



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 Zinglersen, ACER Director

EMIT 2022

25 October 2022, Ljubljana

Public

# Today's forum at a glance



## AGENDA

### 1<sup>st</sup> session: market surveillance

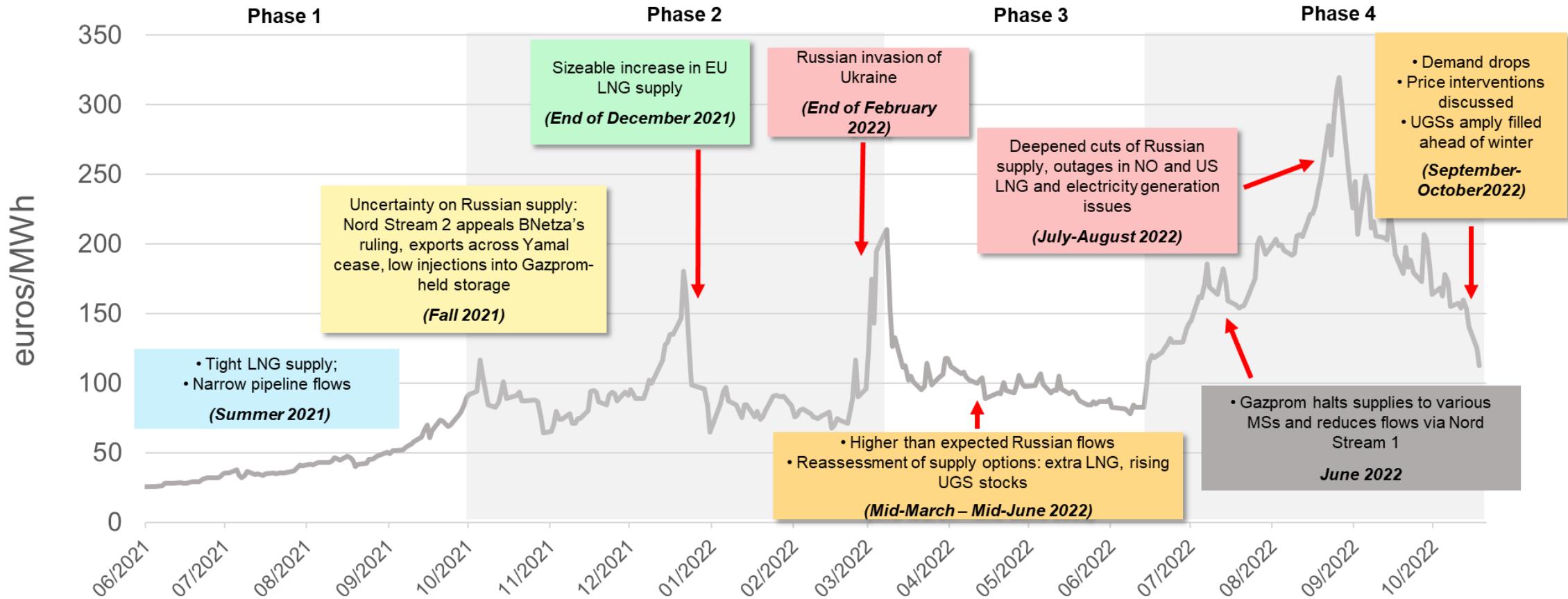
- Experience of REMIT market surveillance implementation in 2021/2022
- Views on recent developments and their impact on market surveillance activities
- Panel discussion on market surveillance - lessons learnt

### 2<sup>nd</sup> 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 ...

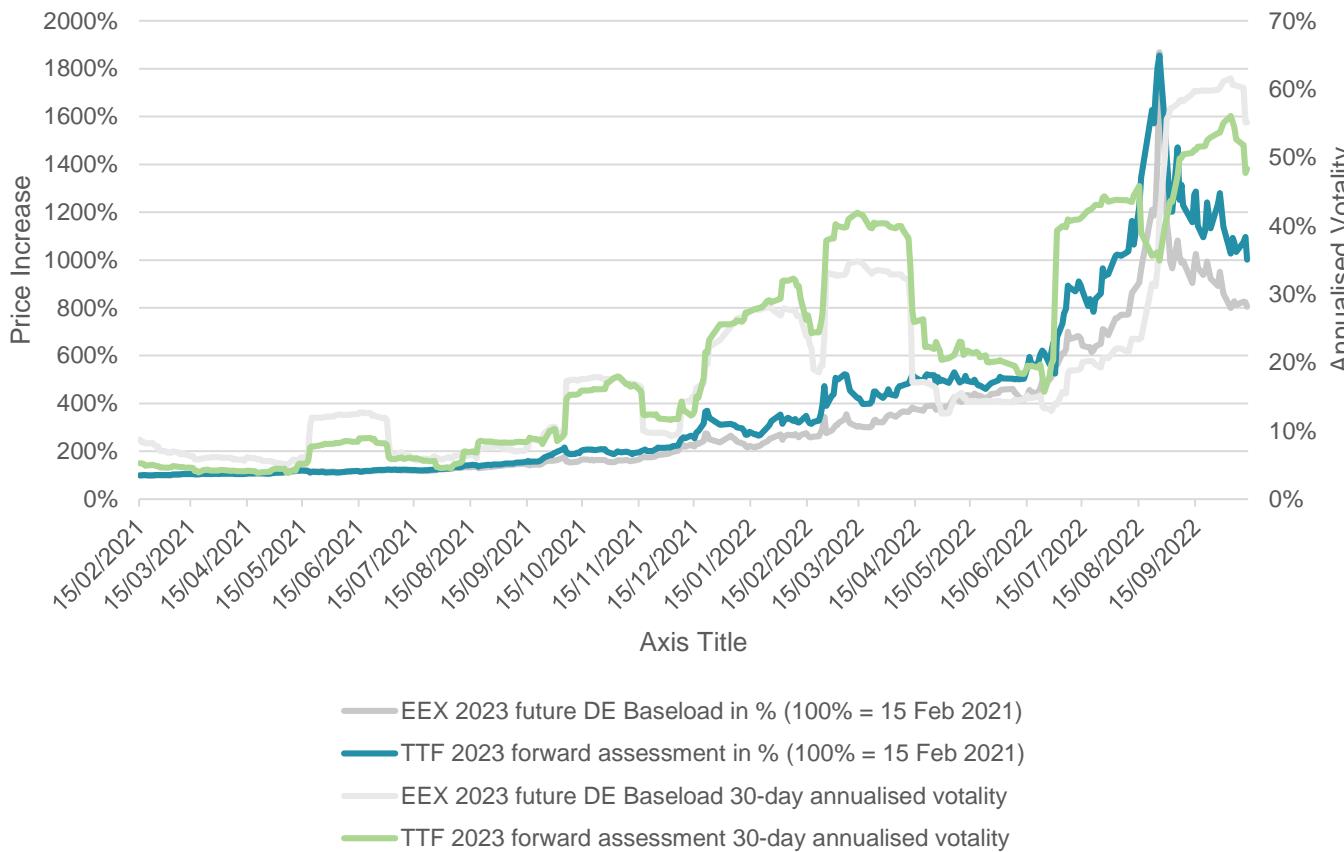
## Overview of events and market fundamentals driving EU gas prices – TTF\* - June 2021 – October 2022



