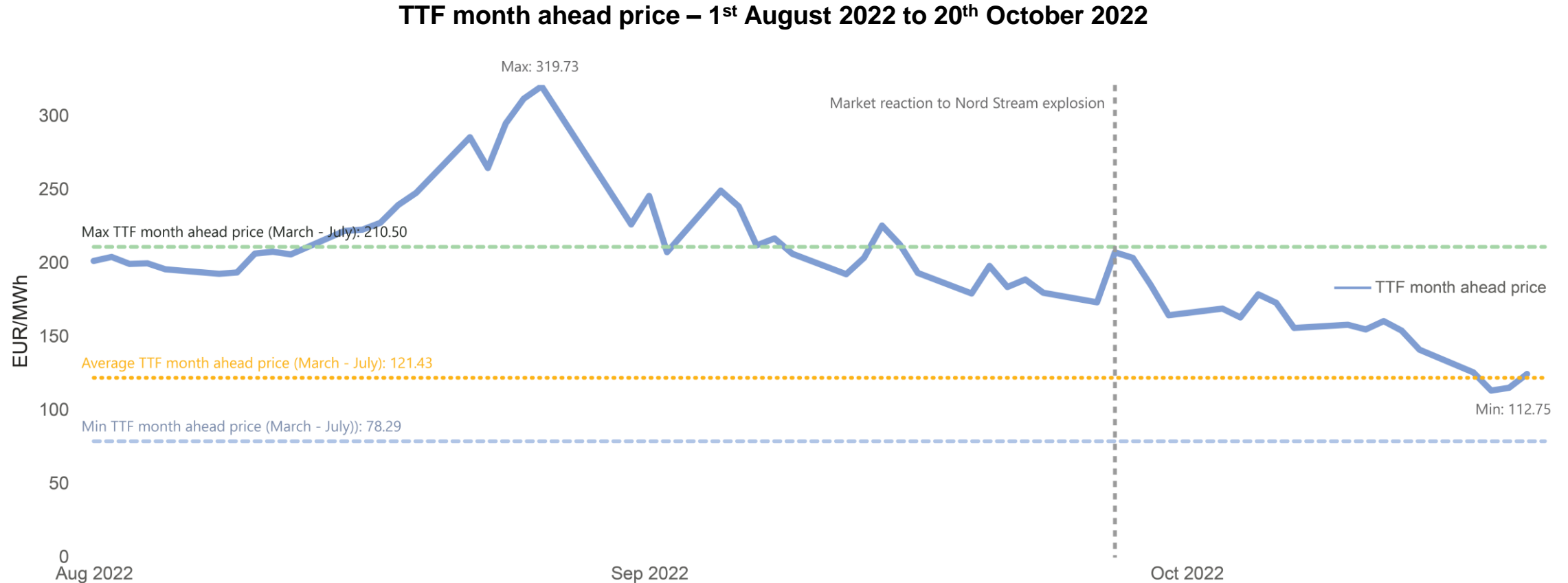


- More than 10-fold price increase for yearly futures from February 2021 to August 2022
- Annualised volatility now approx. 8 times higher than in early 2021



- Significantly increased margin requirements for cleared contracts on exchanges
- Lower volumes traded bilaterally Over-The-Counter due to counterparty risk metrics
- Liquidity / credit line support being undertaken in multiple Member States

Gas prices have retreated since the late August spike



Gas prices have decreased to the post-invasion price average in the second half of October due to healthy LNG supply, mild autumn weather, high renewable electricity generation and gas storage fullness.

Still, plenty of discussion on market functioning

MEPs call for investigation into EU energy market manipulation amid surging costs

By Euronews • Updated: 06/10/2021



Commissioner for Energy Kadri Simson arrives to deliver her speech about European solutions to the risks for businesses and consumers in Strasbourg.

Europe's gas benchmark – Spanish CEOs

Gas LNG 07 Sept 2022 11:47



Eliminate speculation

Intervention should eliminate “speculation on the physical congestion of offloading LNG”, Reynes said, adding that part of the price rise was because it was “difficult or impossible” to offload more liquefied fuel in northern Europe.

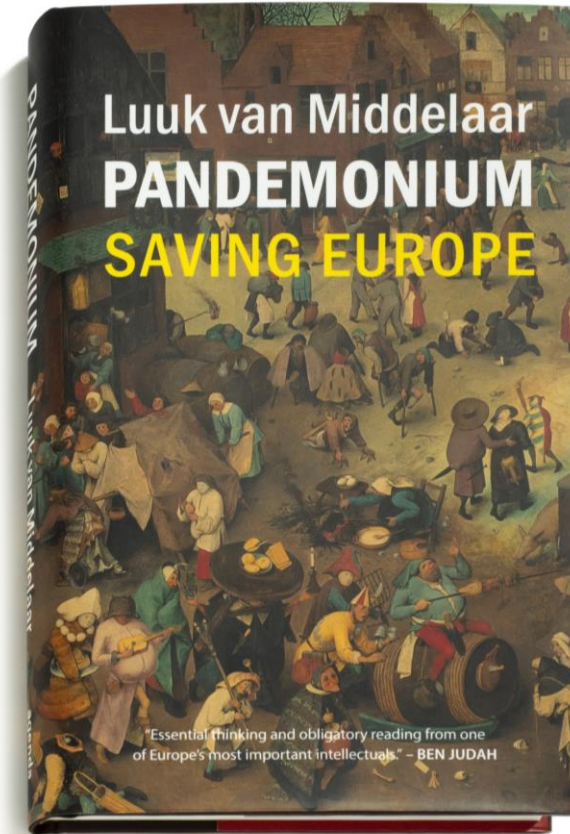
Speech by President von der Leyen at the European Parliament Plenary on the preparation of the European Council meeting of 21-22 October 2021



In the medium and long-term, the Commission will take action in five crucial areas. **First, we must end speculation on the energy markets.** This is why we are increasing our monitoring of the gas and carbon markets. And we have asked the European Securities and Markets Authority to examine trading behaviour in emission allowances. Second,

The distinction between ‘speculation’ and ‘manipulation’ of energy markets is not always clear in current debate.

Fostering legitimacy in modern-day EU



‘Lie low & do your REMIT job’ versus ‘shout from the rooftops’ how your role contributes to safeguard energy market functioning.

Time for further enhancement of REMIT?

18/05/2022 - COM(2022) 236: *“The REMIT framework could be reviewed to explore the scope to more effectively mitigate the risks of market abuse by improved market transparency, enhanced market data quality and collection as well as better enforcement at EU level.”*

Updating REMIT to tackle current & future challenges

- Energy markets getting more ‘financial’ and less ‘product-like’
- Trading techniques or services from the financial sector leads to increased complexity (e.g. high-frequency trading)
- Data collection, monitoring and enforcement shared between several entities
- Enforcement challenges at times; ensuring similar interpretations and approaches (EU and Member States)

As we may be in this for a while yet ...

Europe | Shiver for longer

Europe's next energy crunch

The winter of 2023 could be worse than 2022

**The
Economist**



‘Beginning of the end’ vs. ‘end of the beginning’

***Thank you for your attention.
Wishing you productive discussions today.***



European Union Agency for the Cooperation
of Energy Regulators

Market Surveillance at ACER

Tomaz Vizintin, ACER

Team leader

Market Surveillance and Conduct Department

EMIT 2022

25 October 2022, Ljubljana

Public

Market Landscape

ACER recent actions

ACER Surveillance Mandate

Detect

Analyse

Notify

Deter

Way forward

Be involved

Market Landscape



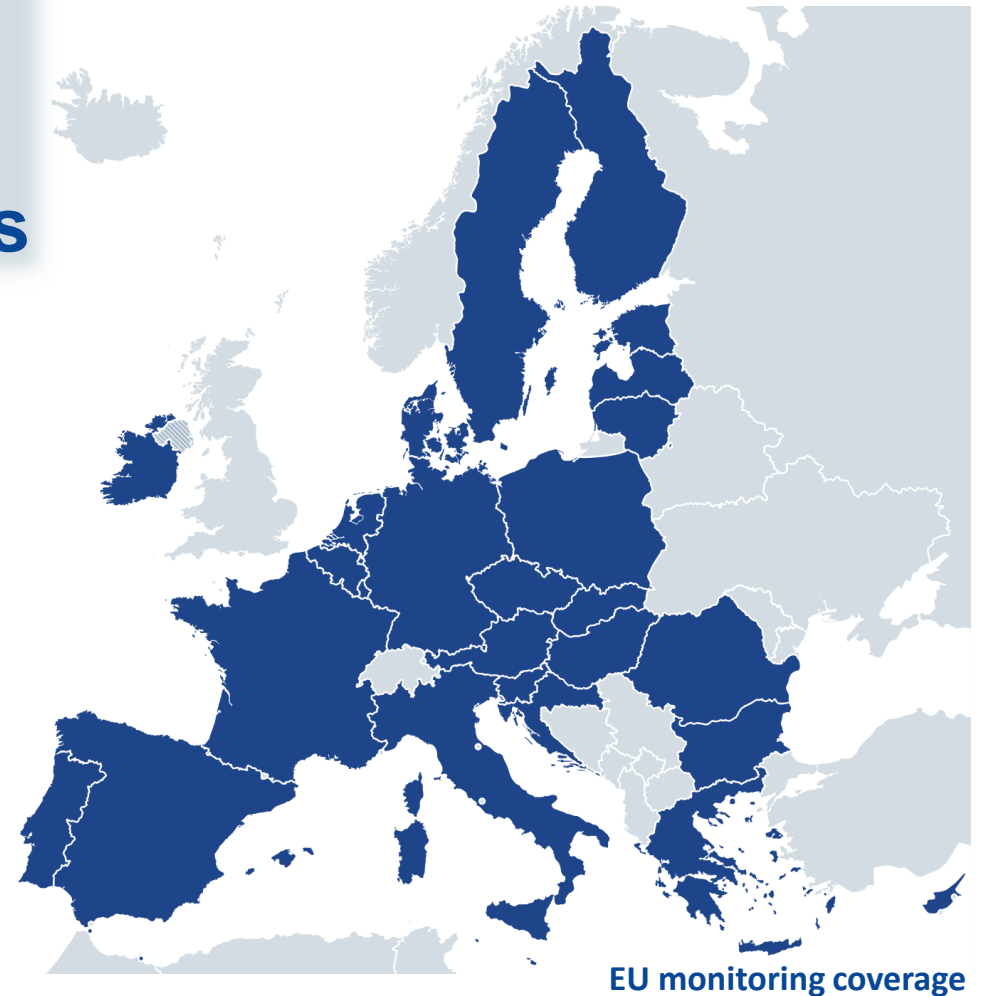
28 National Regulatory Authorities (NRAs)

>15k Registered Market Participants

104 Reporting entities (RRMs)

80 Organised Market Places

>500 Delivery points or zones

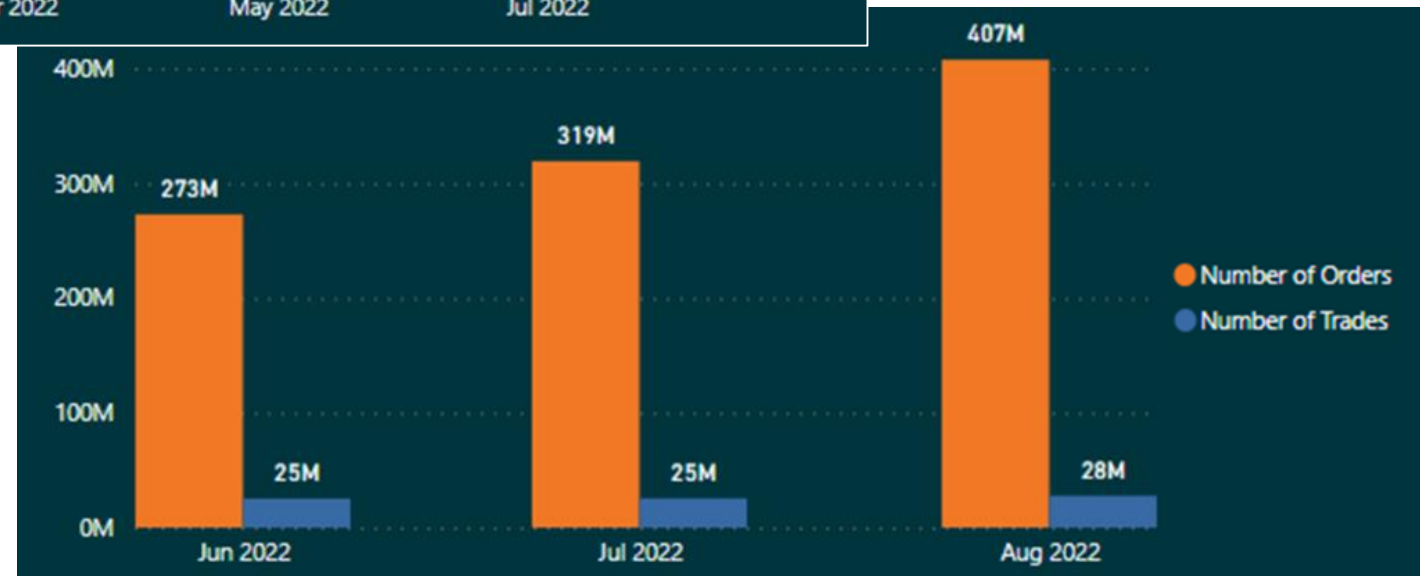




14 million
reported
records per
day

January 2022
11 trades per 100 orders

August 2022
7 trades per 100 orders



ACER recent actions

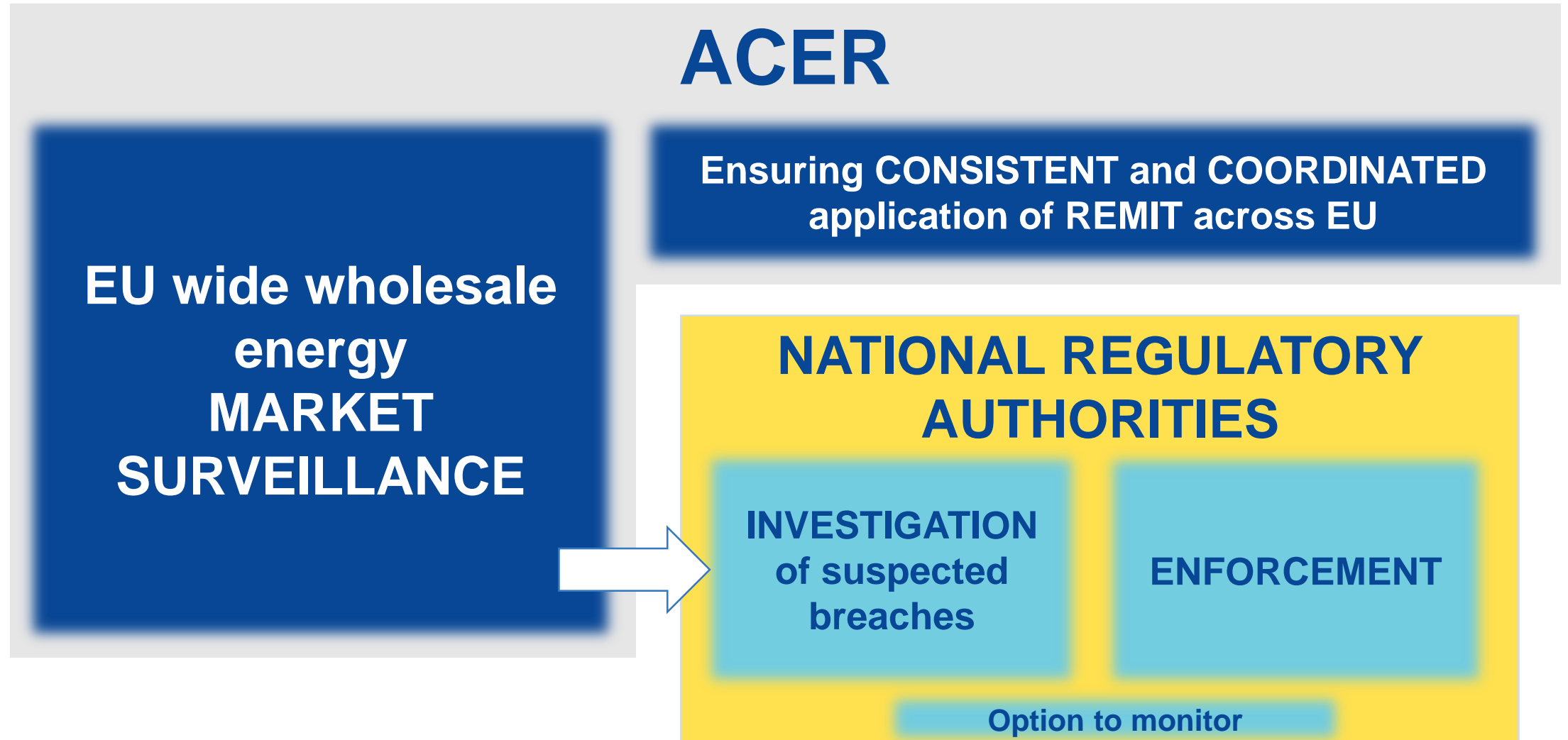
Highlights of ACER actions over the past year

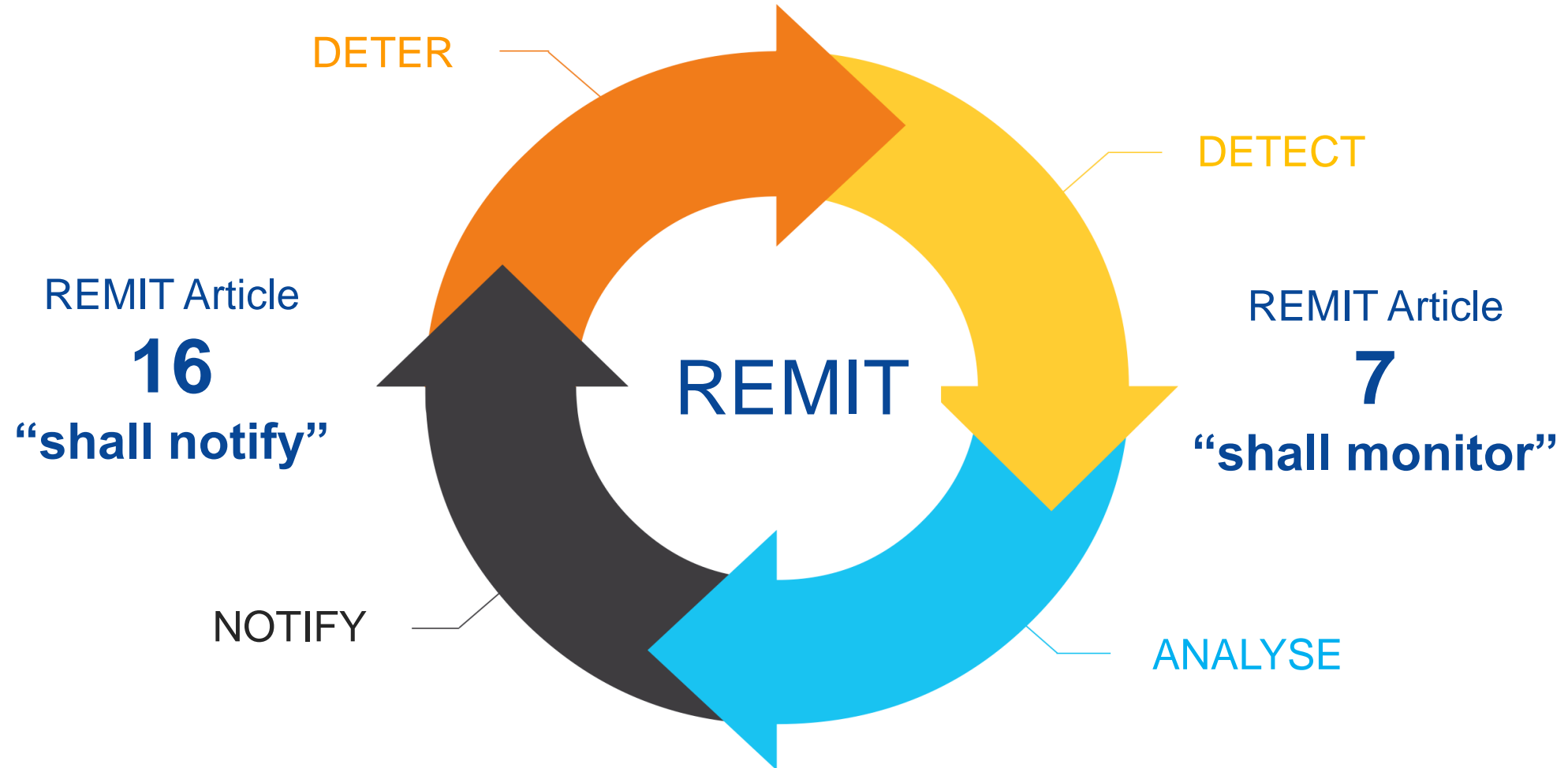
- ACER's *Preliminary Assessment of Europe's high energy prices.*
- Analysis and reporting on high gas and electricity price events.*
- Increased ad-hoc provision of REMIT data to relevant authorities, project to streamline data exchange is ongoing.*
- Doubled the number of meetings with PPATs.*
- Strengthened cooperation with ESMA – ACERs surveillance capabilities on derivatives markets.*
- Dedicated meetings between ACER, ESMA, NRAs and NCAs.*
- Analysing and reporting on market developments.*
- Contribution to the discussion on potential regulatory changes.*



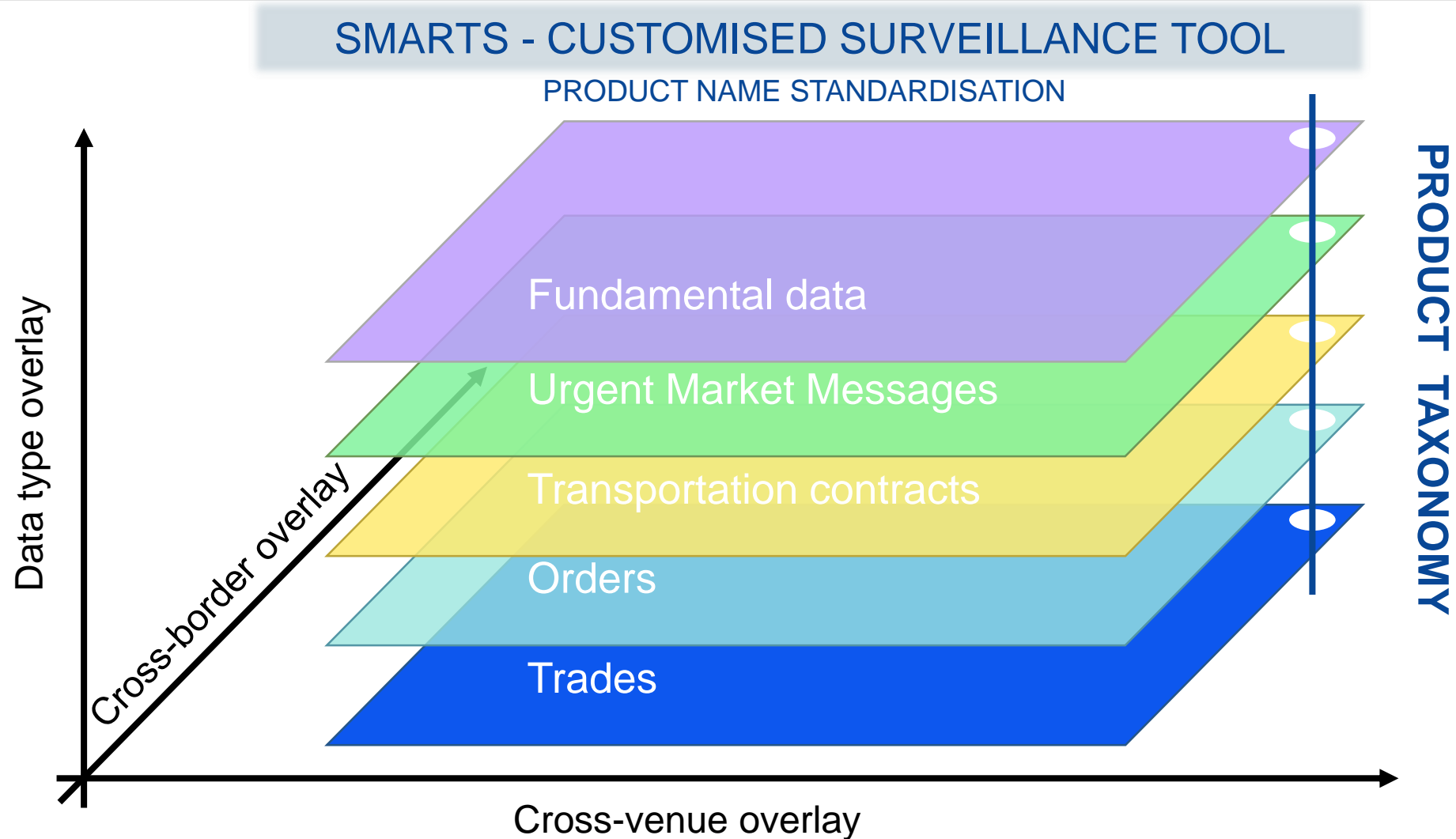
‘Unprecedented times require unprecedented actions’

ACER Surveillance Mandate





Detect



SMARTS - CUSTOMISED SURVEILLANCE TOOL

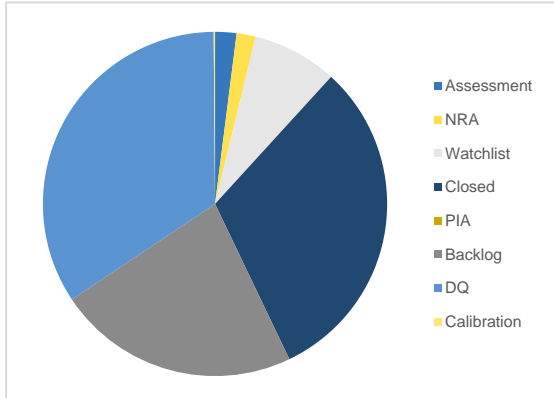


ACER Guidance

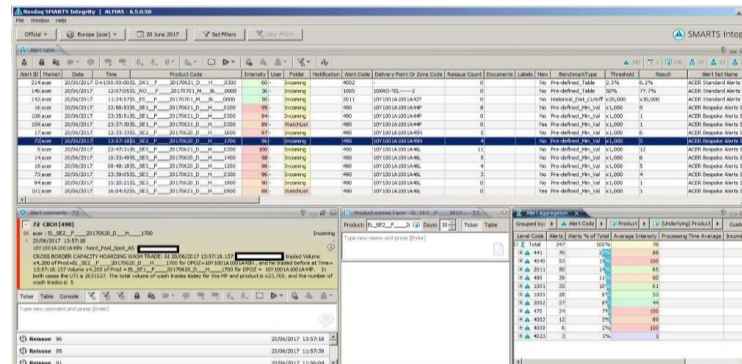
```
on trade
  if price > 150% * openprice and price > openprice + $0.07 then
    alert 101, "PRICE RISE", "PRICE RISE: The price rose from
      [openprice] at the open to [price] at [time]."
```

Alert logic

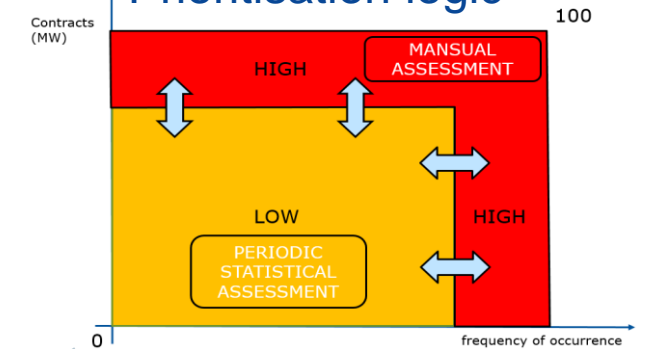
Classification



Alert management system



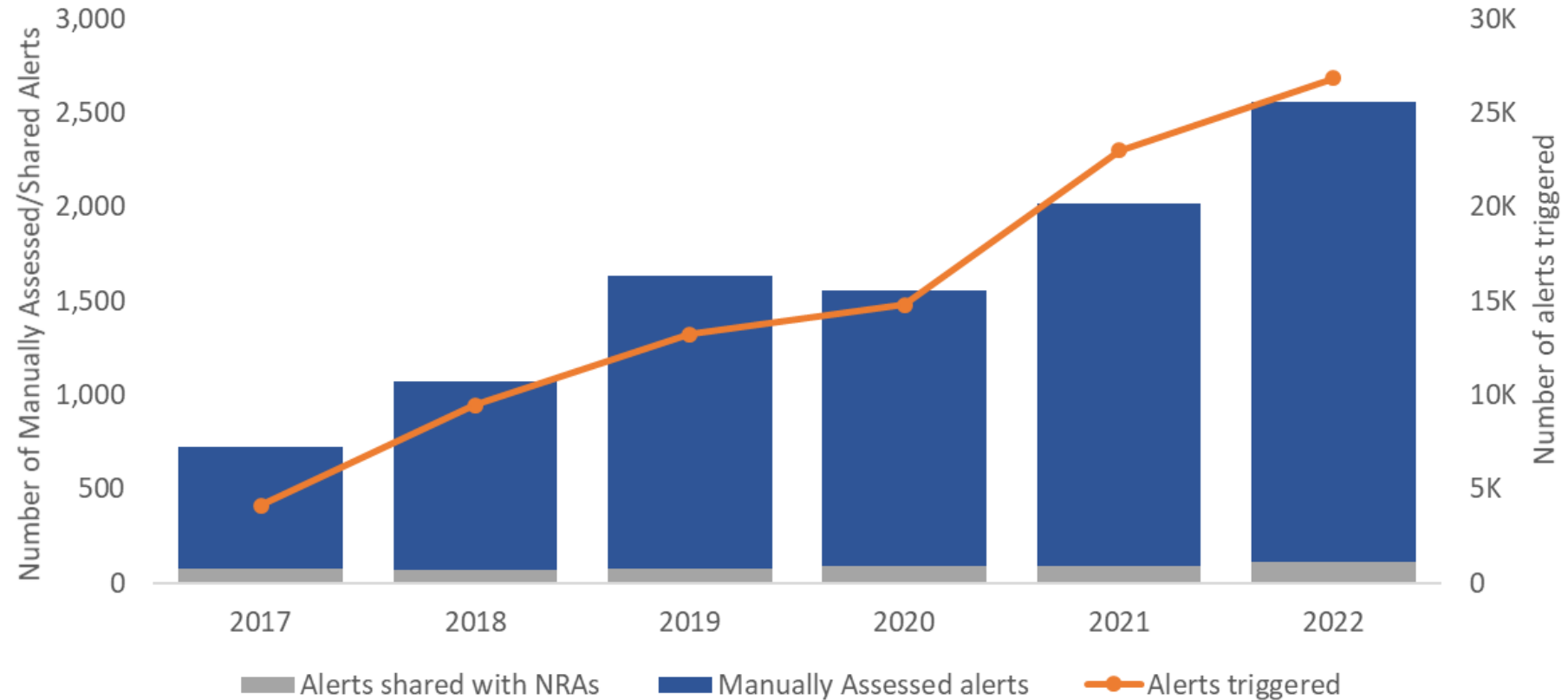
Prioritisation logic



Surveillance coverage in 2022

		Continuous Markets	Auction Markets
Number of Behaviour types		29	15
Number of Alert types	Trades	9	4
	Orders	1	3
Behaviour detection compared to 2019		+4	+6

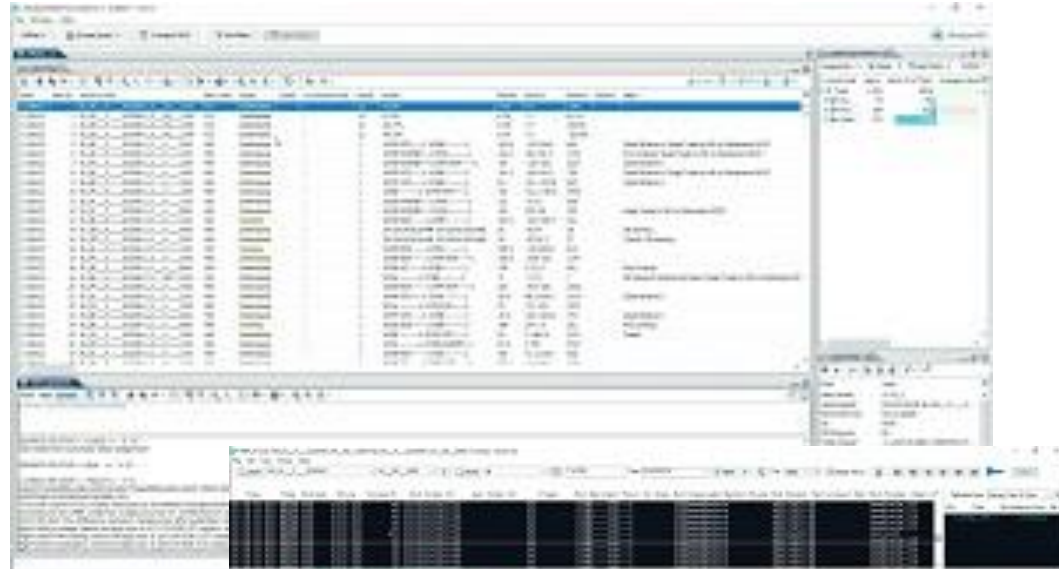
Average number of alerts per month



Analyse

SMARTS - CUSTOMISED SURVEILLANCE TOOL

ALERT MANAGEMENT SYSTEM



CONTINUOUS MARKET VIEWER



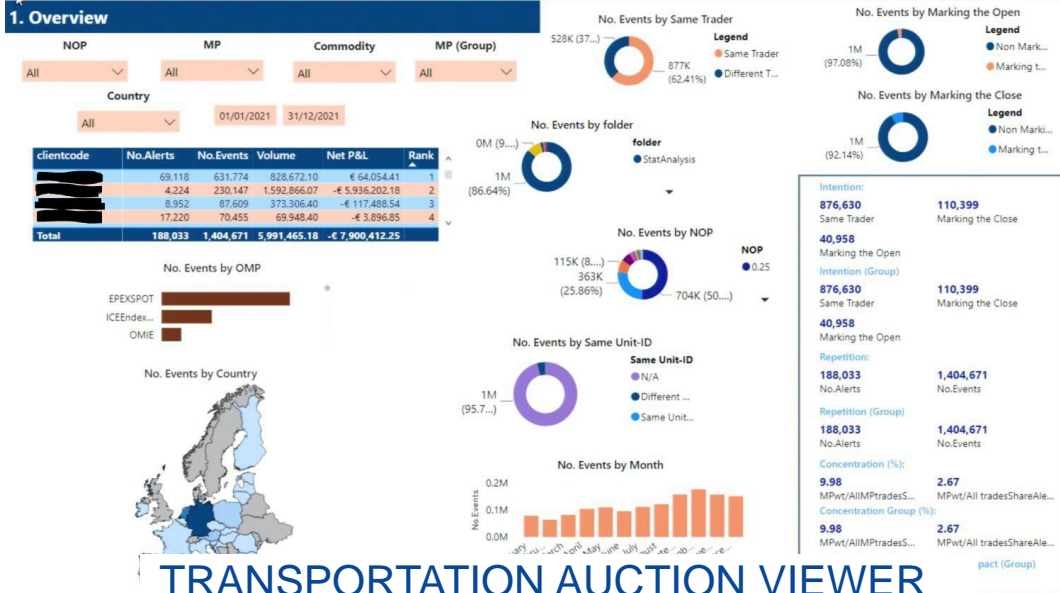
ORDERBOOK VIEWER



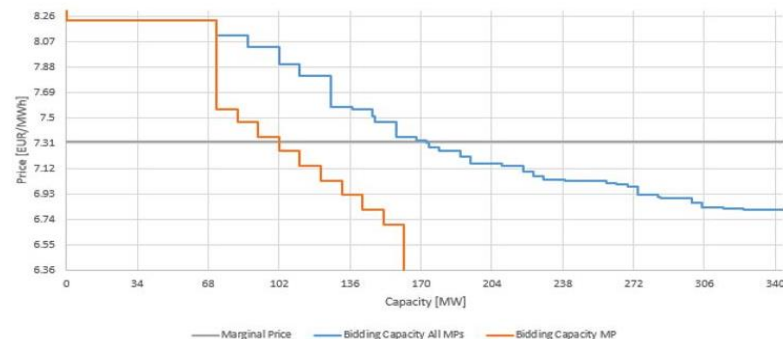
AUCTION ANALYSER

INTERNAL CUSTOM ANALYTICAL TOOLS

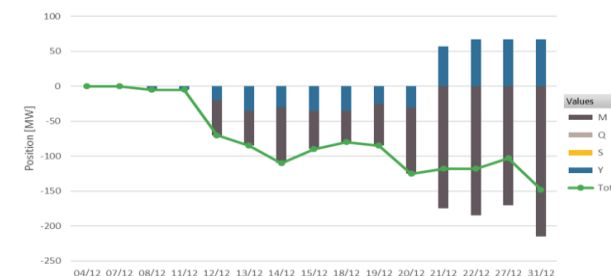
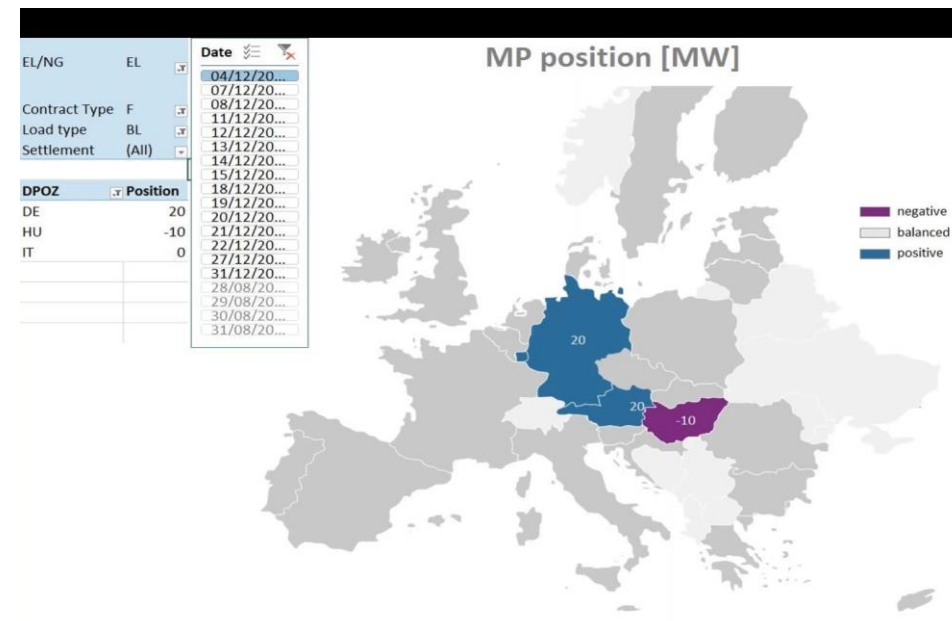
STATISTICAL ANALYSIS



TRANSPORTATION AUCTION VIEWER



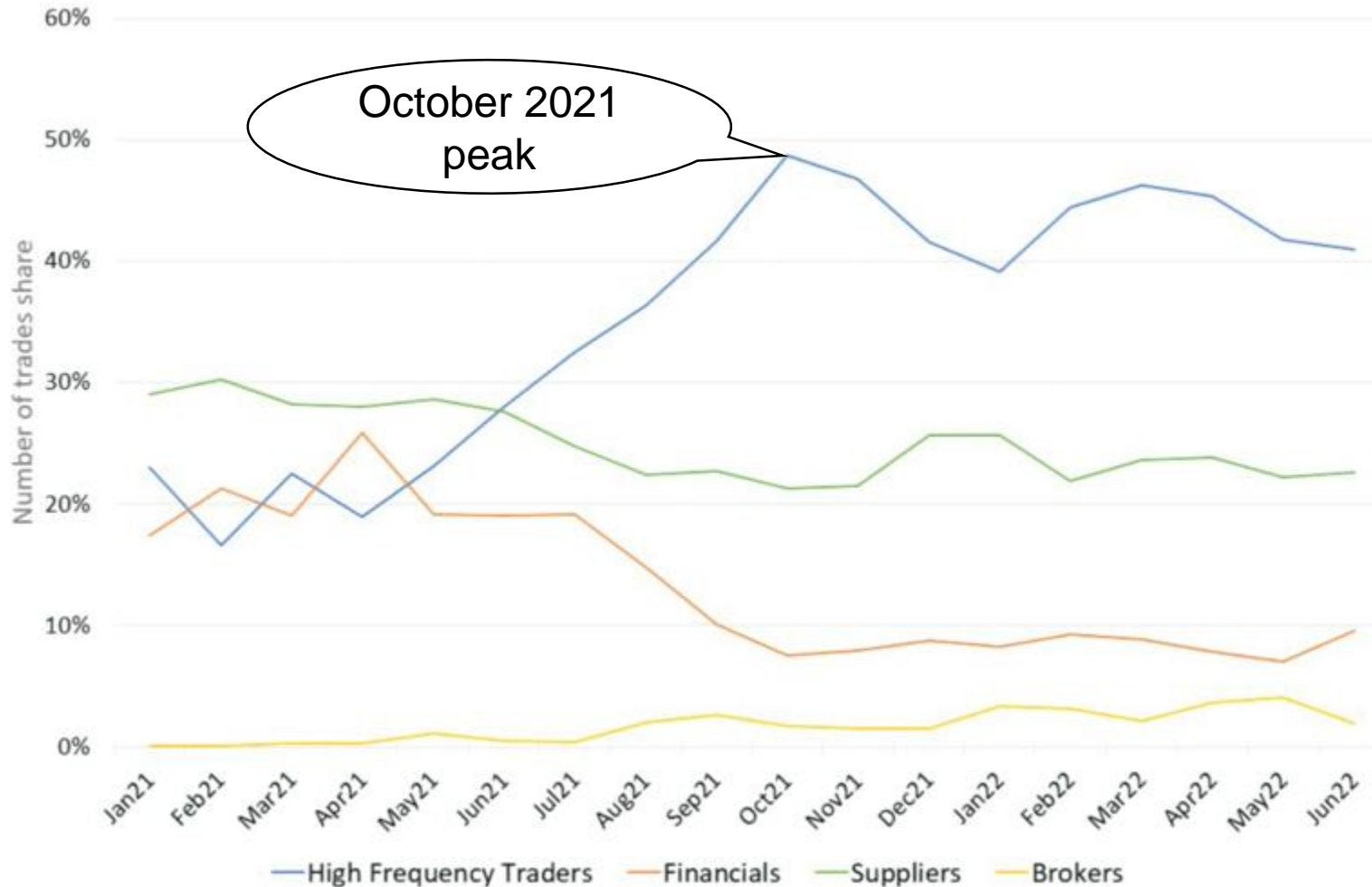
MARKET PARTICIPANT POSITION REPORTS



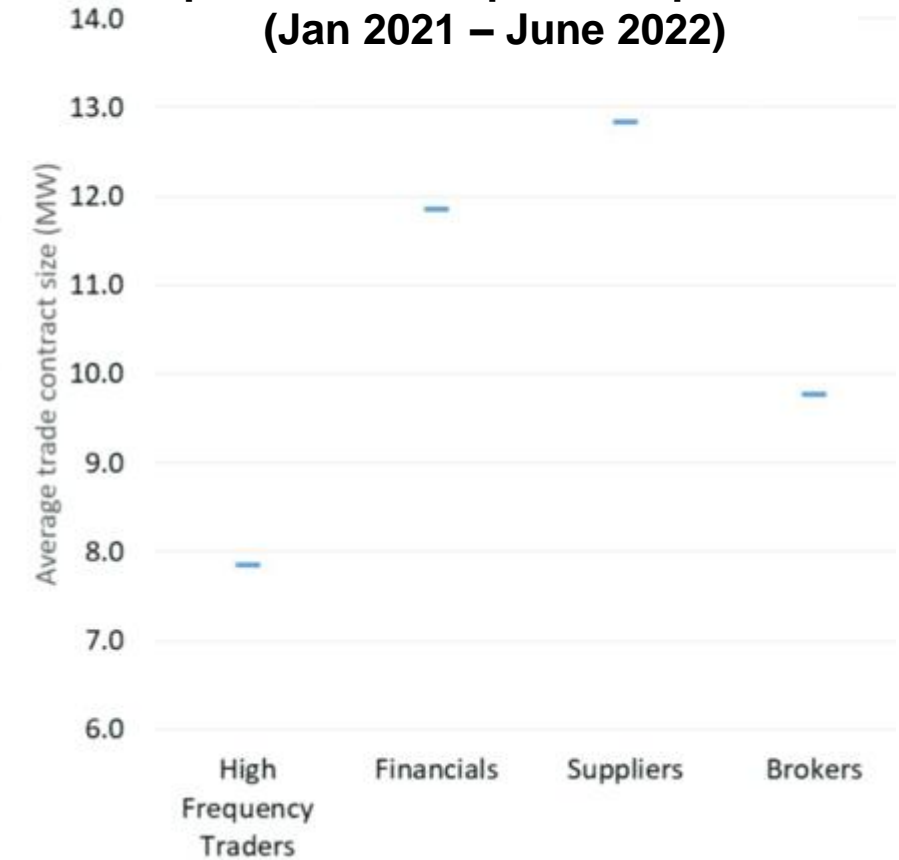
New market landscape

Rise of High Frequency Traders

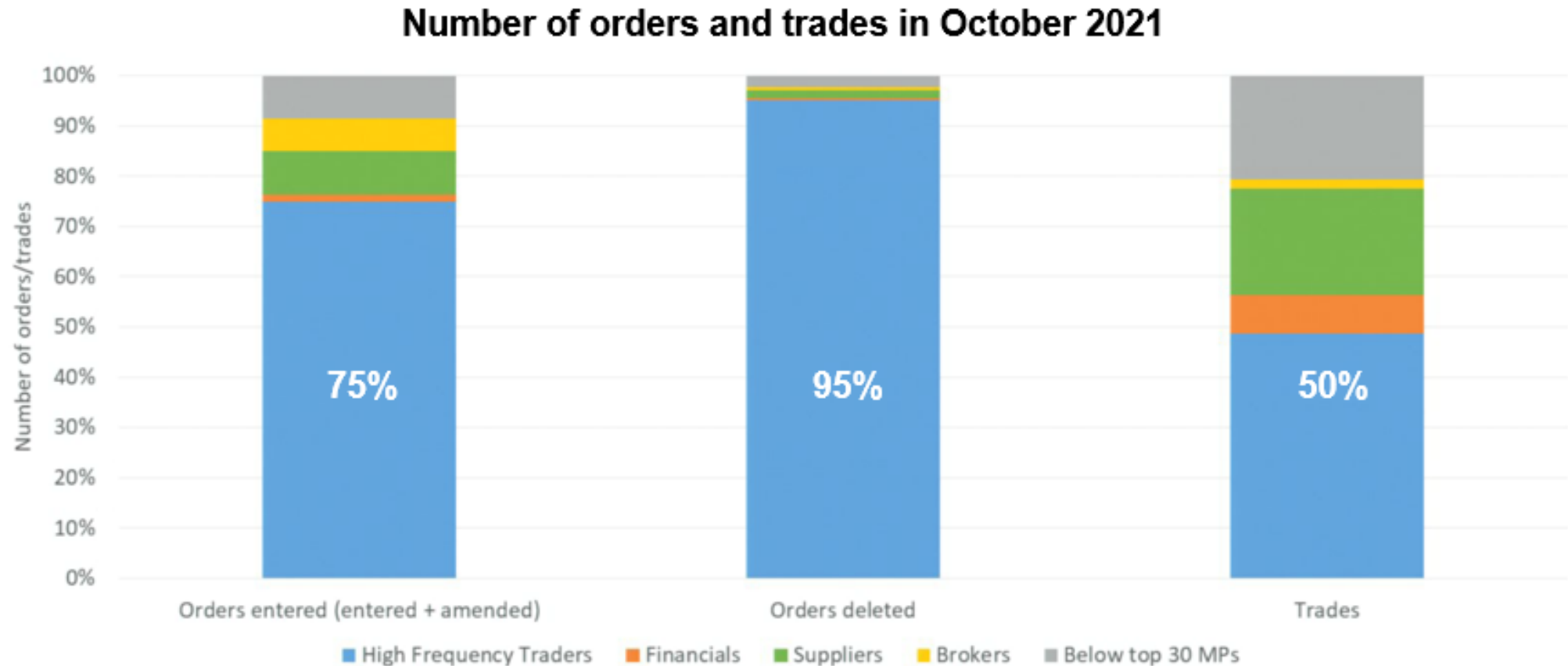
Monthly share of traders for 30 companies