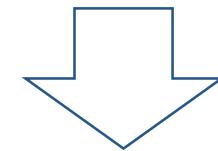
The gas price surge can be split into several phases. In the current phase, prices are being driven by gas and electricity supply scarcity.

# Forward markets under strain, low liquidity as a result

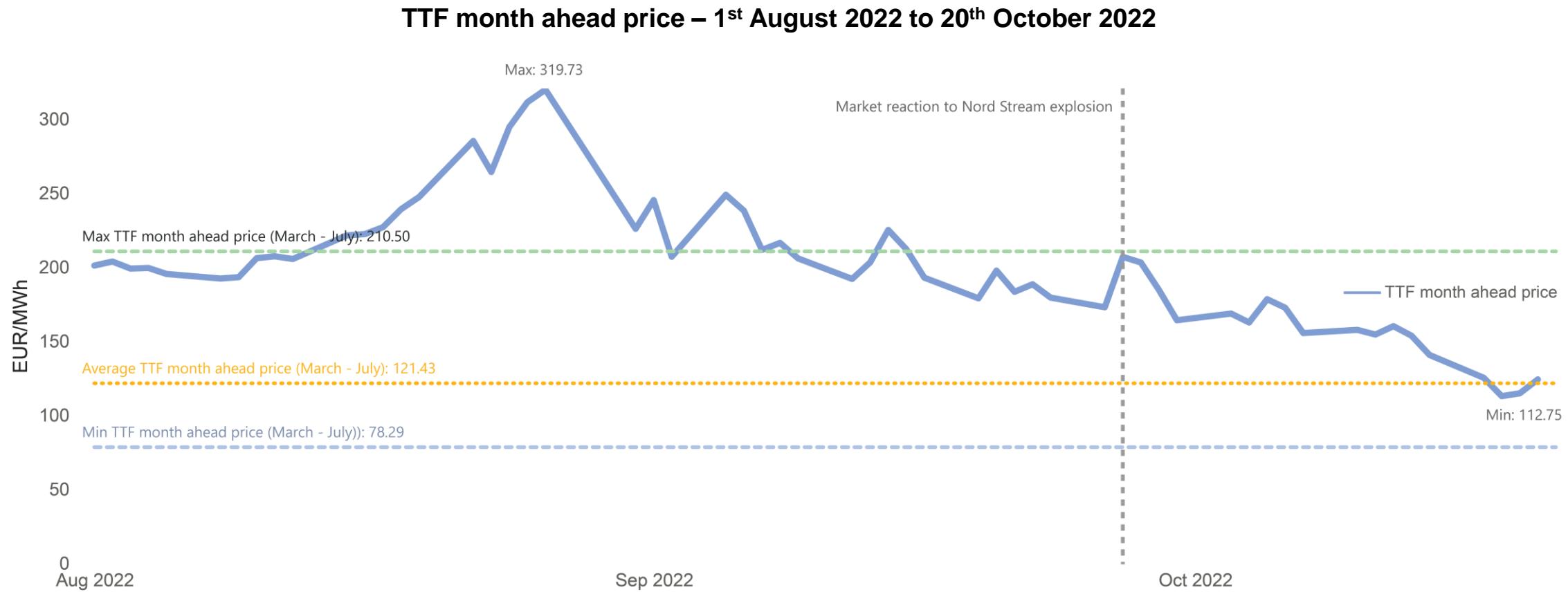
## Electricity and gas price and volatility increases for 2023 yearly futures



- 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



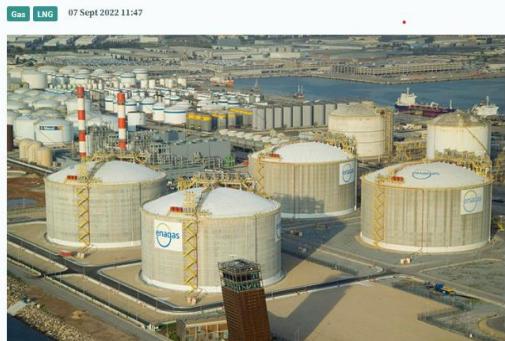
# Gas prices have retreated since the late August spike