Average trade contract size on all products for top 30 companies (Jan 2021 – June 2022)



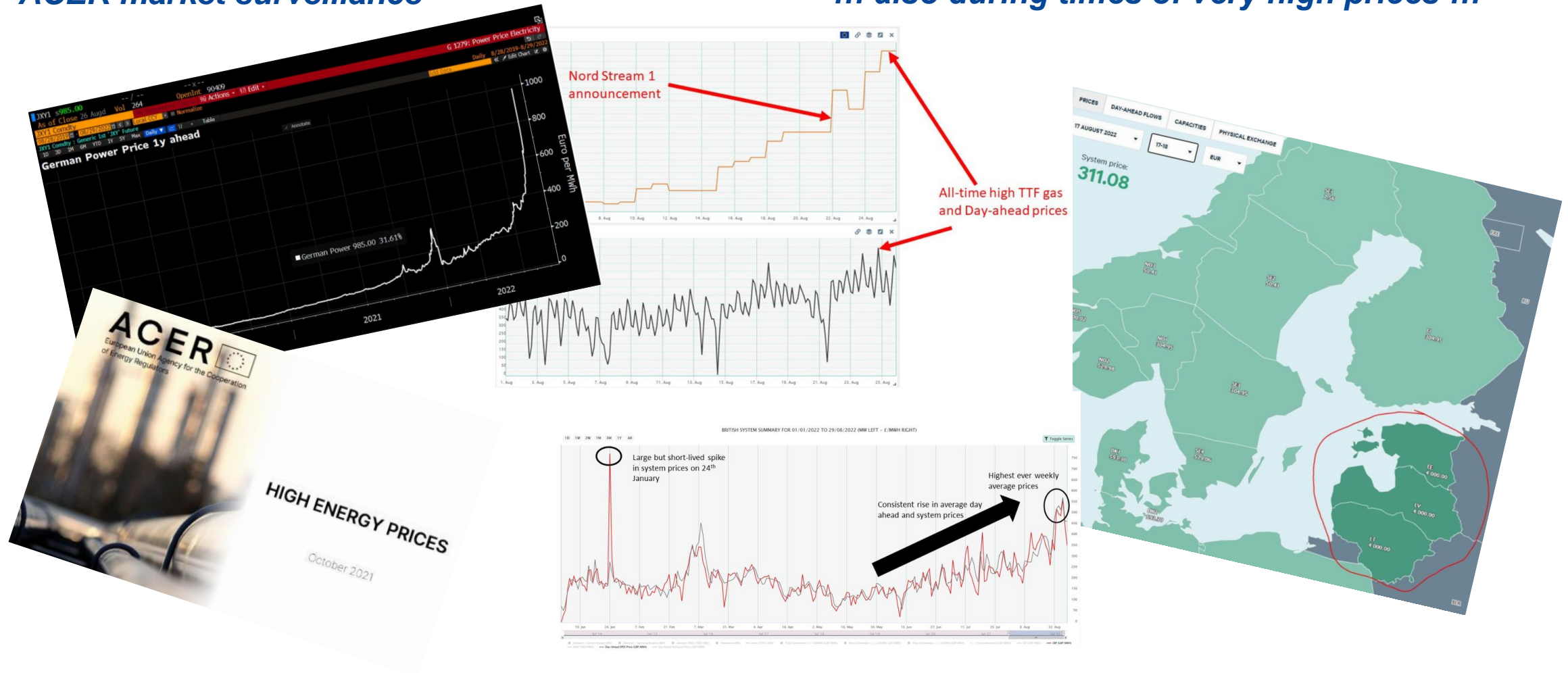
Share of orders and trades by HFT



Notify

ACER market surveillance

... also during times of very high prices ...



CASE MANAGEMENT TOOL

ALERT SHARING

REMIT - Case Management Tool

REQUIRED ACTIONS

MY CASES

MY REQUESTS

KNOWLEDGE

REPORTS

Q

Knowledge sharing

My alerts

Title	Date of registration
DE_2018_02_ACER_Alert_Sharing_Test	2017-11-16
DE_2018_03_ACER_Alert_Sharing_Prod	2017-11-16
DE_2018_01_ACER_Alert_Sharing_Test	2017-11-16

Other tools

Title	Date of registration
Conducting dawn raids - Theory and practice	2017-11-03
Conducting interviews with traders	2017-11-03

PPAT Management

Title	Date of registration	Sub-category
PPAT Check List - Version 2018	2017-11-03	Checklist
test pdf proto	2017-11-13	

Add document

My Knowledge

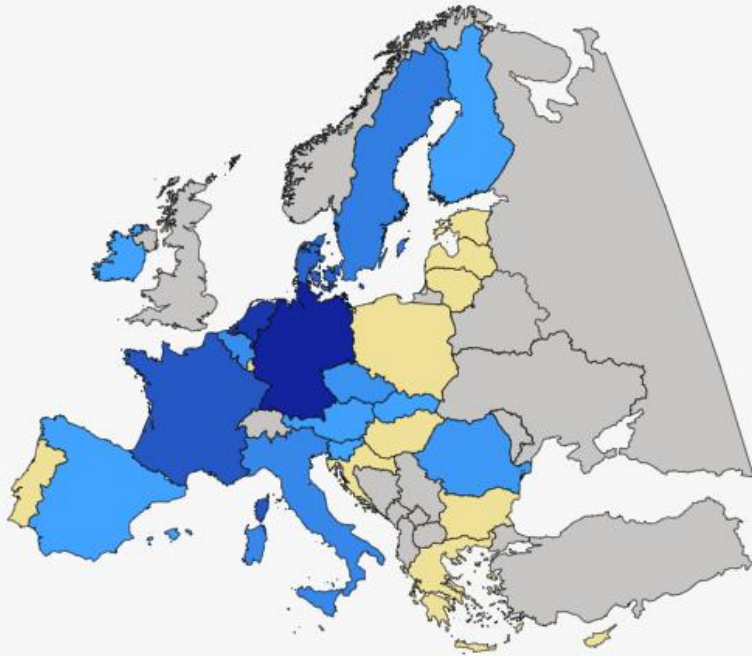
Type to search

Q

Document ID	Title
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ALERT SHARING

Number of alerts shared by country in 2021

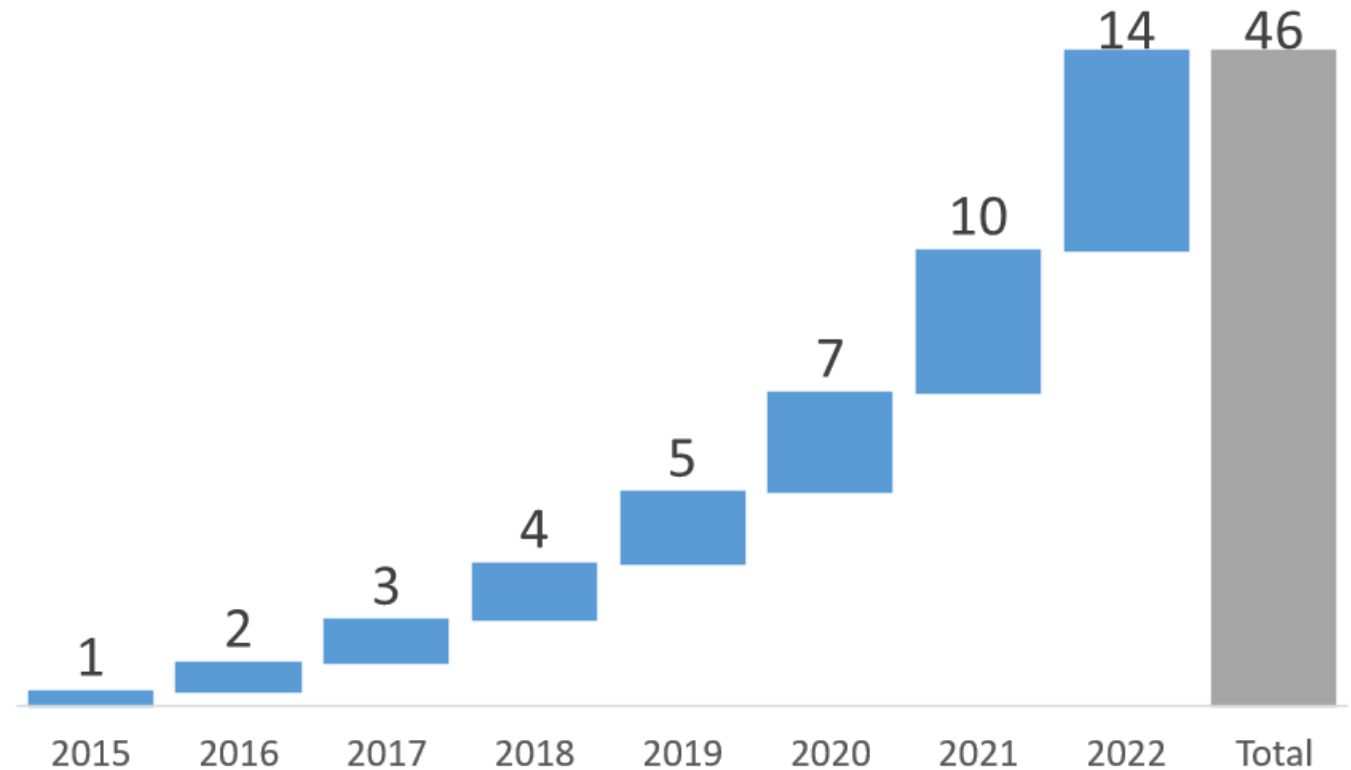


Legend:

Yellow for countries with less than 10 alerts shared in 2021.
Blue for countries with more than 10 alerts shared in 2021 (the gradations of blue depend on the number of shared alerts).

INITIAL ASSESSMENTS

Number of Initial Assessment reports shared with NRAs



*Note: Includes all potential breaches of Articles 3, 4, 5 of REMIT. Data until 26/09/2022.

Source: ACER.

Deter

Coordination meetings on REMIT

- Cooperation with surveillance experts from NRAs, energy exchanges, brokers and financial authorities
- Sharing knowledge and creating a European wide surveillance community



External events

- EMIT Forum (public event organised by MSC and MIT)
- REMIT Quarterly articles
- Roundtable meetings with:
 - Market participants
 - Organised Market Places
 - RRM

News

REMIT: Spanish Energy Regulator (CNMC) Fines GASELA GMBH And SOLSTAR Limited €6 Million Each For Manipulating The Spanish Gas Market

Date: 04/07/2022



On 23 June 2022, CNMC imposed GASELA GMBH and SOLSTAR Limited a fine of €6 million each for manipulating the Spanish wholesale gas market (MIBGAS) between 15 and 21 of April 2019, breaching Article 5 of the [Regulation on Wholesale Energy Market Integrity and Transparency \(REMIT\)](#).

List of enforcement decisions for breaches under Article 3, 4 and 5 (23 listed from 8 member states)

<https://www.acer.europa.eu/remit/coordination-on-cases/enforcement-decisions>

Way forward

Resource issues resolved

- Collection of REMIT fees implemented 
- ACER was granted additional 10 staff for market monitoring and coordination until 2027 

Main challenge

- Inflexible REMIT framework, revision is needed and ACER welcomes the Commission REMIT review process

Commitment

- ACER plans to achieve 100%* surveillance coverage by 2027

*Note: Refers to trade and order surveillance, considering data reporting limitations under REMIT and availability of relevant software solutions.


Be involved

Have you noticed a
potential breach of
REMIT?

Notify us

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

NOTIFICATION PLATFORM [Home](#)



ACER 
European Union Agency for the Cooperation
of Energy Regulators

Suspicious Transaction Report (STR)

Notifying Party ⓘ

- ☐ Persons Professionally Arranging Transactions (PPATs)
- ☐ NRAs
- ☐ Competent Financial Authority
- ☐ Others

Captcha

[Cancel](#) [Next](#)

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Contact us: Surveillance@acer.europa.eu

The contents of this document do not necessarily reflect the position or opinion of the Agency.



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Trading in turbulent times

Views on recent developments due to high prices and volatility and their impact on market surveillance activities

Ekaterina Moiseeva

Manager Market Surveillance

25th October 2022

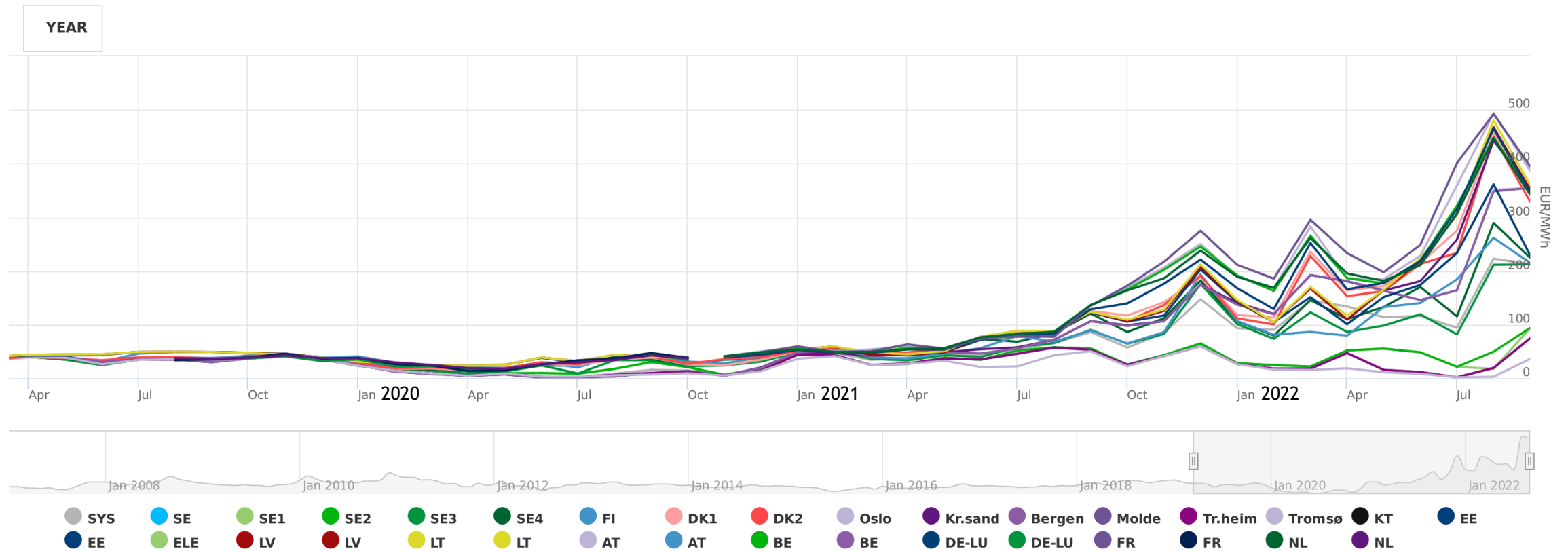
**NORD
POOL**



Perfect storm

In the second half of 2021 prices start to rise

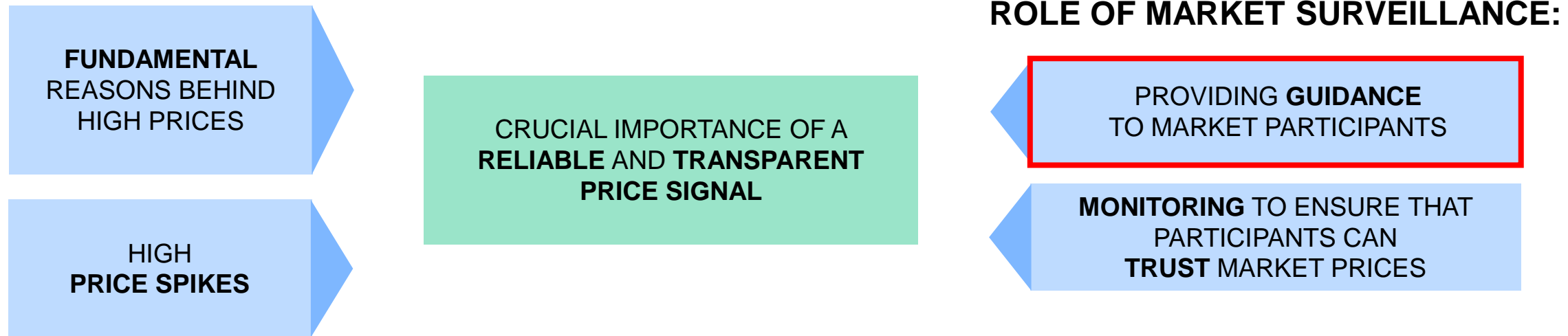
Highest peak of monthly average in August 2022



Wholesale energy market

Market and market signals are continuously challenged

Market Surveillance has an important role to ensure trust within the market





Guidance to Market Participants

**NORD
POOL**

Trading in turbulent times

- In MS we have received many questions, worked with cases, and had dialogue with authorities and others regarding specific challenges related to the current market situation
- We published a newsletter focusing on some relevant topics related to this
- The main topics were:
 - Economic withholding
 - Competitive offering of capacity in blocks
 - Offering of flexibility in demand

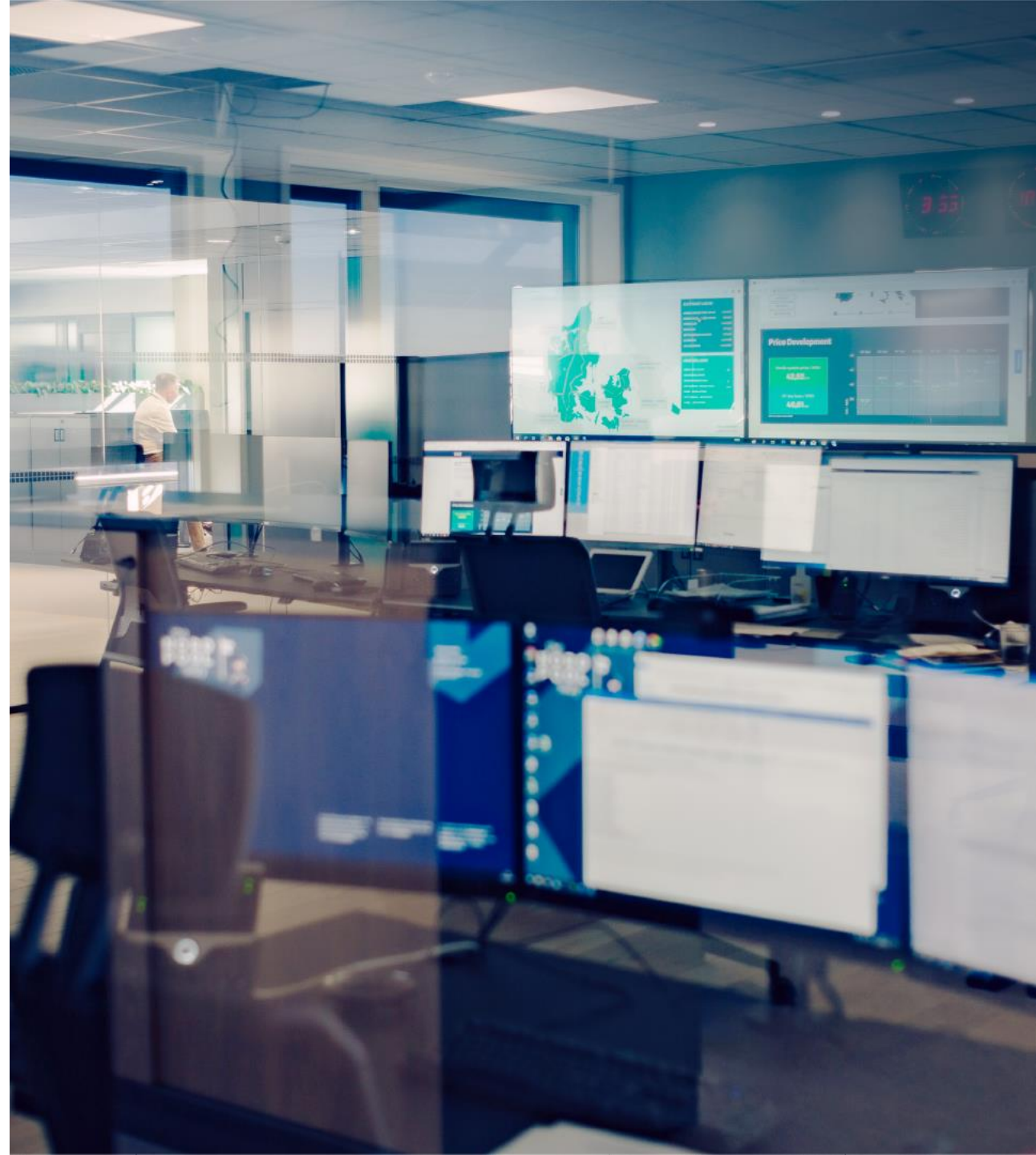


Economic Withholding

- ACER Guidance defines Economic Withholding as:

*“Actions undertaken to offer available generation capacity at prices which are above or at the market price and **do not reflect the marginal cost (including opportunity cost)** of the market participant’s asset, which results in the related wholesale energy product not being traded or related asset not being dispatched.”*

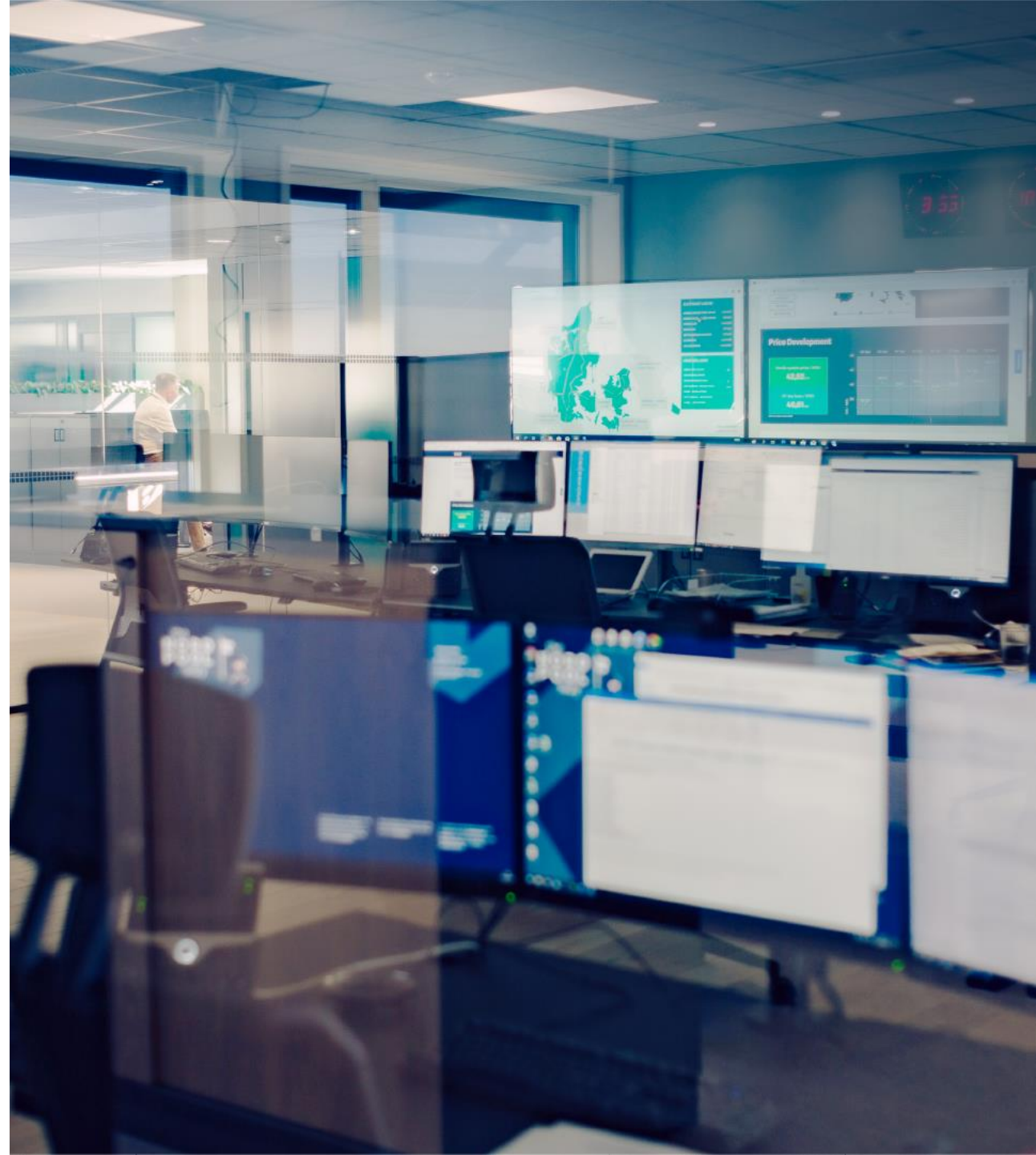
- Social Responsibility
 - Especially in Norway, we have seen **political pressure** on hydropower producers to save water before winter
 - In other countries, there has been a high focus on **filling gas storage** before winter
- Market Surveillance is of the opinion that motivating an increase in water values by taking account of social responsibility might **not hold as a legitimate justification** and may therefore be considered a breach of REMIT



Recommendations

In our newsletter we provide a number of recommendations in relation to capacity withholding in the current situation:

- Market Surveillance advises market participants to exercise caution when implementing **changes to their systematic way** of evaluating fundamental factors.
 - In our view, water values should be based on the best possible forecasts of **fundamental factors** to ensure the optimal usage of water in the short and long term.
 - Any ad-hoc interventions in this process should be carefully reviewed. Ad-hoc interventions may be applied if a market participant perceives that the **models do not capture** the fundamental factors correctly
- We also recommend that hydro power producers ensure that their water values are correct at **all price levels** – even the ones that are highly unlikely.



Competitive offering of capacity in blocks

Block orders are less flexible than single hourly orders, and must be used with caution to ensure that the blocks are actually accepted when it is profitable to activate the related asset

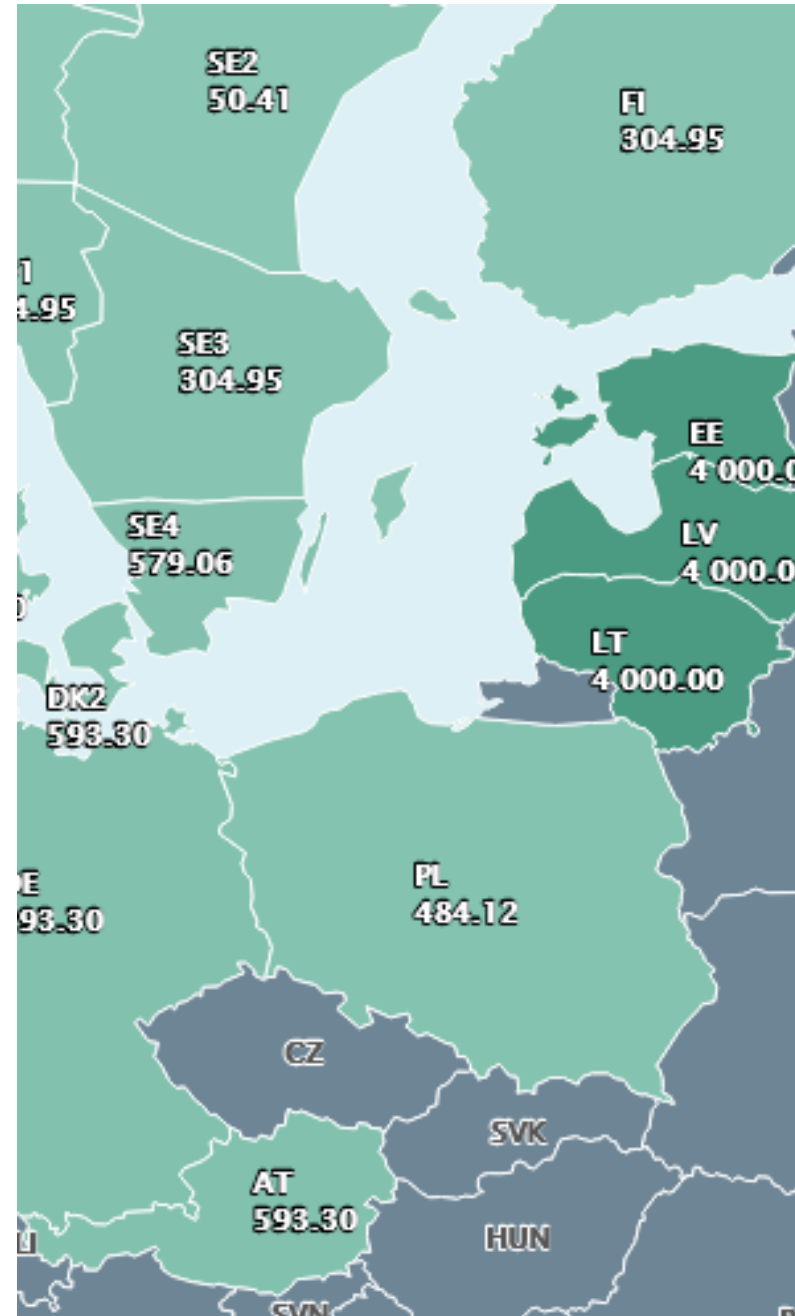
- Offering a production assets in blocks that are too large or too long may be seen as **not offering the capacity competitively** according to the ACER Guidance
- Such an assessment will also depend on the technical possibilities of the production asset
- Bidding strategy must ensure that bids are offered competitively



Competitive offering of capacity in blocks

Competitive offering of blocks is especially important in bidding areas with limited liquidity

- On 17th August the maximum price was reached in the Baltics
- The primary calculation resulted in the maximum clearing price of 4000 EUR/MWh in a number of delivery periods in Estonia, Latvia and Lithuania
- Nord Pool followed the procedure and activated the peak load reserve. Still prices in hour 17-18 CET have reached the maximum level

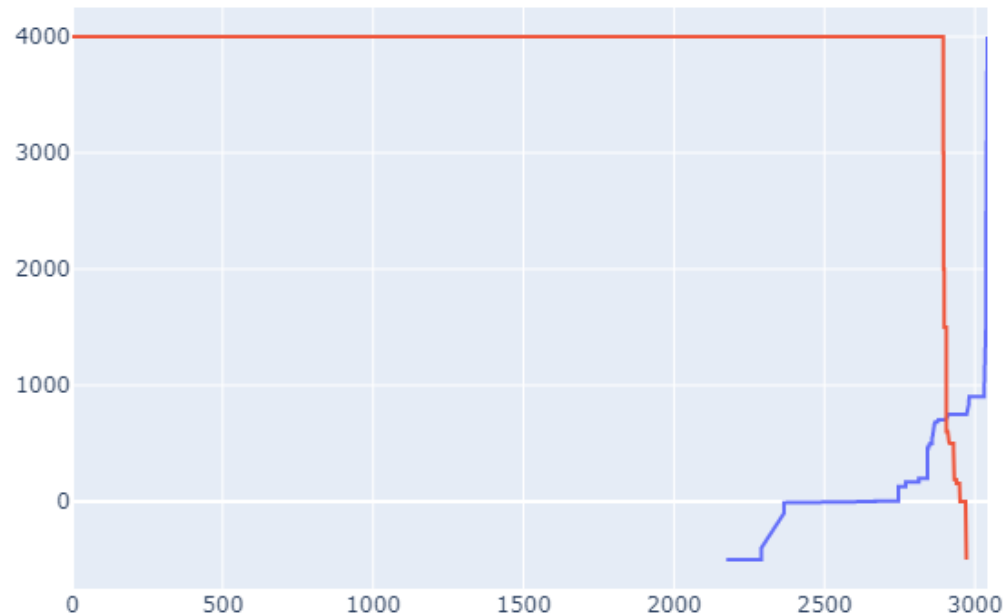


Aggregated bidding curves (16th and 17th)

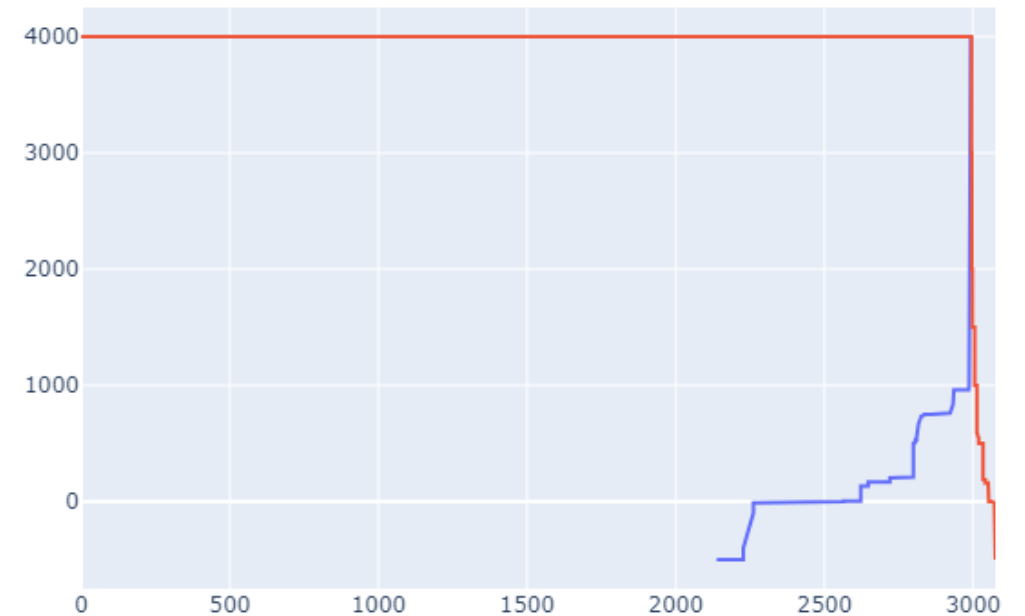
Published daily by Nord Pool on a Baltic level

— supply
— demand

2022-08-16,Area:BALTIC,hour:18



2022-08-17,Area:BALTIC,hour:18



Very limited flexibility in supply and demand curves
A lot of capacity offered in blocks

Immediate actions from Nord Pool side

Ensuring sufficient flexibility in demand and supply curves

- A statement, specifically focusing on **more volumes in curve orders** was also published by Nord Pool to all market participants
- Our recommendations:
 - offering shorter blocks/exclusive groups (for instance focused around the morning/afternoon peak),
 - offering blocks/exclusive groups with lower volumes,
 - a combination of these or,
 - offering (parts of) the volumes in curve orders,
 - specifying lower minimum acceptance ratio,
 - adding more flexibility on the demand side.

18 August 2022 17:39

Summary of Max Price situation in Estonia, Latvia & Lithuania for delivery date 17th August

Nord Pool would like to provide a short summary to members and interested parties on the Auction which took place on August 16th for delivery on August 17th during which, the max price of 4000 Euros was reached in hour 18 in Estonia, Latvia and Lithuania.

Operational summary of the auction for August 17th:

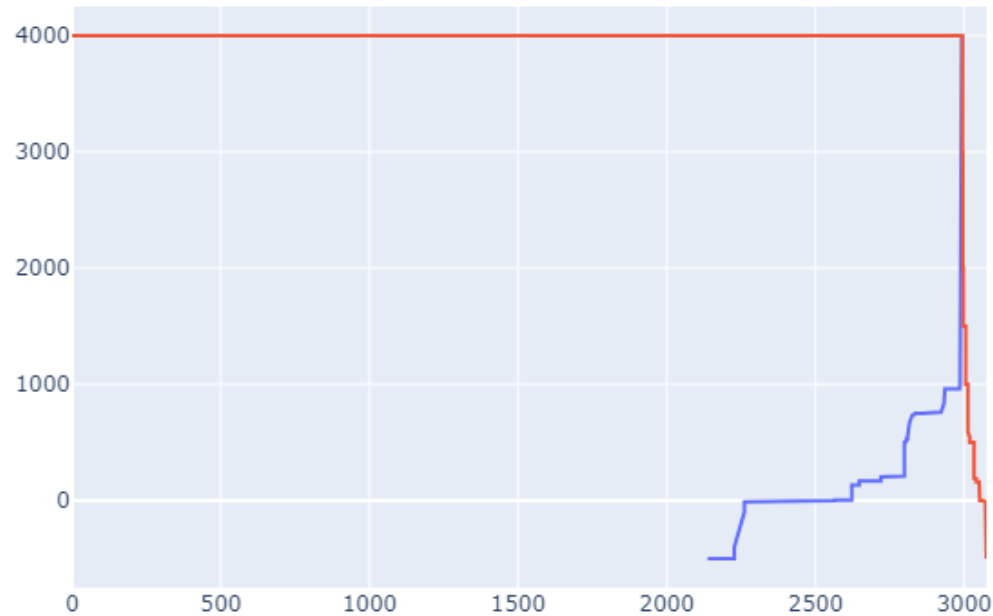
- Bids and offers were submitted for calculation using the common European market coupling algorithm, [Euphemia](#)
- The primary calculation resulted in the maximum clearing price of 4000 Euros in a number of delivery periods in Estonia, Latvia & Lithuania
- In accordance with the market rules applicable for the Baltic countries, Nord Pool activated the Peak Load Reserves in Lithuania which entailed activating 50 MW's per hour for the whole delivery day
- Nord Pool then informed the relevant TSO Litgrid of this activation

Aggregated bidding curves (17th and 18th)

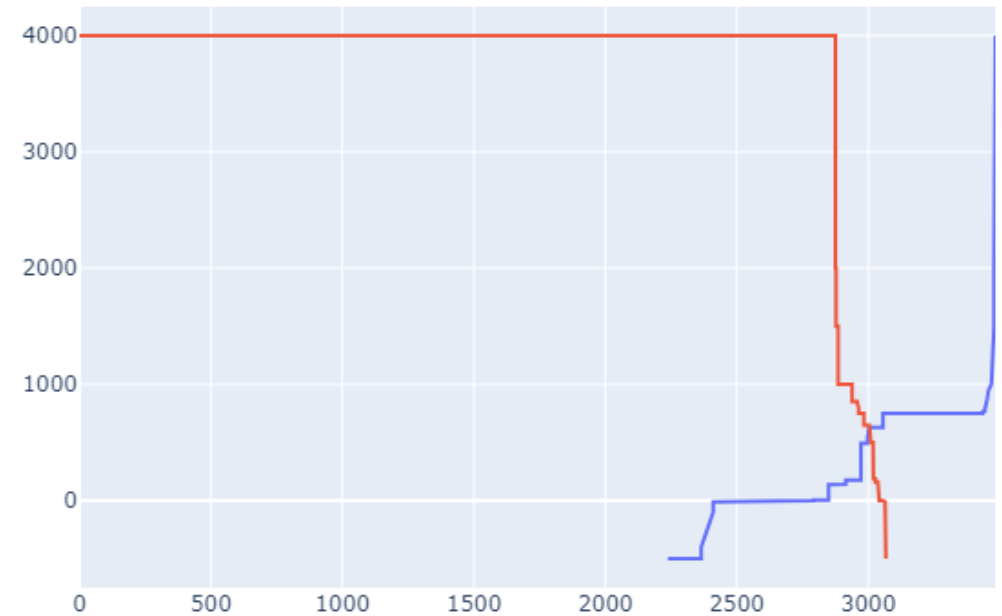
Published daily by Nord Pool on a Baltic level

— supply
— demand

2022-08-17,Area:BALTIC,hour:18



2022-08-18,Area:BALTIC,hour:18



We have seen a dramatic change for the delivery on 18th

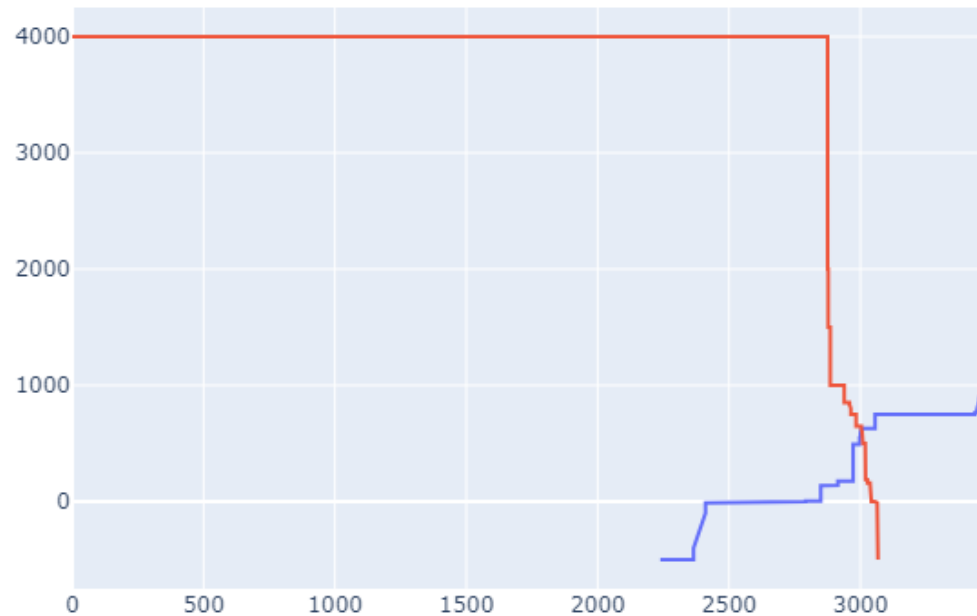
Both supply curve and demand curves are offered in a much more flexible way

Aggregated bidding curves (18th August and 20th October)

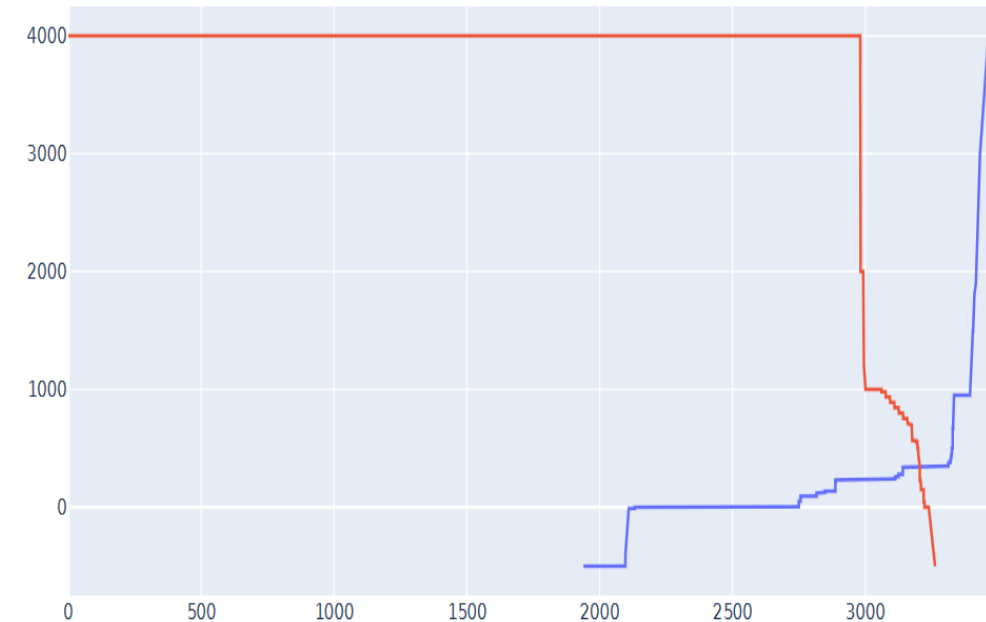
— supply
— demand

Published daily by Nord Pool on a Baltic level

2022-08-18, Area: BALTIC, hour: 18



2022-10-20, Area: BALTIC, Hour: 18



We see large changes in the supply curve, but also remarkable flexibility in the demand curve

Economic withholding on demand side

- ACER Guidance focuses on generation capacity withholding. But, in our view, offering demand price-independently, when there is real demand flexibility available, may also be considered a REMIT breach
- Not offering flexibility that is available on the demand side is equivalent to, without economic justification, pricing the demand that shall be offered at a lower price level, up to the maximum price level.



What is flexibility on the demand side?

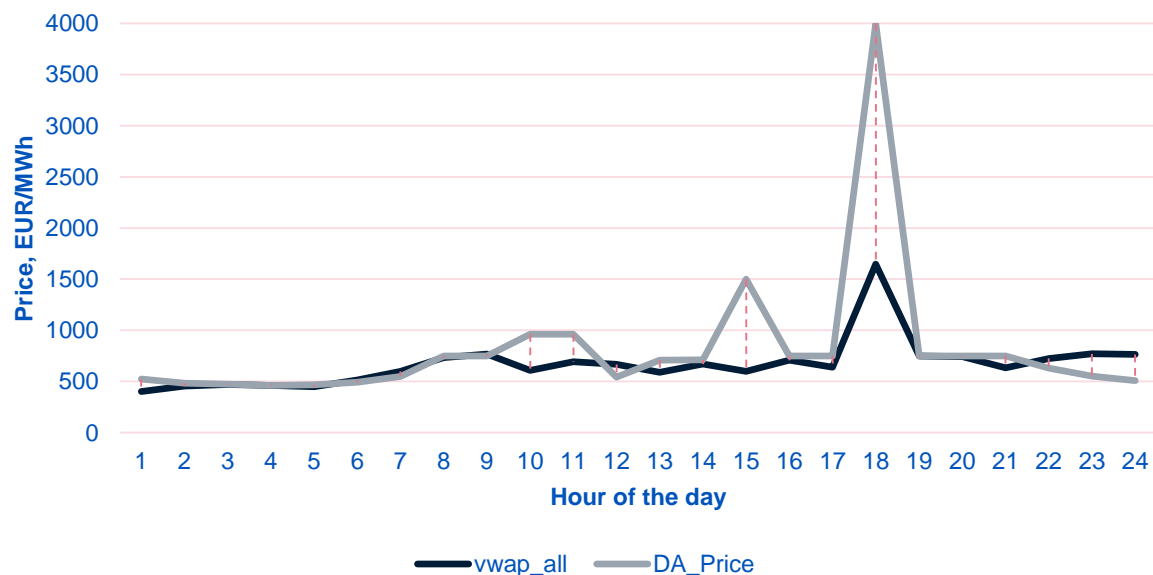
- In our view flexibility may represent the following:
 - **Physical flexibility** – consumers reducing consumption when prices are high. This may also include special routines and processes at industrial consumption facilities – demand response
 - **Opportunity cost-flexibility** – covering consumption that is not covered in the day-ahead market in alternative markets, e.g. intraday. Based on ACER Guidance, opportunity cost is a legitimate reason for adjusting the price offer.