**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

## Europe's gas benchmark – Spanish CEOs



### 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.

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

By Euronews • Updated: 06/10/2021



Kadri Simson arrives to deliver her speech about European solutions to the rising energy prices for businesses and consumers in Strasbourg. - Copyright © Euronews 2022

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

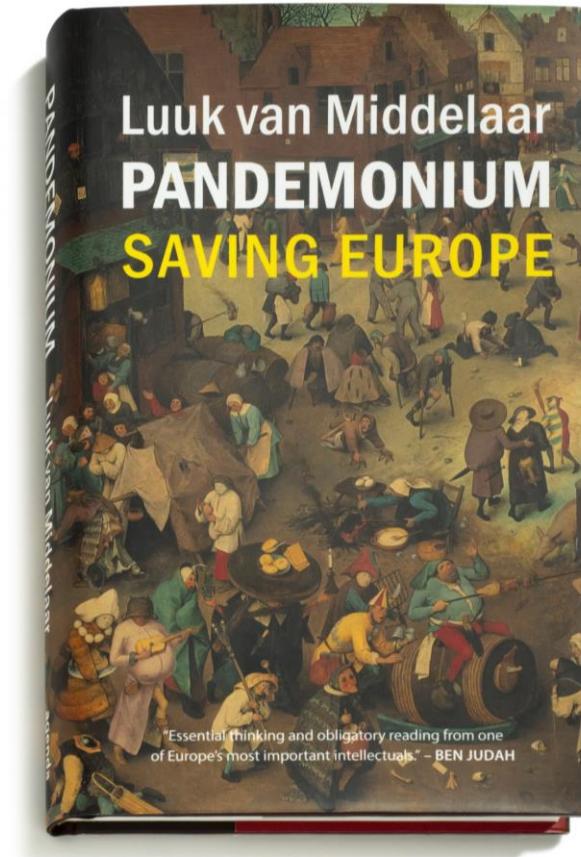


In the medium and long-term, the Commission will take action in five crucial areas. First, we must end speculation on the energy markets. This is why we are increasing our monitoring of the gas and carbon markets. And we have asked the European Securities and Markets Authority to examine trading behaviour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

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)

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

Market Landscape

ACER recent actions

ACER Surveillance Mandate

    Detect

    Analyse

    Notify

    Deter

Way forward

Be involved



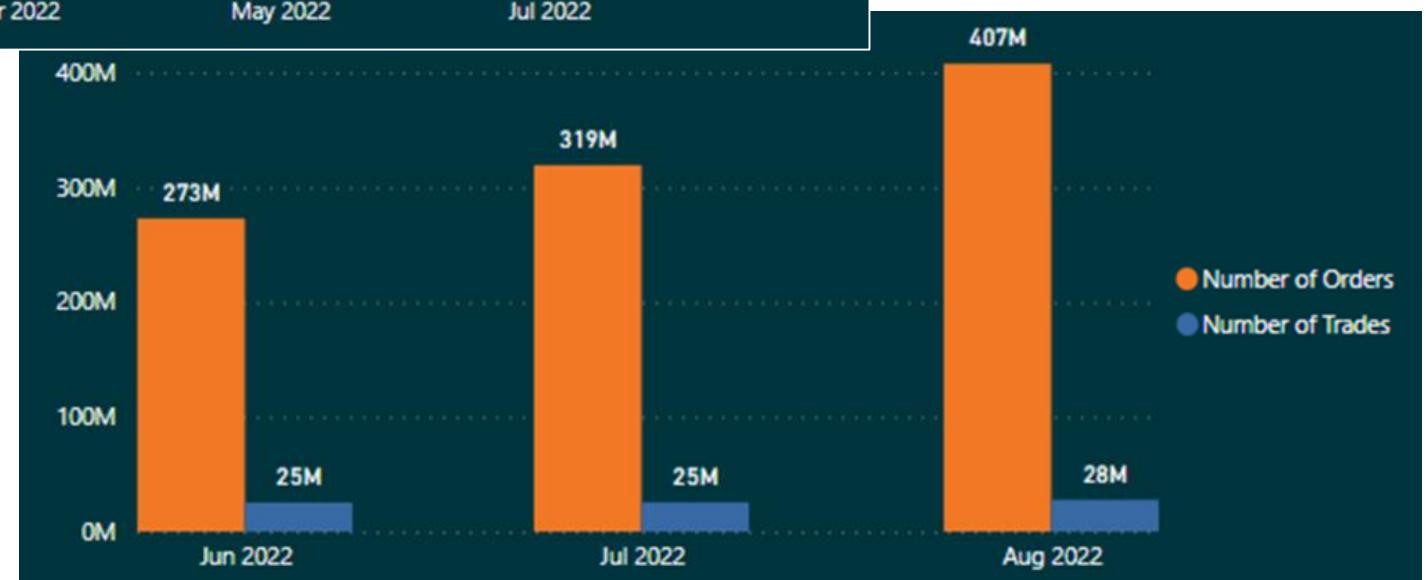
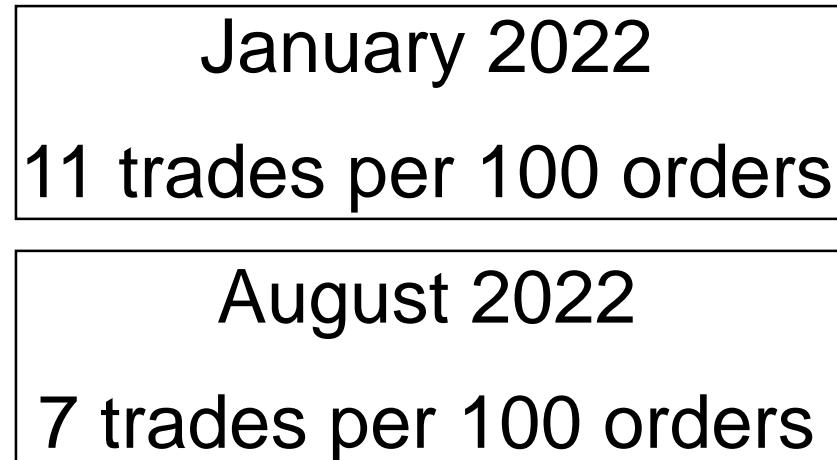
# Market Landscape