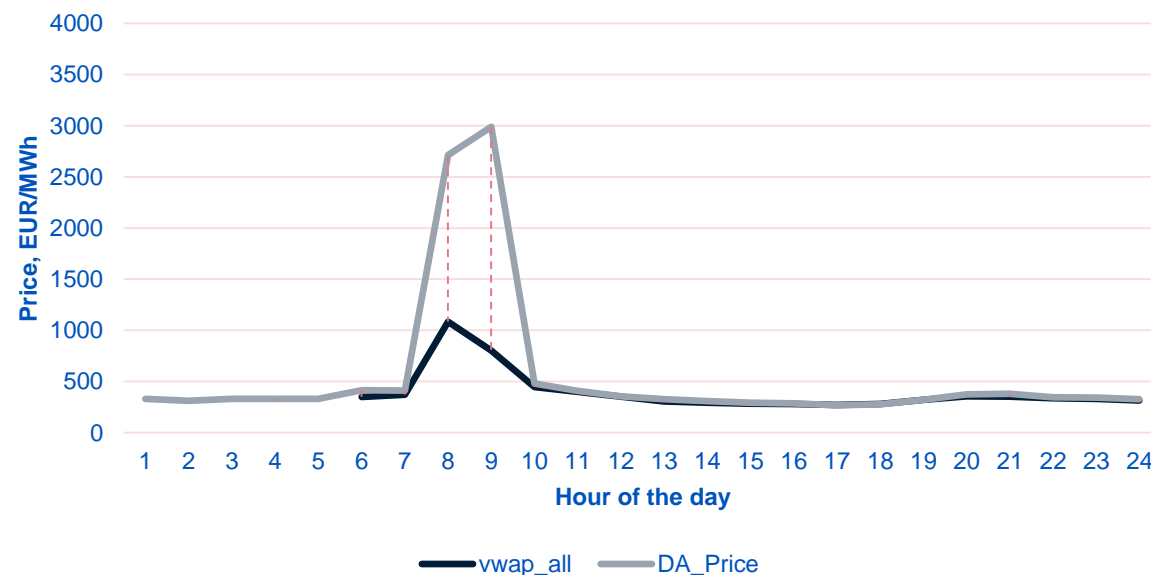
Examples: cross-market price differences

Please note that the possibility to trade in a later market may depend on the liquidity in every market timeframe

LT, 17/08/2022



FR, 04/04/2022



Example

On 17th August 2022 prices in the Baltic countries reached 4000 EUR/MWh in one hour

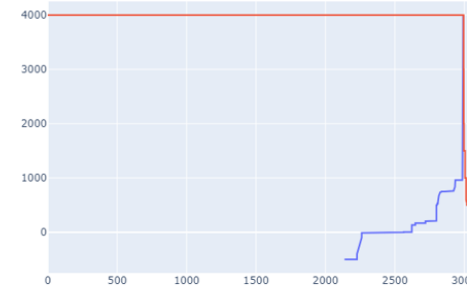
- We have seen that significant flexibility was added to the curve after the event – this is visible in a comparison of the aggregated bidding curves for auction with delivery on 17th and 18th August.

On 17th August, the price-dependent demand in hour 18 in the Baltic area was 81 MWh/h. On 18th August there was 234.1 MWh/h of flexible demand offered. This flexibility might have been discovered based on physical or opportunity cost demand flexibility (there may of course also be other reasons for this change).

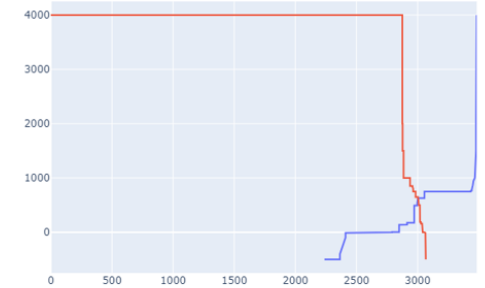
Aggregated bidding curves (17th and 18th)

Published daily by Nord Pool on a Baltic level

2022-08-17,Area:BALTIC,hour:18



2022-08-18,Area:BALTIC,hour:18



We have seen a dramatic change for the delivery on 18th
Both supply curve and demand curves are offered in a much more flexible way

Navigating the market conditions

- REMIT applies also under extreme market conditions
- Offering generation capacity
 - What is the technical, regulatory or economic reason if offering above the marginal costs?
 - Political wishes may not qualify as a legitimate reason for pricing-up
- Offering demand
 - Not offering the existing demand flexibility may also be seen as a REMIT breach
 - Review if any physical flexibility or opportunity-cost flexibility may be offered
 - Actively inform large industrial consumers about the possibility to offer flexibility and the underlying importance
- Price signals are extremely important and by taking these measures we can properly use them for the common benefit





Thank you!

Ekaterina Moiseeva

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Market Surveillance e-mail: market.surveillance@nordpoolgroup.com

Our quarterly newsletters: <https://www.nordpoolgroup.com/trading/Market-surveillance/newsletter/>

**NORD
POOL**

Panel discussion: Market surveillance in 2021 and 20211 – lessons learnt

Ask question via Slido in MS Teams, scan the QR code, access with code #REMIT2022 or use the direct link: <https://app.sli.do/event/wMPCkn9eqob79unmmMHwsp>



Lunch break

12:00 – 13:00

Ask question via Slido in MS Teams, scan the QR code, access with code #REMIT2022 or use the direct link: <https://app.sli.do/event/wMPCkn9eqob79unmmMHwsp>



ACER



European Union Agency for the Cooperation
of Energy Regulators

The REMIT framework revision from data collection and data quality perspective

REMIT Forum

ACER – Market Information and Transparency
Department

25 October 2022, 09:00 – 16:30

More data are collected every year (Section 1)

- High-frequency trading
- Direct Market Access (DMA)
- New market segments (SIDC, SDAC)
- New MPs in the market
- Inside Information

however new market developments give limited possibilities to improve and enforce data quality (Section 2)

- CEREMP & Inside Information
- DMA
- REMIT framework not up-to-date with the market developments (scope, definitions etc.)
- Limited possibilities over non-compliant RRM

and REMIT restricts public disclosure of data (ex-post transparency) that would further enhance overall transparency over markets and data quality

Art.12 (2)....the Agency may decide to make publicly available parts of the information which it possesses, provided that commercially sensitive information on individual market participants or individual transactions or individual market places are not disclosed and cannot be inferred.