---





14 million  
reported  
records per  
day





# ACER recent actions

---

# Highlights of ACER actions over the past year

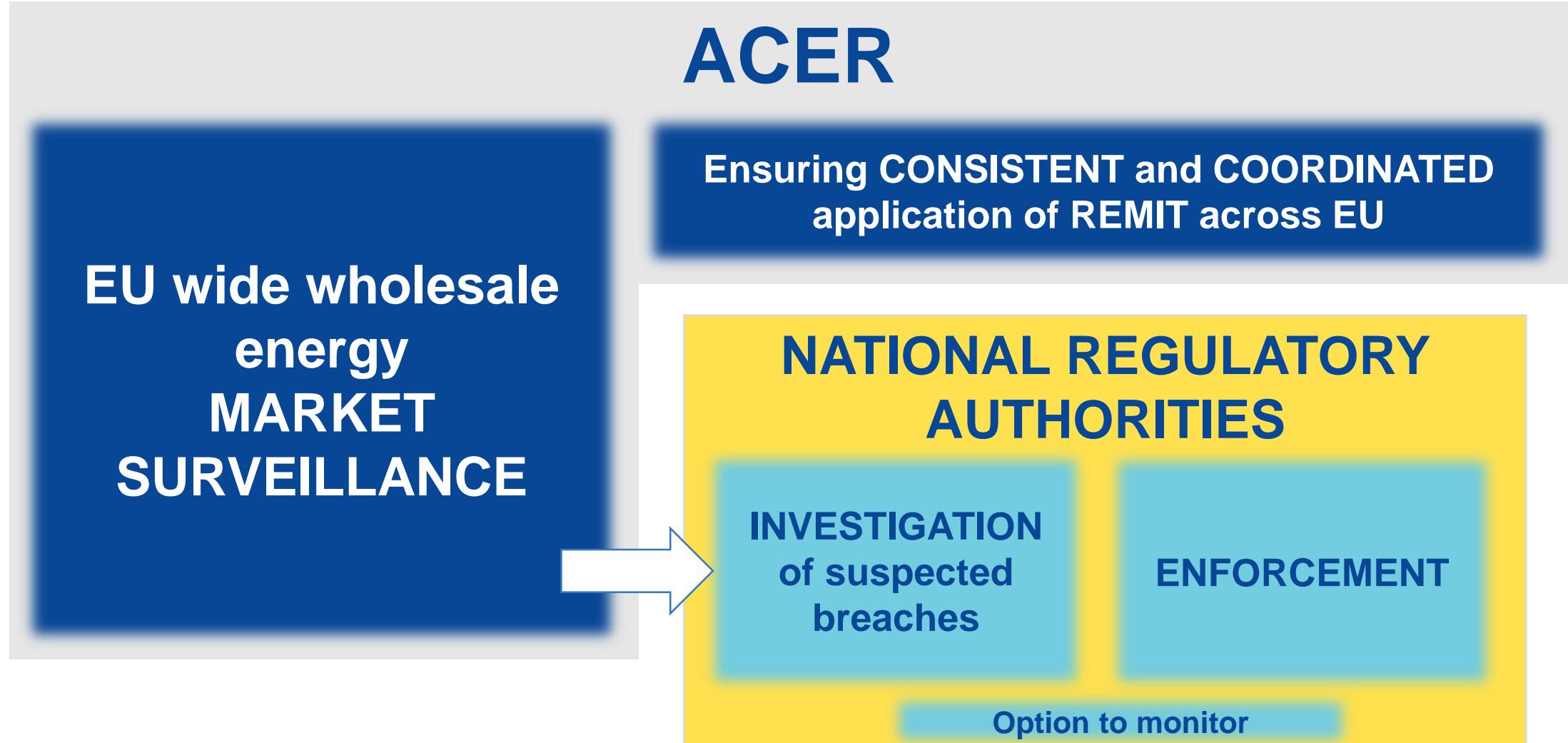
- ACER's *Preliminary Assessment of Europe's high energy prices*.
- Analysis and reporting on high gas and electricity price events.
- Increased ad-hoc provision of REMIT data to relevant authorities, project to streamline data exchange is ongoing.
- Doubled the number of meetings with PPATs.
- Strengthened 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.