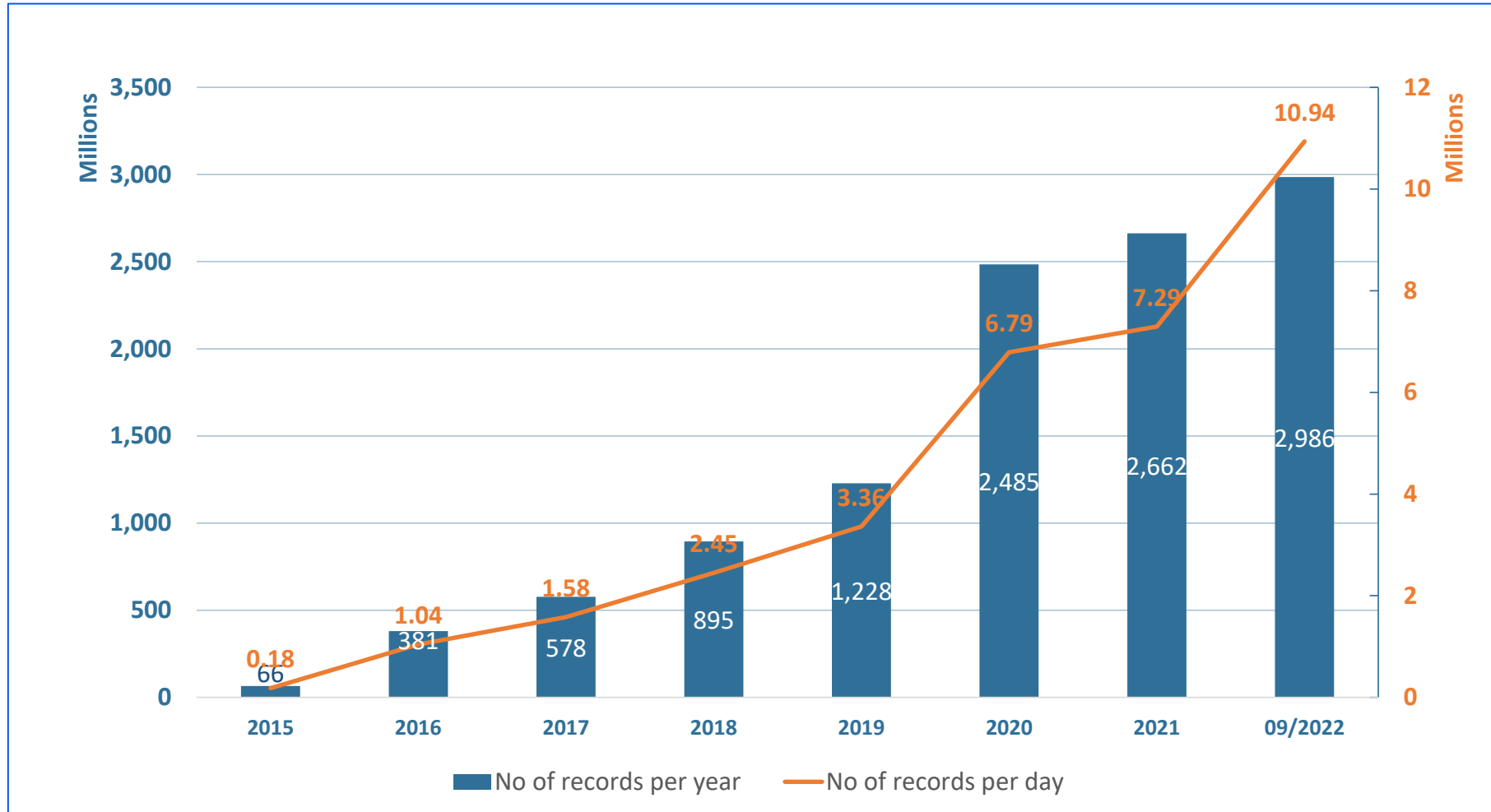
Section 1

Data collection increase - trends and factors

Statistics

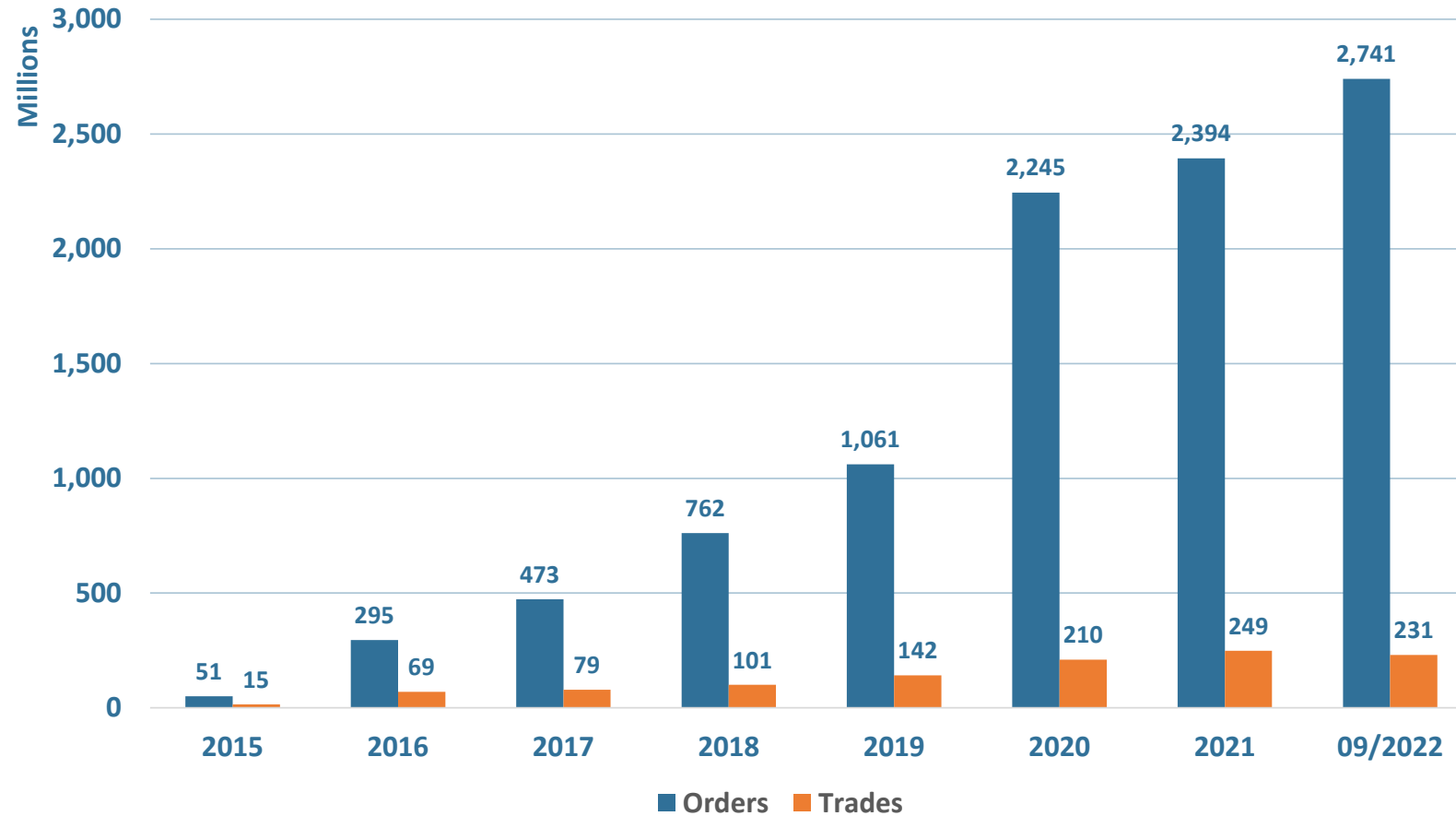
High-frequency trading

Direct Market Access



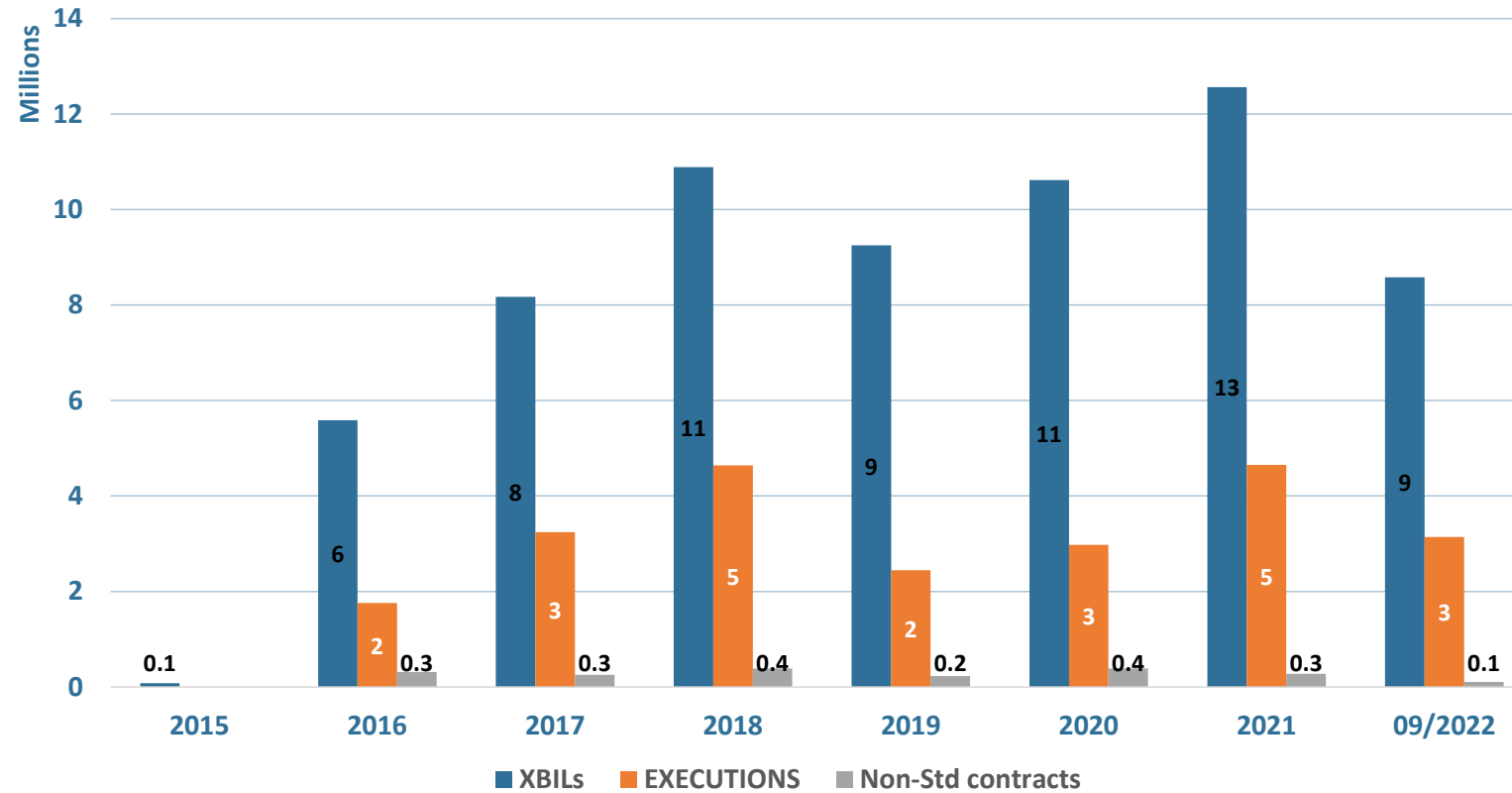
Data Collection

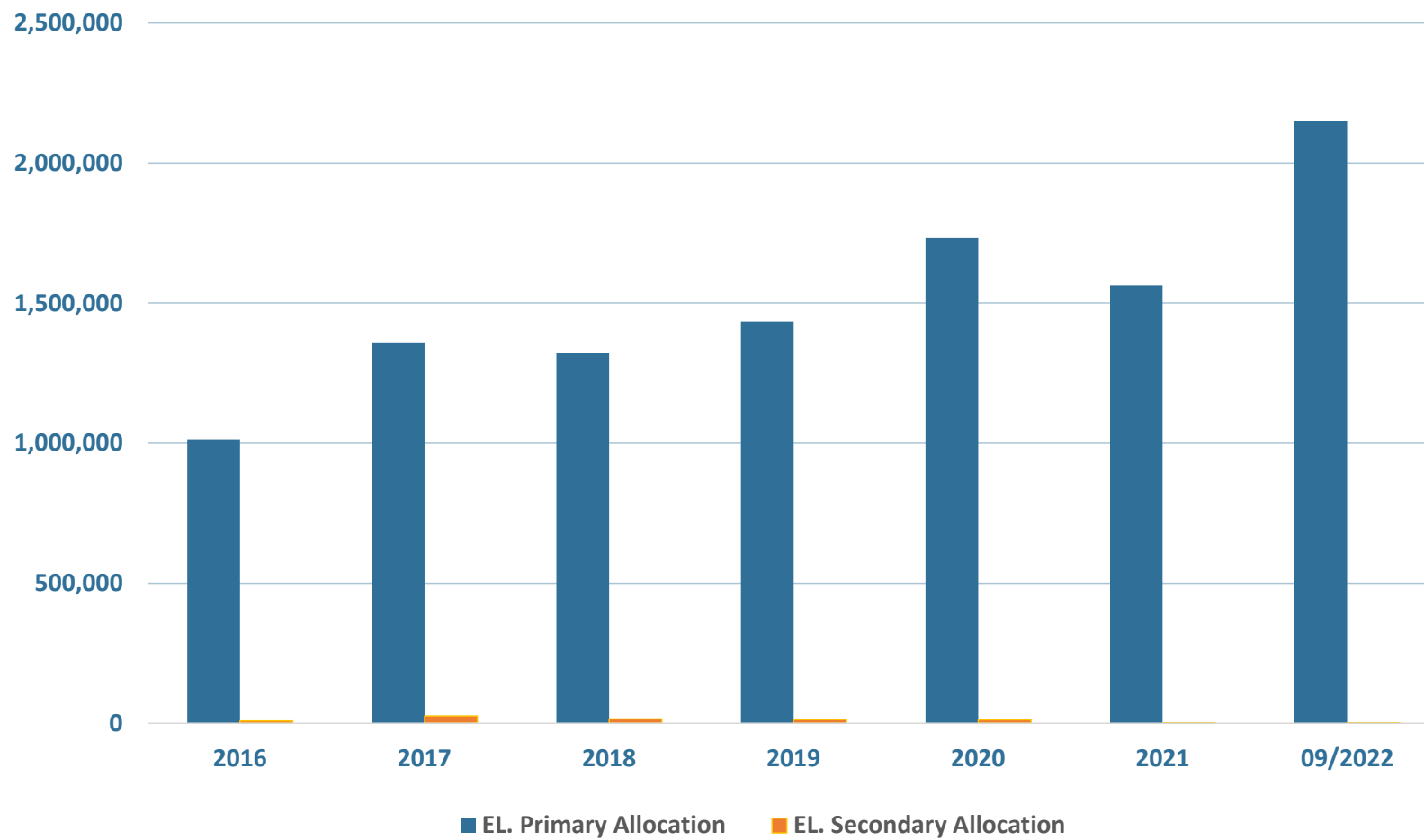
Table 1 OMP data

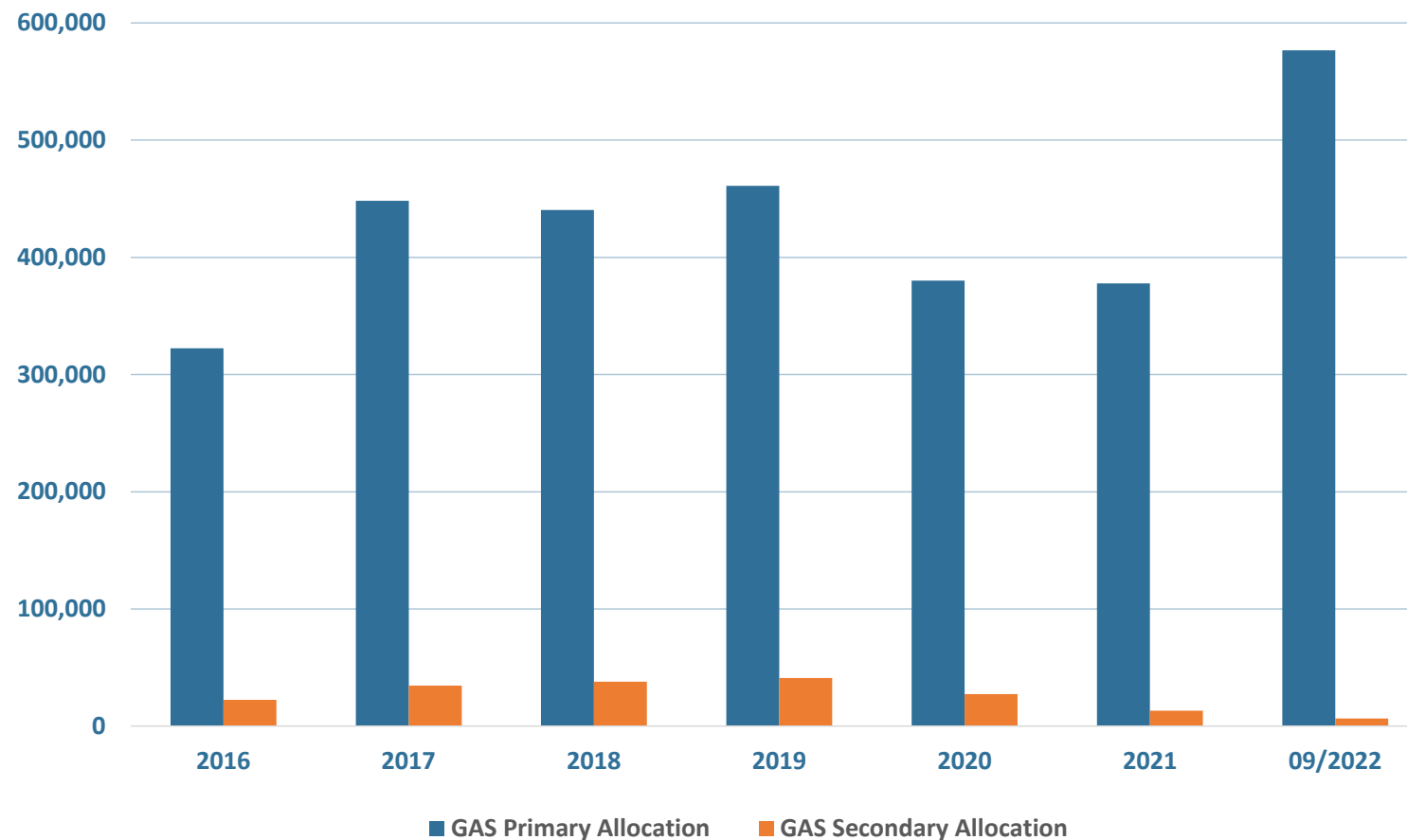


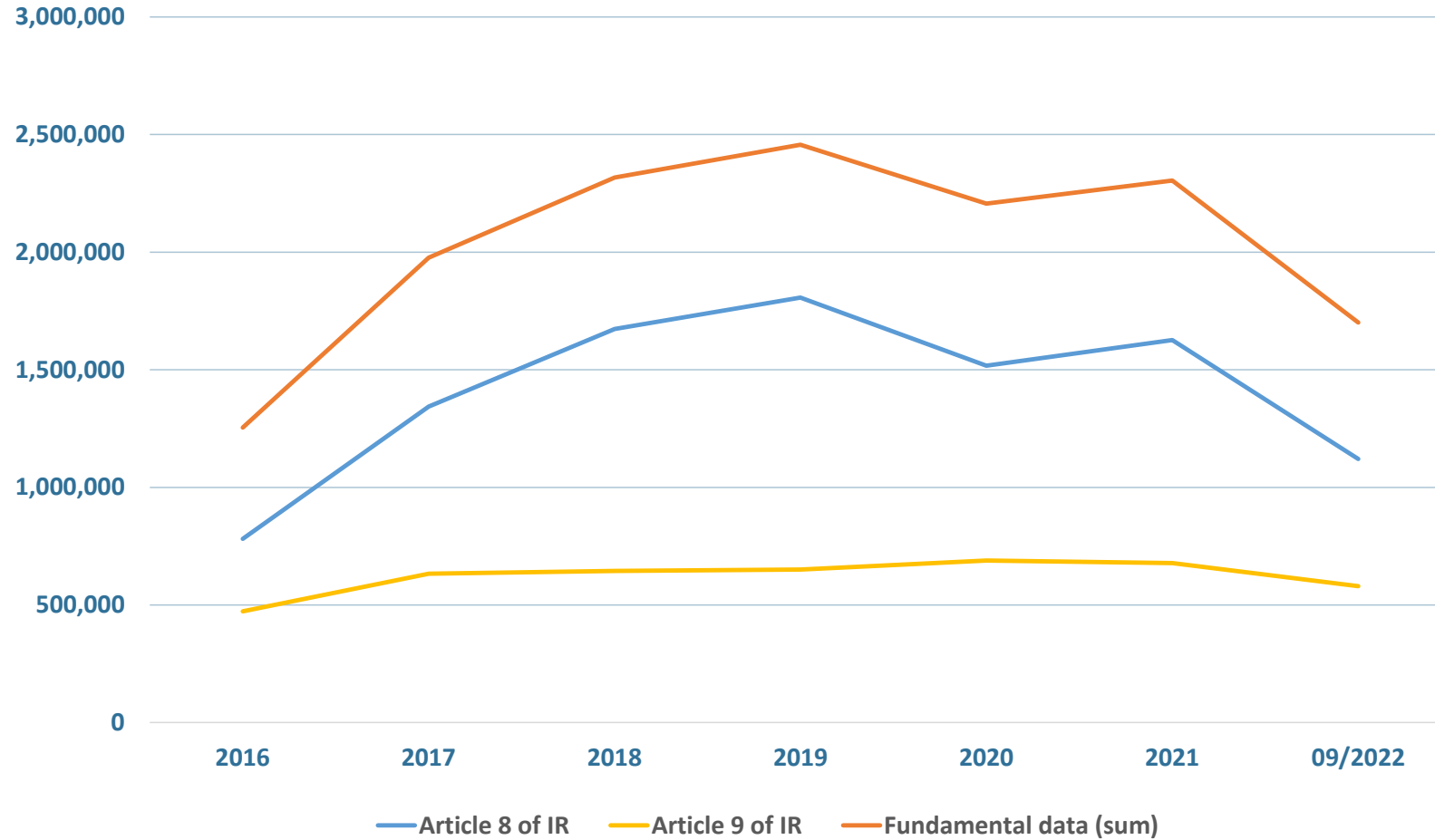
Data collection

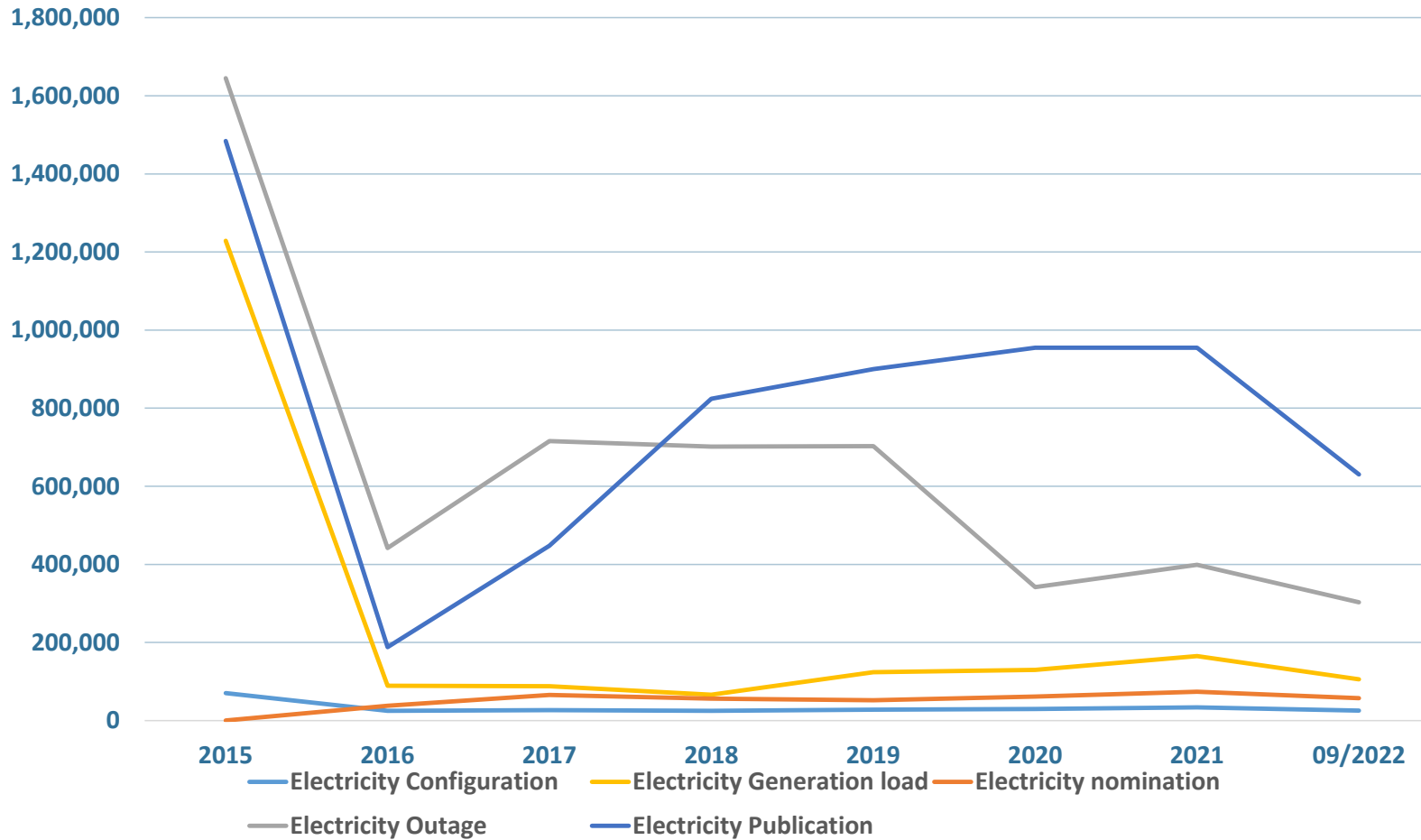
Table 1 and 2 outside-OMP data

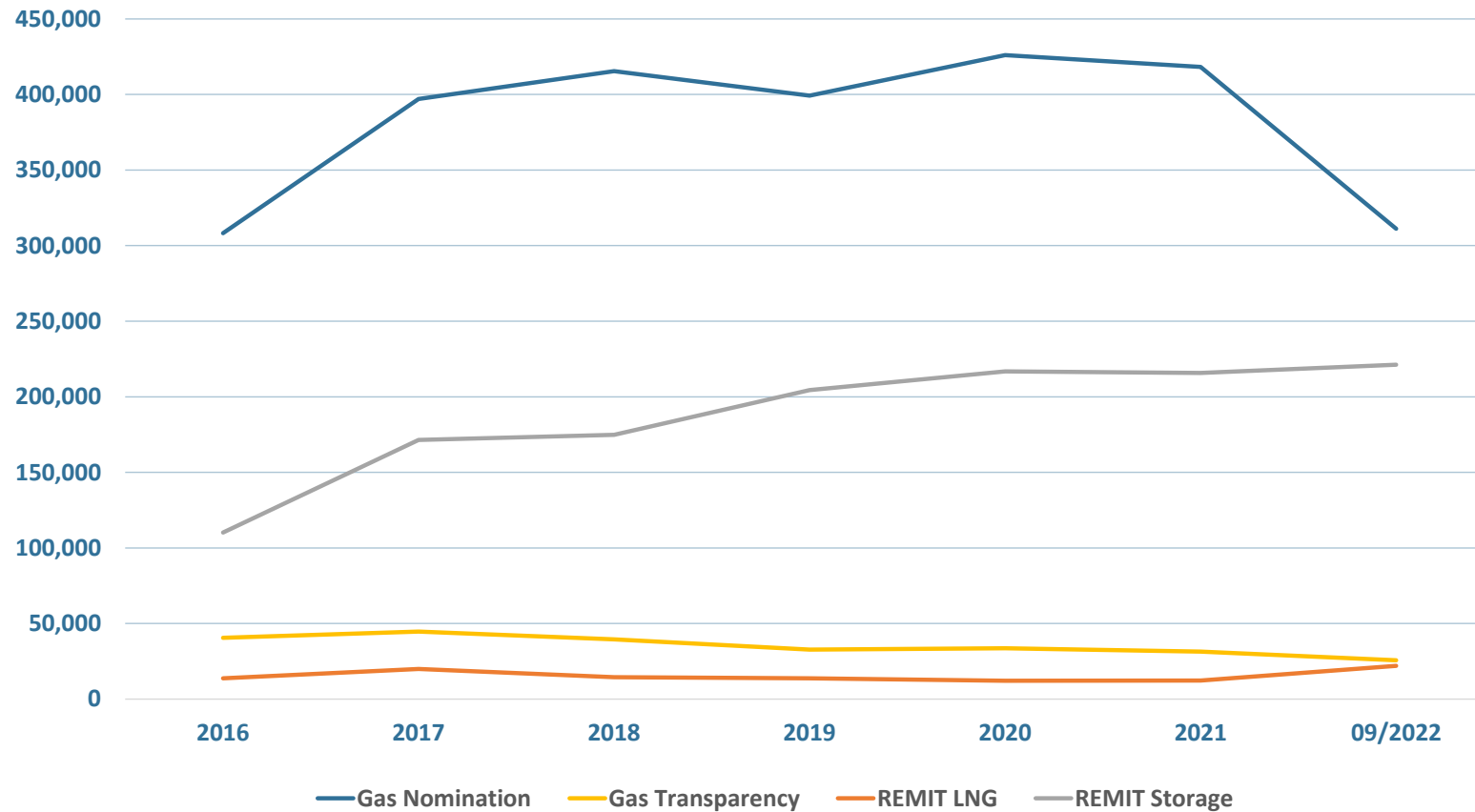




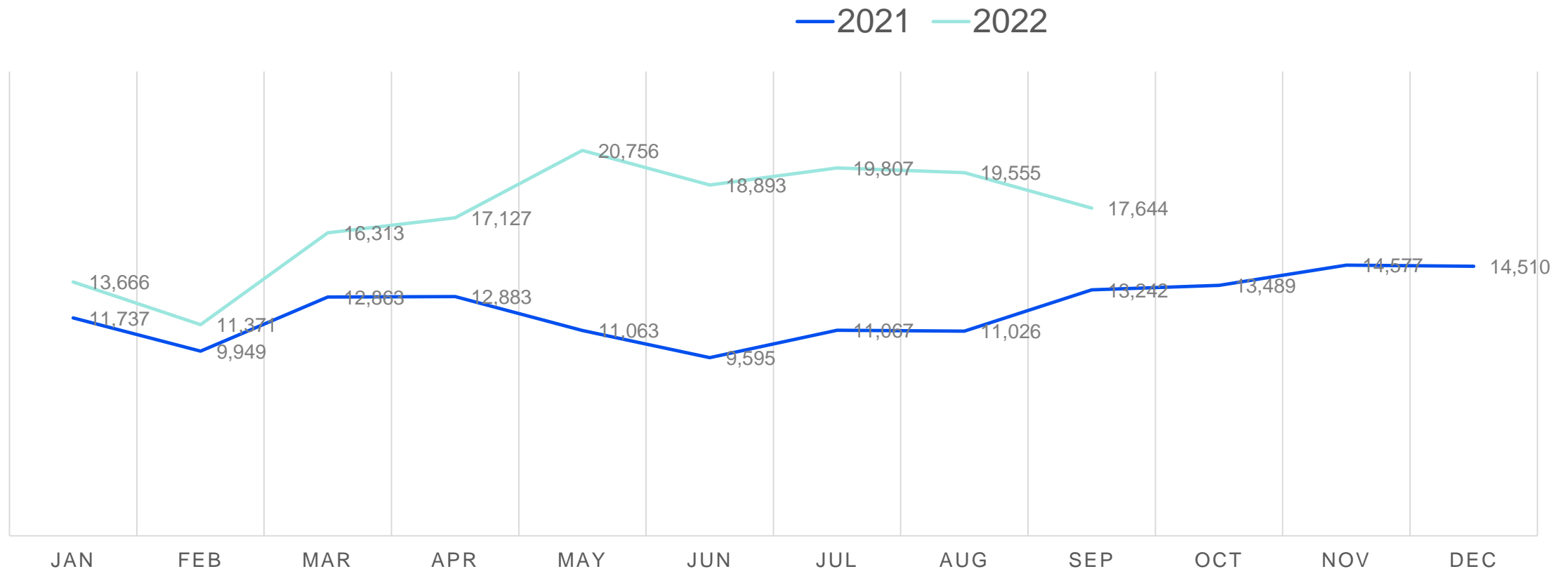








UMMS COLLECTED - 2021 VS 2022 (BY PUBLICATION DATE)



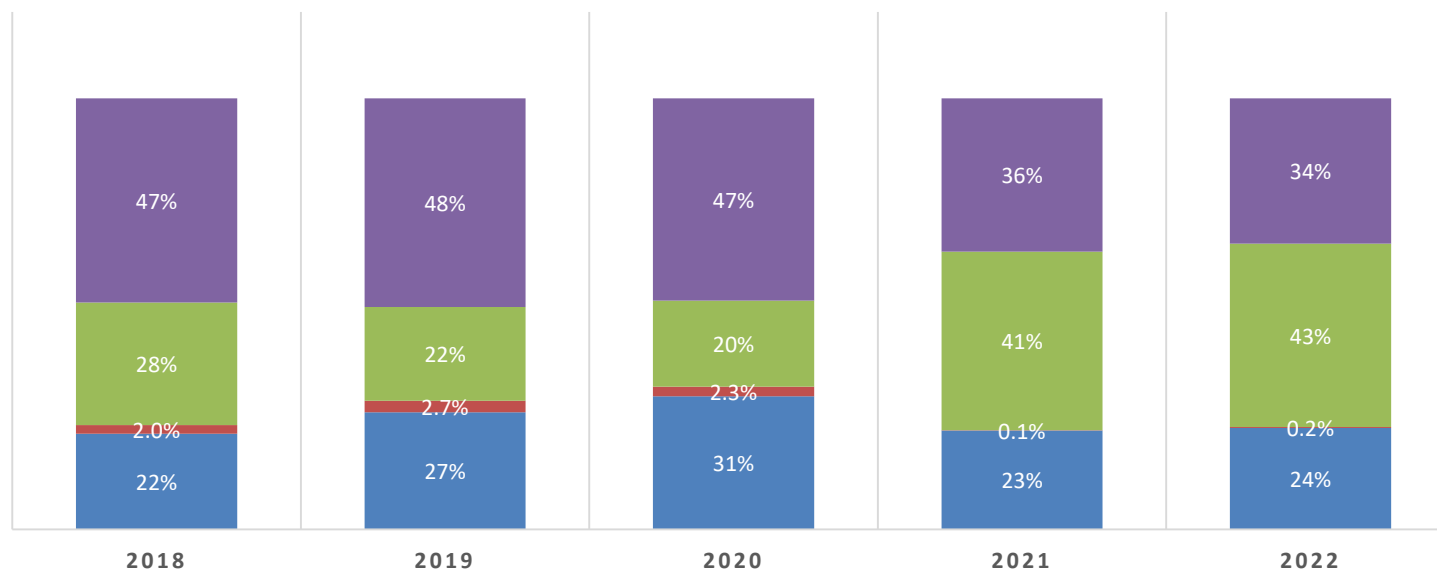
*Note: Data polling issues were affecting the collection of UMMS in this period so the number of published UMMS by the listed platforms may be different.

Data Collection (T1 and T2) - trends

	2018	2019	2020	2021	09/2022
YtoY % change in number of trades (T1,T2)	28%	32%	46%	19%	-9%
YtoY % change in number of orders (T1)	61%	39%	112%	7%	14%



■ C ■ E ■ M ■ N



↑ Increase of collected data

↓ Ratio of N records

↑ Ratio of M records

- MP with the highest number of records in 2022:
 - Over 600M records reported during 1-9/2022, 8.3% with reported information on beneficiary
 - Sent 81% of all records of the RRM that is the 2nd largest RRM

MP				Beneficiaries		
MP	# of RRM	# of OMP	# of records Table1-4	# of MP	# of records	Share of all records
MP1	1	2	605,992,265	10	50,105,219	8.3%
MP2	6	3	347,216,823			
MP3	21	24	190,023,938	5	44	0.0000%
MP4	48	34	128,928,930	4	975	0.0008%
MP5	1	1	93,035,801			
MP6	3	2	68,795,851			
MP7	19	28	60,414,063	2	39	0.0001%
MP8	25	32	57,798,250	11	18,262	0.0316%
MP9	1	1	57,314,995			
MP10	3	2	53,580,307			

>550M
records
concluded for
a single MP in
2022?

Section 2

Data collection increase trends and factors – sources of data quality issues and options for improvements

CEREMP

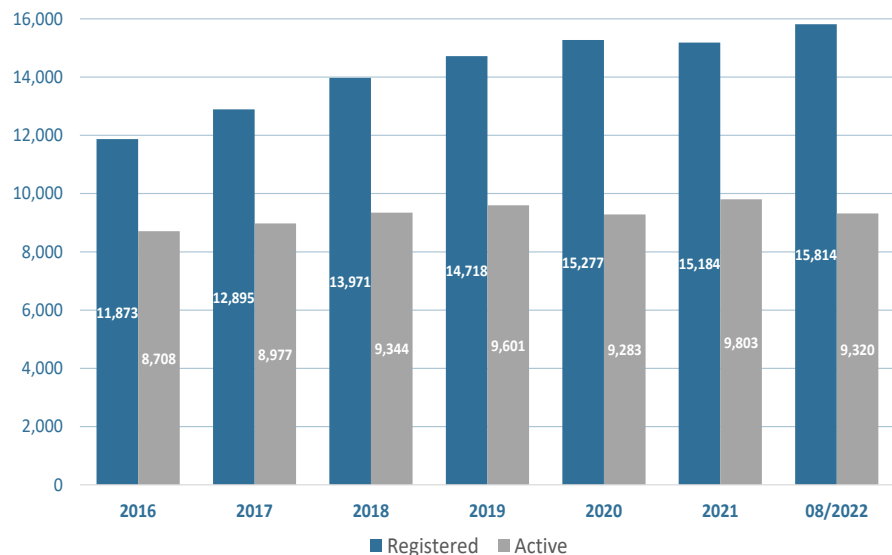
Inside Information

New market developments vs REMIT

MPs & RRM Compliance monitoring and enforcement

- In order to further enhance the usability of CEREMP for tasks of ACER's, NRAs' and others (e.g. EC) incl. the public, the following changes to ACER Decision 01/2012 might be needed:

- ☐ Track and display changes (e.g. old and new MP name)
- ☐ Update with the ACER Guidance – Section 1, field “Publication of Inside Information”
- ☐ Indicate the role of a Market Participant (e.g. a producer, large consumer, TSO etc.)



MPs active Jan-Sep 2022	Number
Registered in CEREMP	15,814
Actively reporting	9,320

- The source problem for data quality issues of inside information are
 - ☐ Lack of controls over quality of published UMMs by IIPs -> No legal obligation for IIPs to implement quality requirements. If an MP does not disclose the UMM properly (in line with the UMM format) the data collection by ACER fails
 - ☐ Collection via web feeds – ACER cannot implement any validation rules and provide a receipt to the IIP about data submission. ACER has to manually monitor polling of >30 web feeds on a daily basis
 - ☐ Not all MPs disclose UMMs on an IIP
 - ☐ No thresholds for disclosure

Figure 1: Population of 'Publication Inside Information' field in CEREMP (June 2022)



Source: ACER (2022).

Market developments vs REMIT Gaps & Issues

Inability to collect certain data on a continuous basis / Lack of clarity on new markets in REMIT

- ACER Decision 01/2022
- Balancing, flexibility, congestion markets, demand side response

Uncertainty on entities in the collected data

- Consortia of OMPs do not fall under the OMP definition
- Data platform providers do not fall under the OMP definition

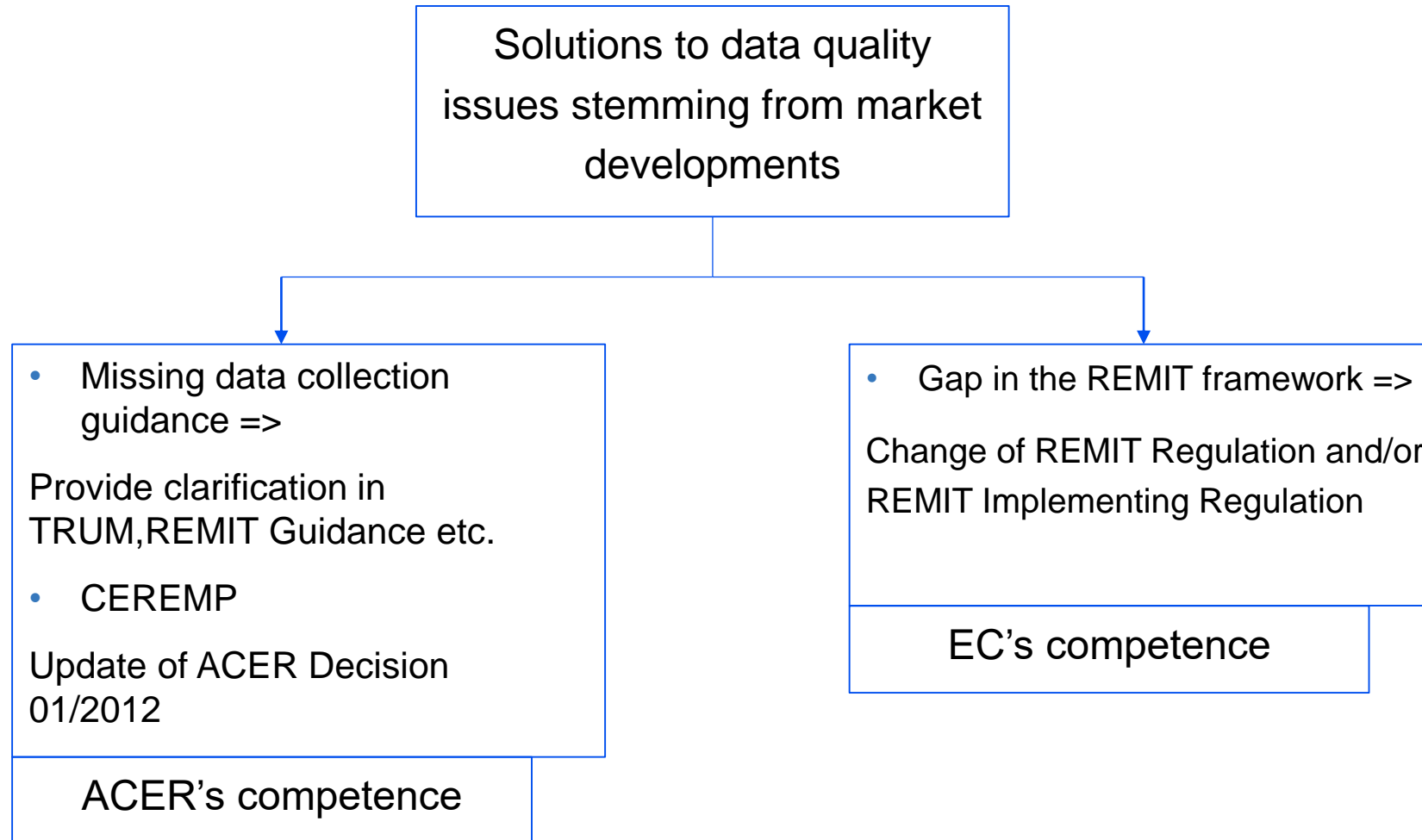
Reporting regime design error

- Transaction data should be collected from the source (e.g. OMPs)
- Inside information should be disclosed and collected from IIPs
- Implied orders – not collected
- Access to original contracts should be granted if needed

Results in lower quality of collected information and hence has a detrimental effect on market monitoring by ACER and NRAs. Creates inconsistency in data collected.

Market developments vs REMIT

What can ACER do to get better information from collected data?



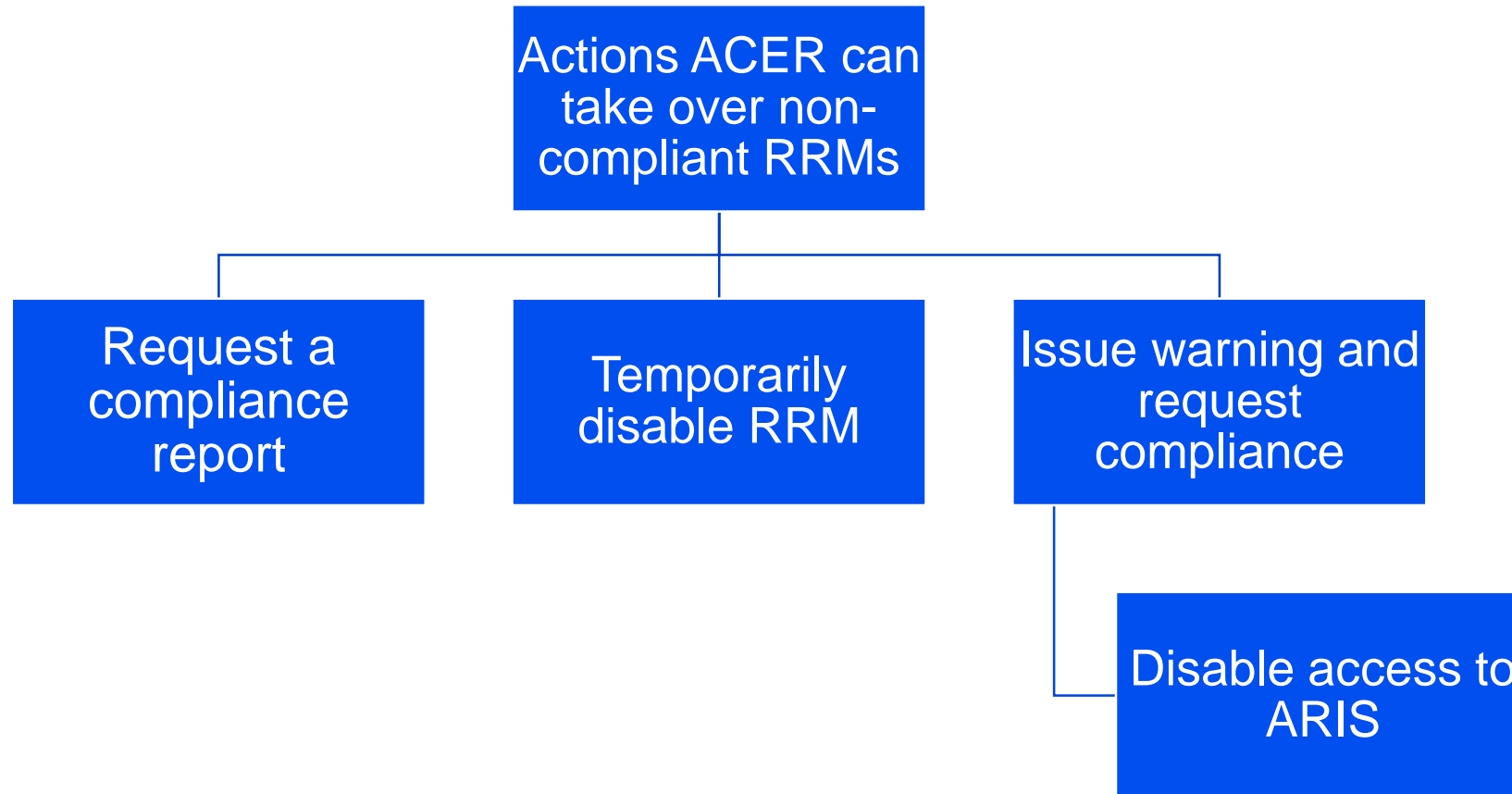


RRM Compliance monitoring

Examples of identified risks per RRM type

RRM type	Risks identified
OMP Other RRM RRM services available to any MPs	Missing TNCQ mandatory field for XBIL trades
	Sudden and continuous increase in the reported data
	Table 1 records on orders being reporting with weeks of delay Table 2 records on nst-contracts being reported with years of delays
	Table 2 records are reported with high rate of rejections being triggered by business validations
	MPs do not have a reporting agreement with their OMP and do not have any RRM thus their data are not reported.
TSO TSO,OMP	Several TSOs reported with technical failure hence no data (T3, T4) were collected. RRM's have not monitored ACER's receipts for months and have not had any mechanism to detect failed reporting.
	Published data do not match reported data => data sent to ACER are not complete

RRM Compliance monitoring Supervisory measures over RRM



- **In order to further improve data collection and therefore data quality the following is needed:**
 - More enforcement of Art.8
 - ⇒ MPs may currently not be motivated to ensure their data are of high quality
 - ⇒ MPs may currently not be motivated to better coordinate with their RRM's

REMIT Article	No. of sanctions decisions (2015-2022)
Article 5	53
Article 3	2
Article 4	1
Article 8	3
Article 9	28

Source: Overview of sanctions decision published by ACER (Art.3-5) & Decisions that were made publicly available by the NRAs (Art.8 and 9)

- **In order to further improve data collection and therefore data quality the following is needed:**
 - Regulatory power over RRM's that would motivate RRM's remain compliant during the period of their RRM registration
 - ⇒ Though RRM's tend to reply to ACER's request promptly and demonstrate a cooperative attitude RRM's often perform compliance in a reactive way instead of proactive
 - ⇒ RRM's may not be motivated to better coordinate with their MPs

Thank you. Any questions?

The contents of this document do not necessarily reflect the position or opinion of the Agency.



European Union Agency for the Cooperation
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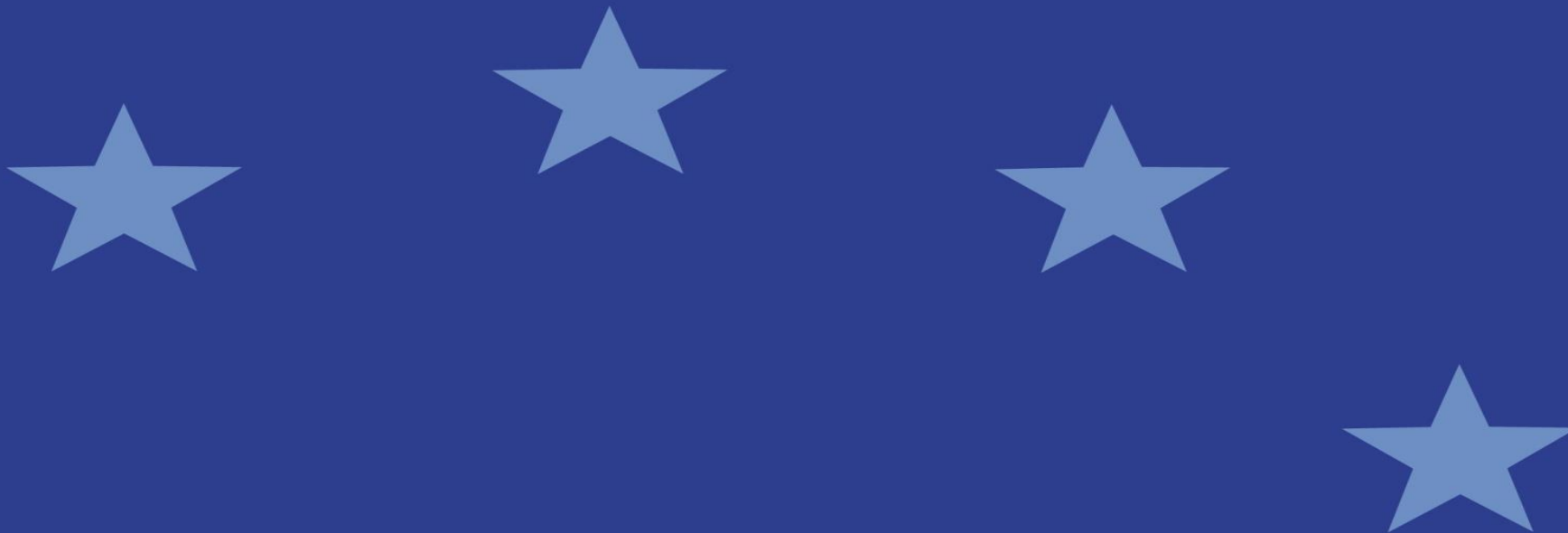
European Securities and
Markets Authority

ESMA REGULAR USE

25 October 2022

Data reporting and supervision under EMIR

Nikolay Arnaudov and Joanna Lednicka



ESMA74-362-2662



EMIR reporting

- **What?**

OTC and ETD derivatives

- **Who?**

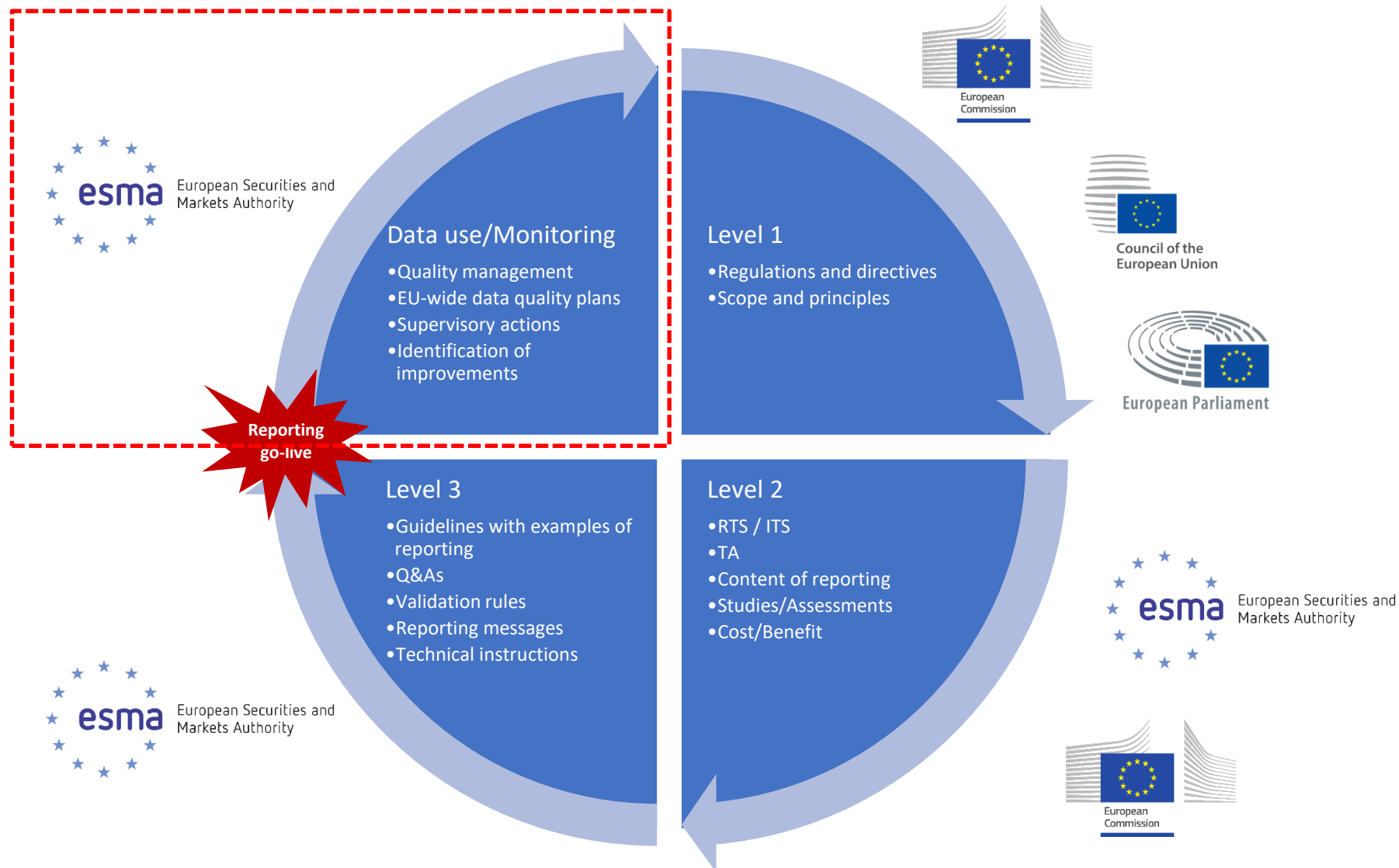
Financial and non-financial counterparties established in the EU.

- **How?**

Counterparties report to a Trade Repository (TR) of their choice. TRs provide access to data to the authorities based on their mandates. Provision of data to authorities centralised via a system developed by ESMA, TRACE.

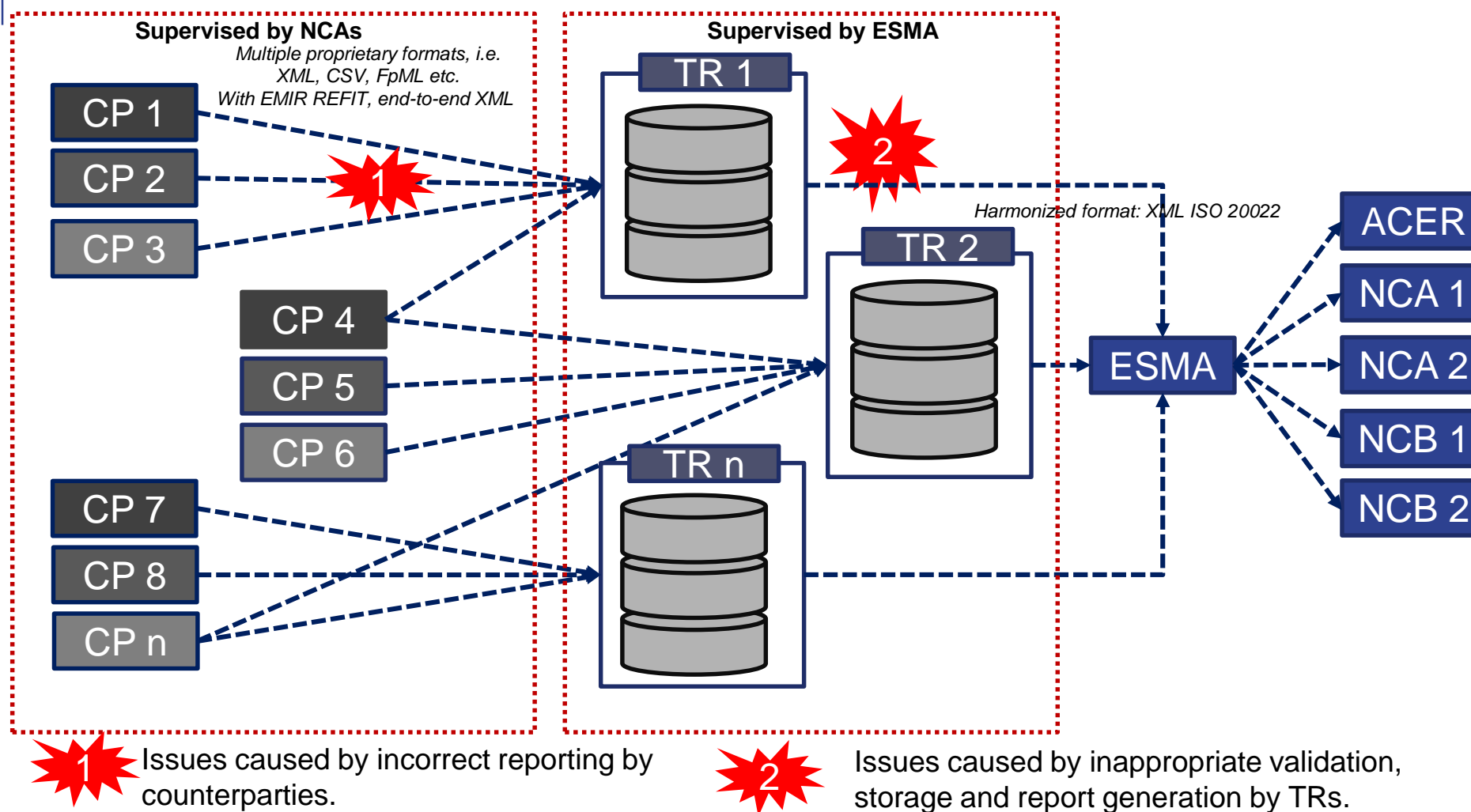


Reporting framework



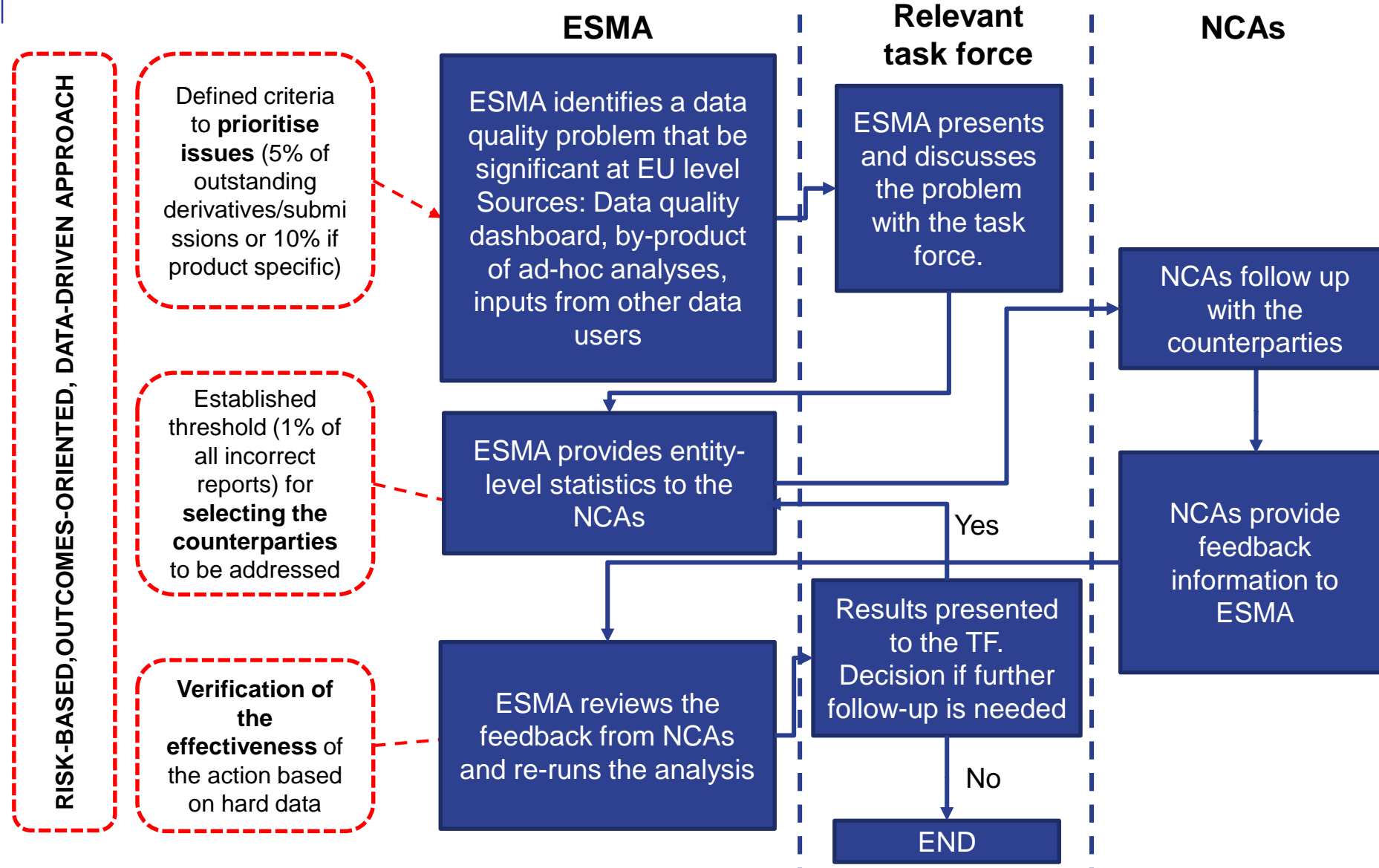


Supervisory framework under EMIR





Engagement with reporting entities - coordination





Supervision of TRs - mandate

- Title VII of EMIR: Requirements for Trade Repositories, i.a:
 - Governance, organisational and administrative arrangements, policies, procedures, organisational structure...; operational reliability
 - Procedures and policies for **data verification and reconciliation**
 - Record-keeping, data publication and data access
- Title VI of EMIR: Registration and supervision of Trade Repositories, i.a:
 - Requests for information, general investigations, on-site inspections
 - Supervisory measures, fines and periodic penalty payments
 - Disclosure of fines and penalty payments
(<https://www.esma.europa.eu/supervision/enforcement/enforcement-actions>)

Article 73(1)

Where, in accordance with Article 64(5), ESMA finds that a trade repository has committed one of the infringements listed in Annex I, it shall take one or more of the following decisions:

- (a) requiring the trade repository to bring the infringement to an end;
- (b) imposing fines under Article 65;
- (c) issuing public notices;
- (d) as a last resort, withdrawing the registration of the trade repository



Risk Assessment 2021 & WP Development 2022

RISK ASSESSMENT 2021

**WORK PROGRAMME
2022**

**SUPERVISORY
STRATEGY 2022**

ESMA B-WISE tool





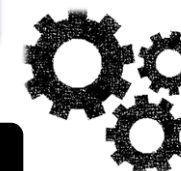
Enforcement actions towards TRs

TR	Infringement	Fine	Year
DDRL	Data availability	64,000 EUR	2016
Regis-TR	Data availability	56,000 EUR	2019
DDRL	Data confidentiality, integrity and availability	408,000 EUR	2021
UnaVista	Data integrity and availability	238,500 EUR	2021
Regis-TR	Data integrity and availability	186,000 EUR	2022