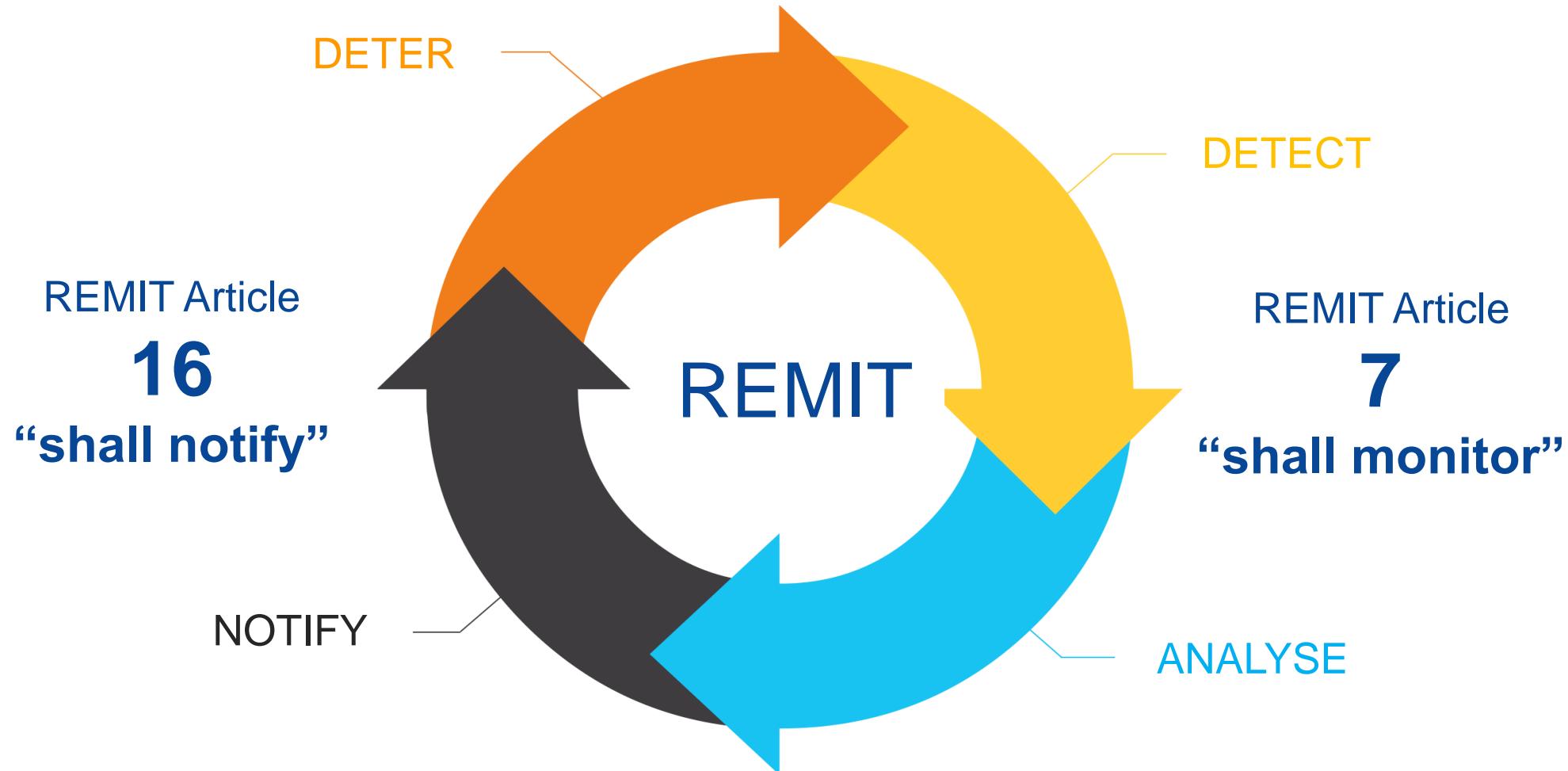


***'Unprecedented times require unprecedented actions'***

# ACER Surveillance Mandate

---

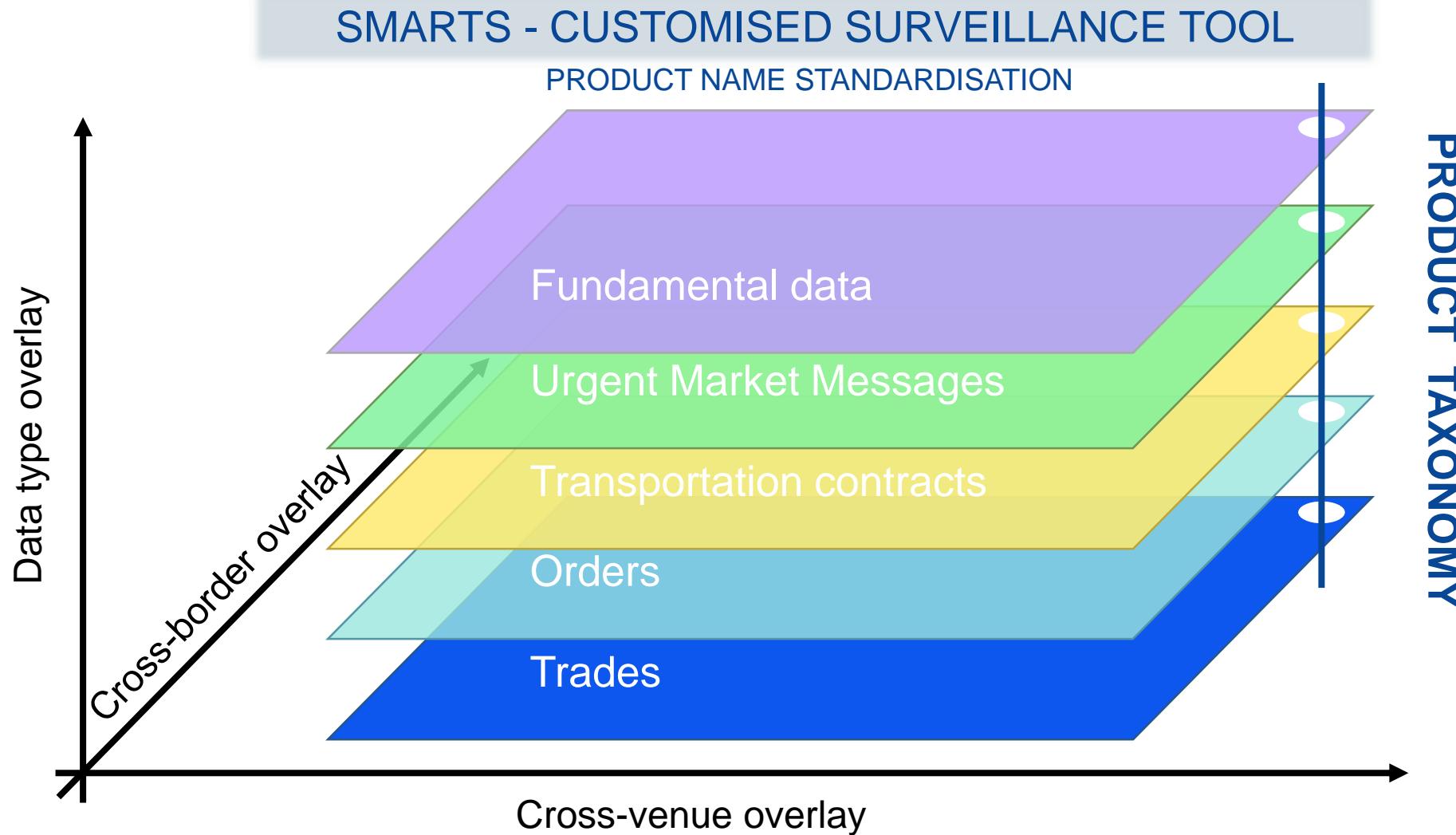




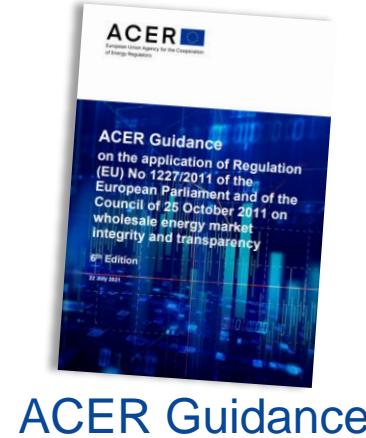


# Detect

---



## SMARTS - CUSTOMISED SURVEILLANCE TOOL



ACER Guidance

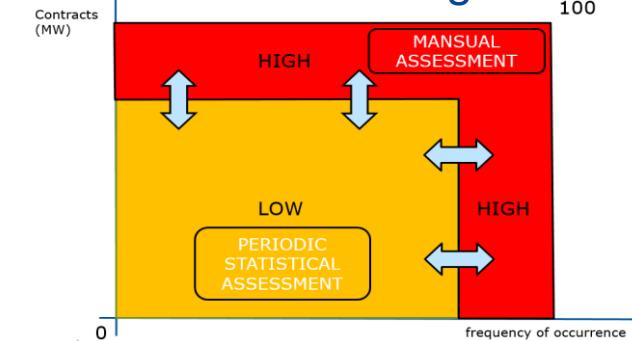


```
on trade
  if price > 150% * openprice and price > openprice + $0.07 then
    alert 101, "PRICE RISE", "PRICE RISE: The price rose from
    [openprice] at the open to [price] at [time]."
  elseif price < 50% * openprice and price < openprice - $0.07 then
    alert 102, "PRICE FALL", "PRICE FALL: The price fell from
    [openprice] at the open to [price] at [time]."
  end if
end on
```