ANNEX. RISK ASSESSMENT APPROACH



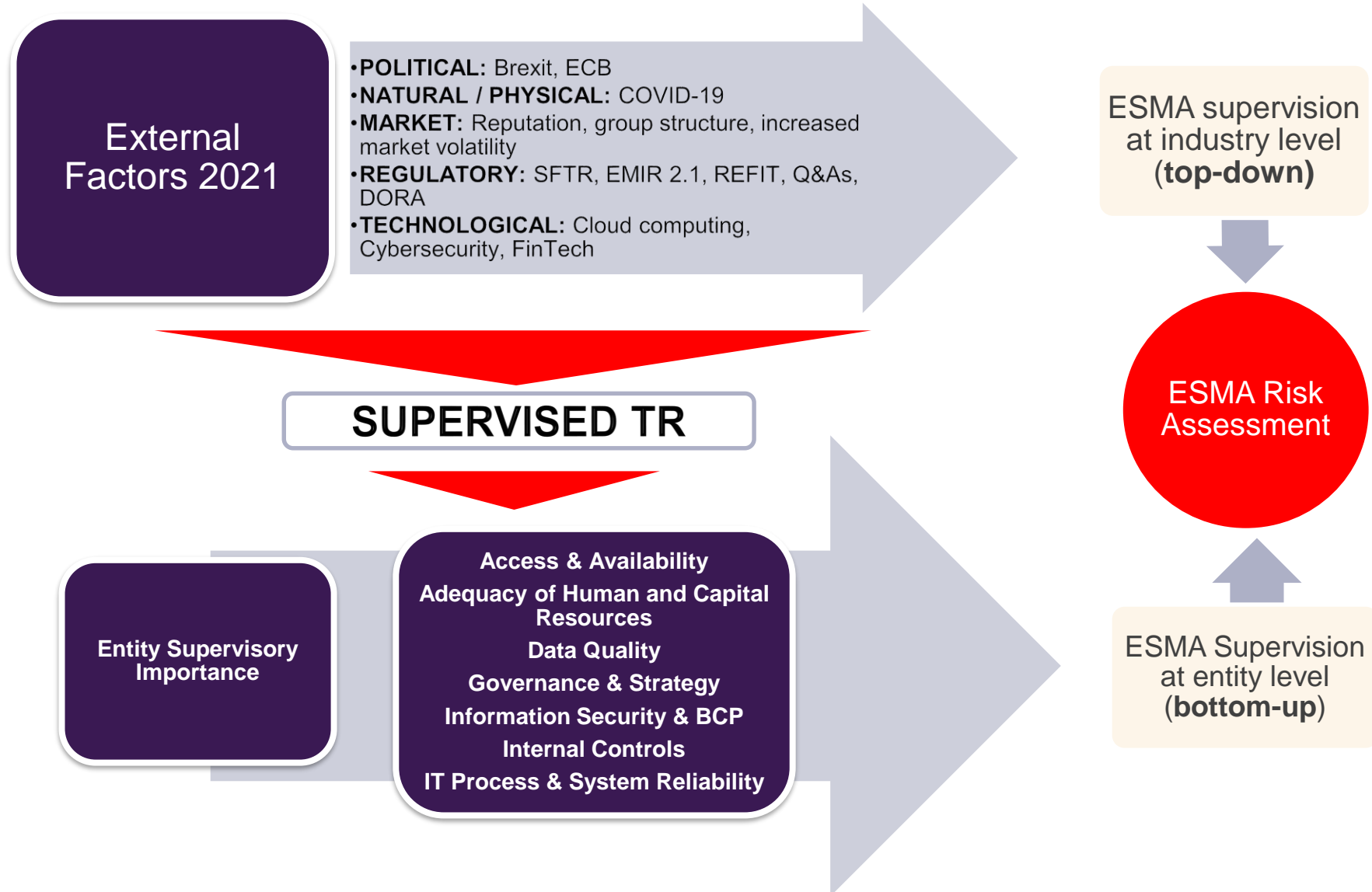
Risk assessment framework/process





Risk Assessment approach

External factors 2021, ESI and Risk Areas



Risk Assessment

Risk Assessment Modules

Filter Entity

MODULES AND QUESTIONS

MODULE

Access & Availability

TR | DDRL

Impact score 530

Impact level Medium-High

Likelihood

High frequency of occurrence ☒

Weak internal control environment - entity ☐

Weak internal control environment ☒

External Events ☐

Professional judgement ☒

Likelihood level Medium-High

Likelihood score 3

Risk Assessment

Risk Assessment

Submit Final Save Draft Close

Help prompts (DDRL or ESM Variables) Check for shared On element update (x) on open Update shared element(s) on OFF

[https://esma.bwise.net/bwise/app/common/CustomInstance.aspx?tabViewId=CustomInstance&tabid=RiskAssessment&dtdt](#)

The screenshot displays the E-SMA Risk Assessment tool interface. The top navigation bar includes links for General, AutoIntelligence, RiskAssessment, and Approval. Below this, a toolbar contains icons for Web Intelligence, Print, Track, Drill, Filter Bar, Freeze, and Outline.

Document Summary - <<

Risk Assessment_test_exec_un knownes

- Type: Web Intelligence document
- Author: Admin
- Creation date: 25 October 2019 12:24:59 GMT+02:00
- Locale: English (United Kingdom)
- Content alignment: Left-to-Right
- Description:
- Keywords:

>> Statistics

Last refresh date: 18 June 2020 14:57:54 GMT+02:00
Last modified: 25 October 2019 17:56:25 GMT+02:00
Last modified by: borrelli

>> Document Options

Refresh on event: On
Permanent regional formatting: Off
Use query drill: Off
Enable query stripping: On
Hide warning icons in chart: Off
Merge prompts (BEX or HANA Variables): On
Check for shared element update (S) on open: On
Update shared element(s) on save: Off

TR - June 2020

BEFORE ESI	CME TR	DDRL	ICE	KDPW	REGIS- TR	UnatVist a
Access & Availability	1074	768	356	375	900	1279
Adequacy of Human and Capital Resources	173	717	232	472	943	568
Data Quality	1519	1536	740	952	1652	1624
Governance & Strategy	518	978	691	66	1172	853
Information Security & BCP		1370			1524	
Internal controls	895	1151	716	337	830	784
IT Process & Systems	751	1428	1112	482	2036	1744

AFTER ESI

	CME TR	DDRL	ICE	KDPW	REGIS- TR	UnatVist a
Access & Availability	3606	6501	521	273	3811	5418
Adequacy of Human and Capital Resources	582	6071	603		3993	2411
Data Quality	5181	13011	1511		6995	6901
Governance & Strategy	1739	8287	1511		4961	3623
Information Security & BCP		11610			6451	
Internal controls	3085	9750	1050	2011	3783	3332

A large red arrow points from the 'AFTER ESI' matrix back to the 'BEFORE ESI' matrix, indicating a comparison or transition between the two states.

On the left side, there are additional filters and options, including a dropdown menu for 'Medium-High', 'High', 'Medium-High', 'Medium-Low', 'Low', 'None', and 'None'. There are also several small icons and a search bar at the bottom left.

Coffee break

14:00 – 14:15

Ask question via Slido in MS Teams, scan the QR code, access with code #REMIT2022 or use the direct link: <https://app.sli.do/event/wMPCkn9eqob79unmmMHwsp>





European Union Agency for the Cooperation
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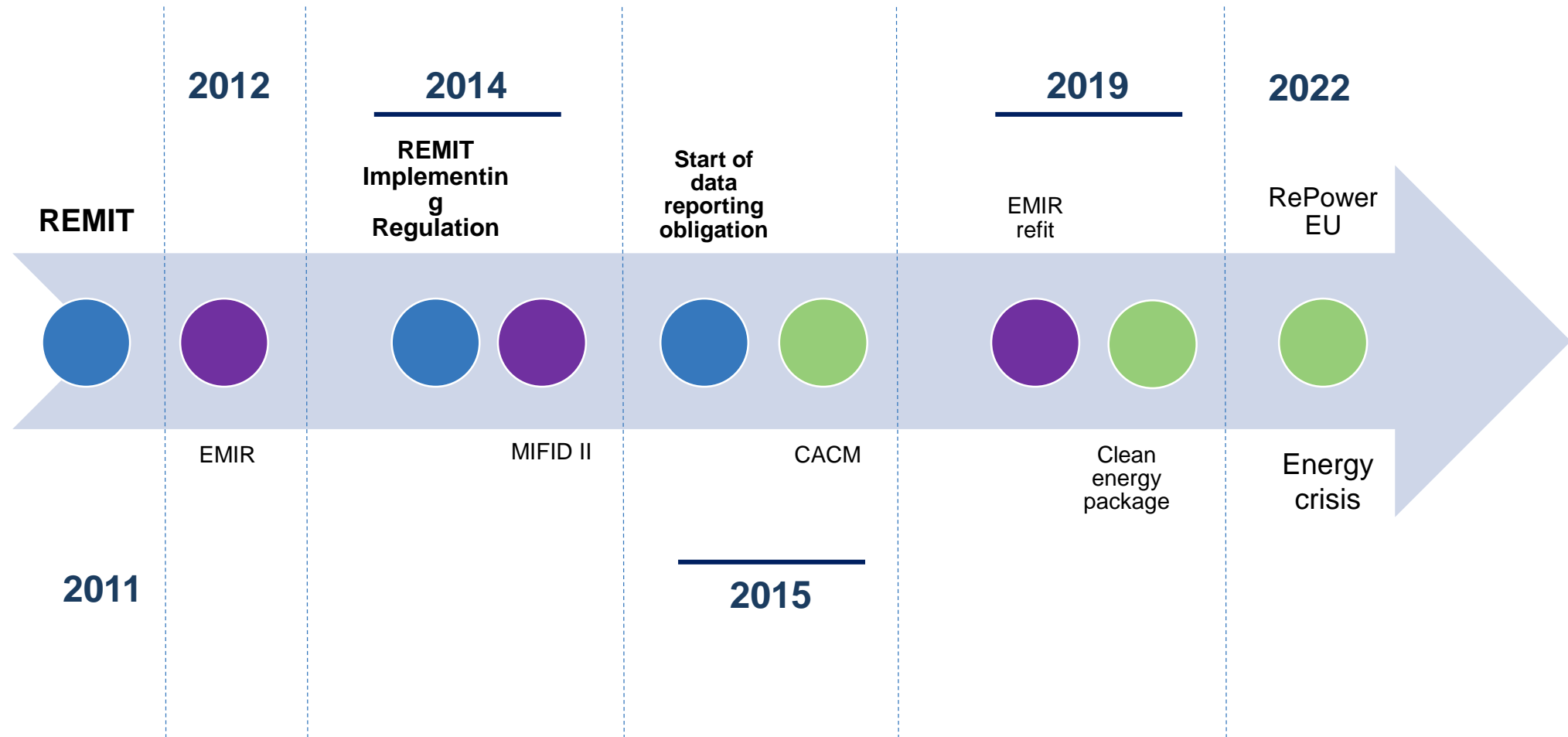
Potential REMIT framework revision – Implementing Regulation

REMIT Forum

ACER – Market Information and Transparency
Department

25 October 2022, 09:00 – 16:30

Authorized parties only

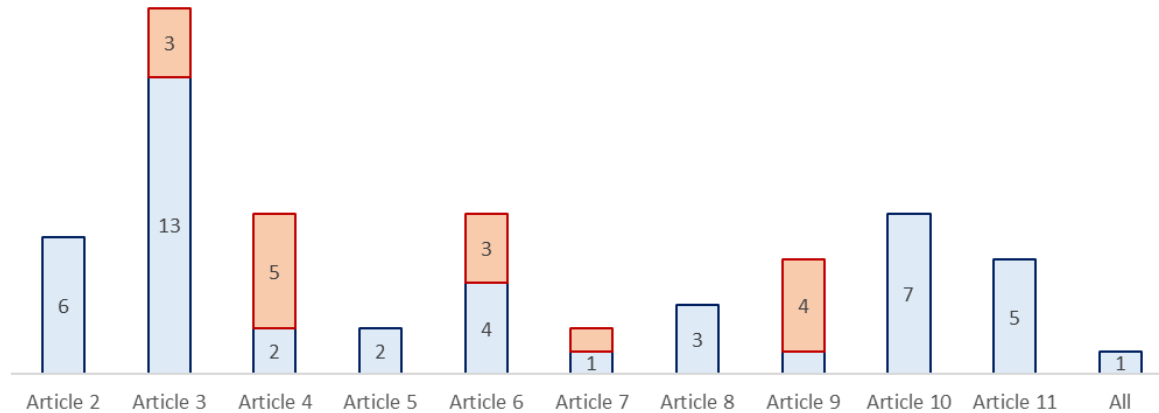


- In late 2021 ACER started to collect internally inputs on potential amendments to REMIT data reporting regime in order to verify the possibility to pursue a rationalization of the data reporting process
- Exercise announced during 2021 Joint Roundtable meeting on November 2021 and further discussed on June 2022
- Preliminary interactions with the REMIT Expert group

Overview of the inputs collected by ACER

Number of inputs per IR Article

■ Internal inputs ■ Stakeholder's inputs



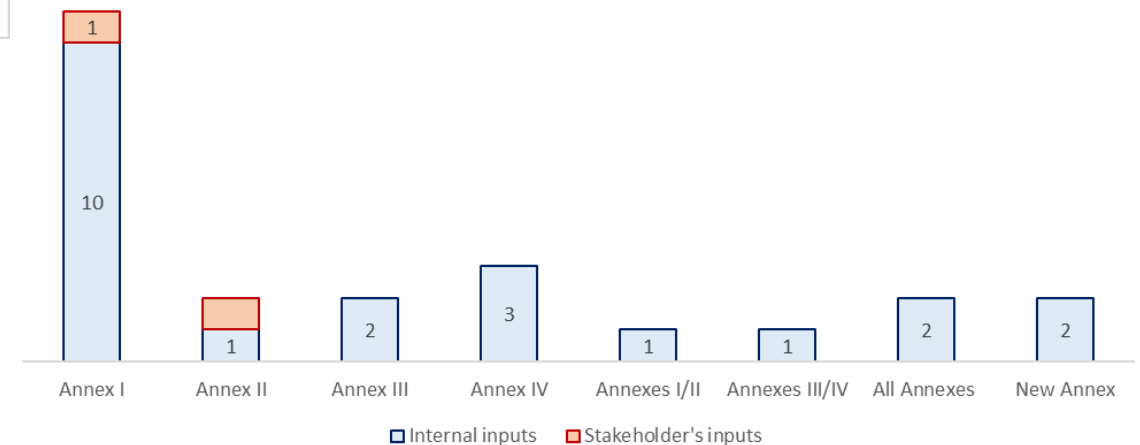
Annexes to REMIT Implementing Regulation

24 proposed amendments

Main text of REMIT Implementing Regulation

60 proposed amendments

Number of inputs per IR Annex



Potential key amendments

- All inputs collected by ACER have been analysed and prioritized based on the potential impact on data reporting, in term of simplification and fixing of the major issues currently experienced

- ACER identified the following key amendments
 - **Article 2** – *Update OMP definition*
 - **Article 3** – *Update of the list of reportable contracts on a continuous basis*
 - **Article 6** – *Reporting from OMPs and ad hoc requests by the Agency**
 - **Article 10** – *Inside information disclosure*

- Additional key amendments proposed by stakeholders
 - **Article 4** – *Update of thresholds for reporting on a continuous basis*
 - **Article 6** – *Update obligations on reporting transportation contracts*
 - **Article 9** – *Update obligations on the reporting of fundamental data*
 - **Annex II** – *Amend reportable information on non-standard contracts*

* *Also proposed by stakeholders*

Article 2 – Update OMP definition

Issue

Current definition of OMP not in line with the evolution of market trading and design:

- Market integration → new entities representing consortia of organized market places
 - Electricity market coupling (Day-ahead and Intraday)
 - Brokers' trading platforms
 - New electricity balancing platforms

Scope of the amendment to OMP definition

Consider to amend the existing definition in order to clearly include those systems that:

- Are based on the interconnection between OMPs
- Are not necessarily located in EU, as long as they offer to trade wholesale energy products

Article 3 – Update the list of reportable contracts on a continuous basis

Issue

The current list of reportable contracts to ACER on a continuous basis does not tackle the evolution of the trading activity on wholesale energy markets

Scope of the amendment to Article 3:

- Expand the list of reportable contracts on a continuous basis to :
 - Contracts for the balancing services of electricity and natural gas;
 - Contracts concerning the supply or transportation of hydrogen and related derivative contracts*;
- Specify the reporting of
 - Contracts concerning congestion management, redispatching;
 - Contracts concluded with energy-intensive final consumers

Issue

Currently OMPs are obliged to offer a data reporting agreement to those market participants that trade on their markets.

- *Risk of incompleteness of collected data;*
- *Data quality issues induced by market participants that report via different entities;*

Scope of the amendment

- Foreseeing for OMP to report the full order books to ACER on behalf of market participants.
 - *Ensure completeness of the data set in terms of market participants and orders to trade*
 - *Facilitate market participants in complying to REMIT obligations*
- Expand the possibility for ACER to request additional information to the original version of non-standard contracts

Article 10 – Inside information reporting

Issue

Currently inside information are collected via polling mechanism (webfeeds).

- *The webfeed format does not allow validation of the data;*
- *The analysis of webfeeds is burdensome, low efficiency of the process*

Scope of the amendment

- Configure the inside information collection via IIPs with a setup similar to the reporting of transactions through RRM.s.
 - *Reliable IIPs can ensure the timely reporting of inside information;*
 - *ACER can establish procedures, standards and electronic formats for the collection of inside information, improving data quality.*

Some considerations

- While assessing the list of potential amendments to REMIT Implementing Regulation, identified the need for limited amendments to REMIT to ensure consistency.
- A limited revision of REMIT might also contribute to the optimization of current activities and further improvement of transparency.

■ EC communication “*Short-Term Energy Market Interventions and Long Term Improvements to the Electricity Market Design – a course for action*” within RePowerEU*

Market surveillance and transparency

Regulation 1227/2011 on wholesale market integrity and transparency²¹ (so-called REMIT) was designed more than a decade ago to ensure that consumers and other market participants can have confidence in the integrity of electricity and gas markets, that prices reflect a fair and competitive interplay between supply and demand, and that no profits can be drawn from market abuse.

Although there has not been any evidence of market abuse as a cause of the current crisis, ensuring an up to date and robust framework to protect against such abuse is very important in periods of high prices and market volatility. The REMIT framework could be reviewed to explore the scope to more effectively mitigate the risks of market abuse by improved market transparency, enhanced market data quality and collection as well as better enforcement at EU level.

* [EUR-Lex - COM:2022:236:FIN - EN - EUR-Lex \(europa.eu\)](#)



Picture courtesy of Gas Connect Austria

6th REMIT Forum

25 October 2022

Kathrine Nygaard Stannov, Subject Manager Transparency & REMIT

ENTSO-G proposals to align business practices

- Alignment of the *scope of reporting for electricity and gas transportation (Article 3(1)(b)) =>*
 - BIDDING zone \approx BALANCING zone , “location” should be removed
- Alignment of the *timing for reporting of non-standard contracts for supply and transportation (Article (7))*

Non-standard contracts should always be reported D+30 (days), also for transportation



Comments on ACER and stakeholders' suggestions

- *Suggestion about 600 GWh/year threshold:* Moving reporting obligations of MPs who are final consumers completely from Article 3 to Article 4, (supply, transportation contracts and fundamental data)
- *Continuous reporting of balancing activities (Article 3+4):* Consider the requirements and implementation of BAL NC for gas
- *Organized Market Places obligations (Article 6(1)):* Consider the need for a reporting agreement between the BPs and the MPS on secondary market due to missing data at BPs



Comments on ACER and stakeholders' suggestions

- *Transferring reporting obligations from Market Participants to infrastructure operators (Article 9(5), 9(9))*
 - **Avoid liability issues and keep the principle** of MPs being responsible for their own reporting to ensure data quality and consistency
 - Avoid **unnecessary extra costs** for infrastructure operators
 - Ensure **good understanding of REMIT** amongst all MPs





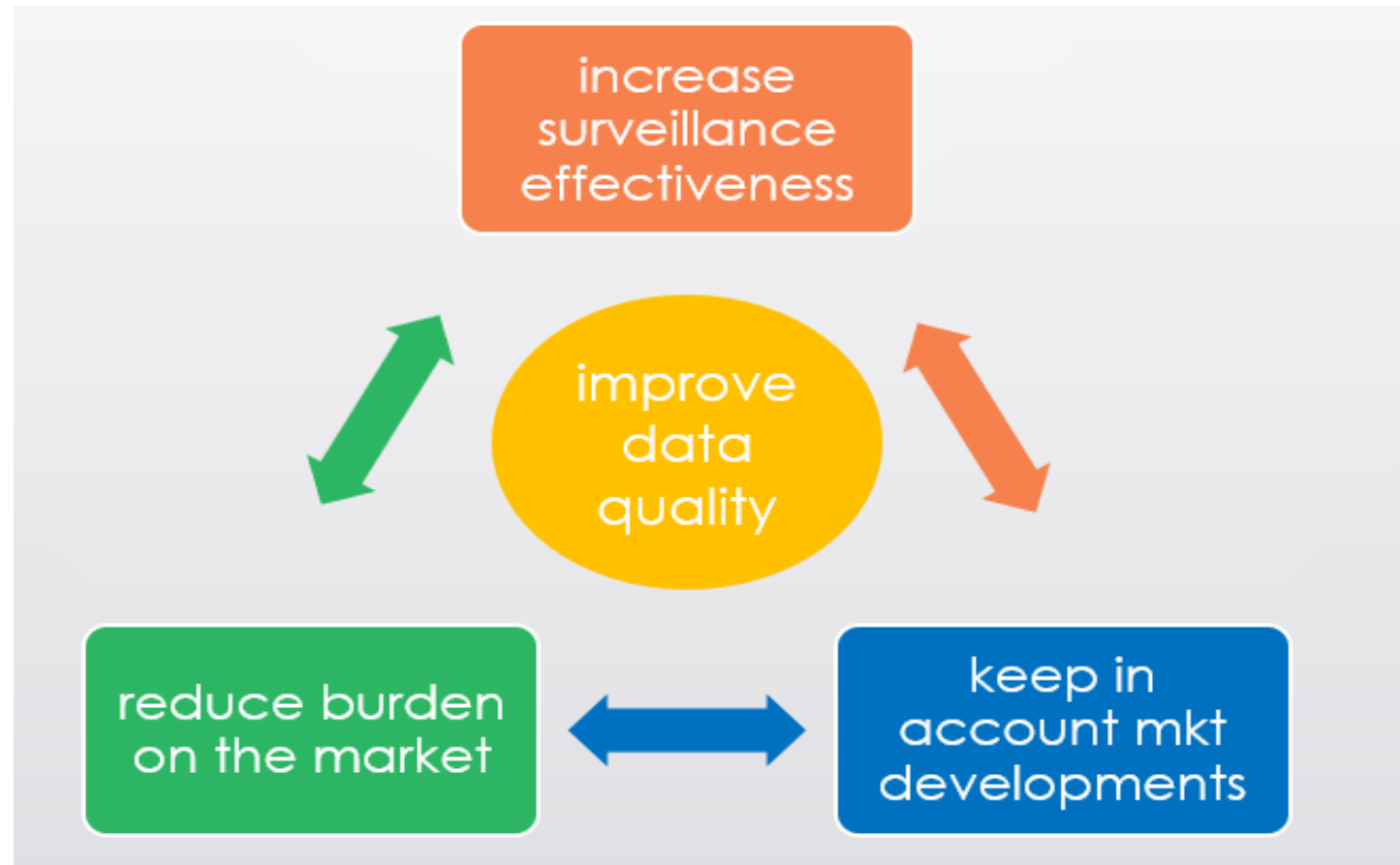
International
Association
of Oil & Gas
Producers

6th REMIT Forum

Giulia Migueles Pereyra

25 October

How to improve REMIT Implementing Regulation



Concluding remarks

Thank you. Any questions?

The contents of this document do not necessarily reflect the position or opinion of the Agency.



European Union Agency for the Cooperation
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