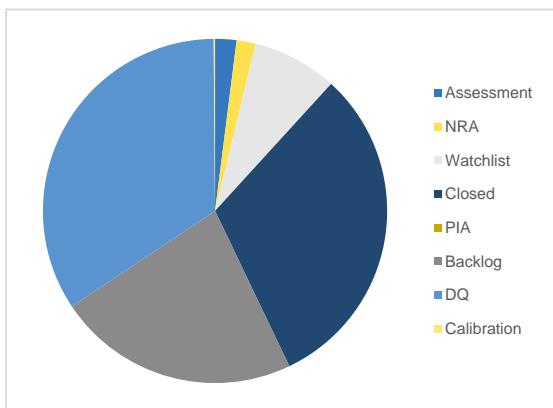
Alert logic



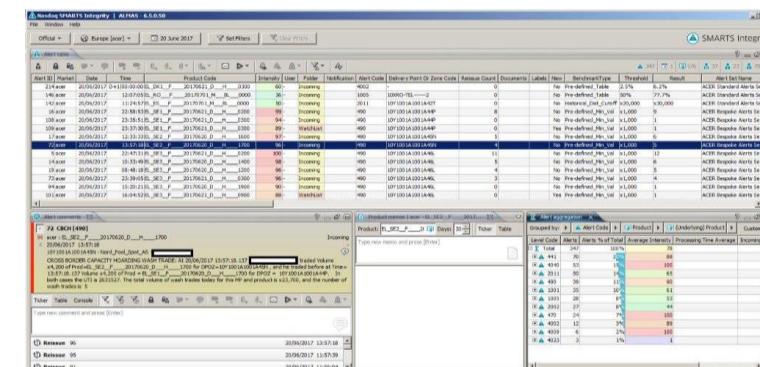
Prioritisation logic



Classification



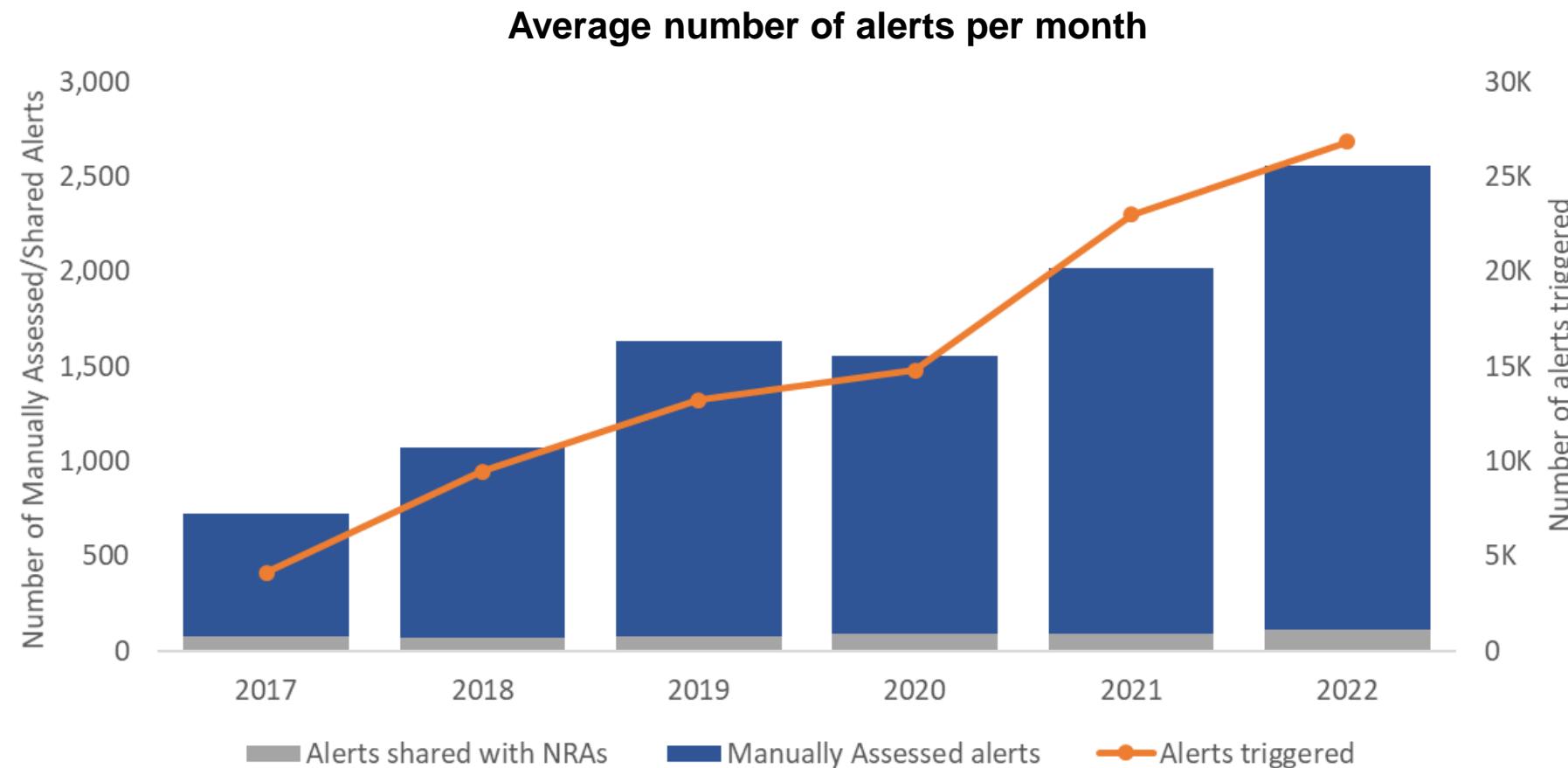
Alert management system



## Surveillance coverage in 2022

|   | <b>Continuous Markets</b> | <b>Auction Markets</b> |
|---|---------------------------|------------------------|
| Number of<br><b>Behaviour</b><br>types  | 29                        | 15                     |
| Number of<br><b>Alert</b><br>types      | Trades 9<br>Orders 1      | 4<br>3                 |
| Behaviour detection<br>compared to 2019 | +4                        | +6                     |

\* Alerts currently in production or in development.



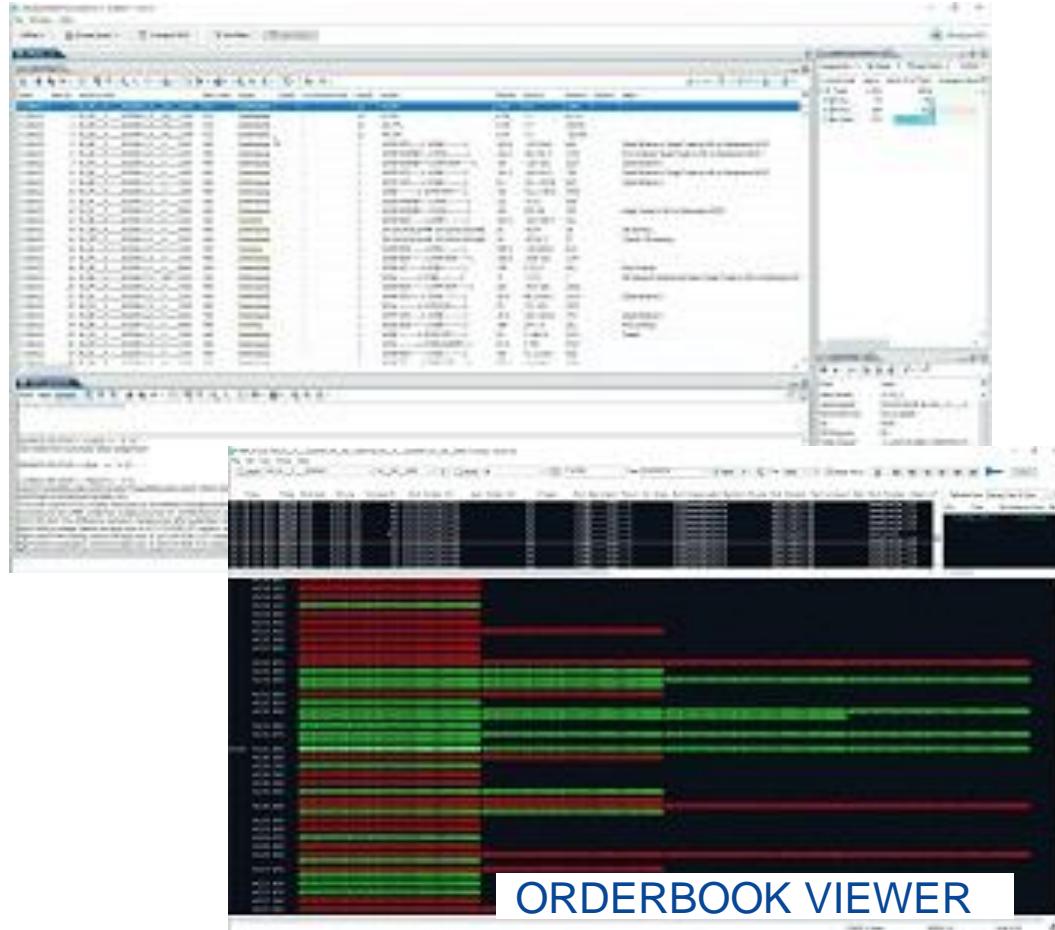


# Analyse

---

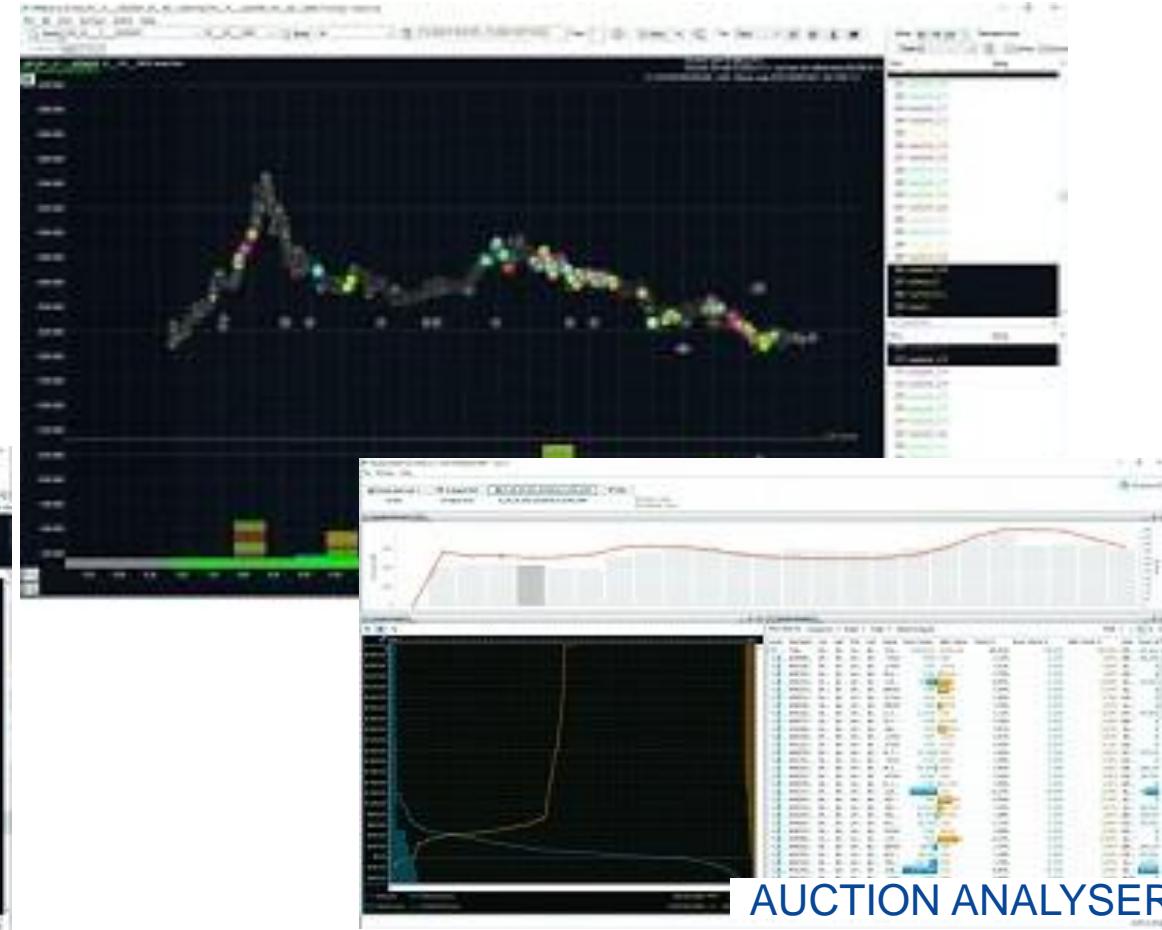
## SMARTS - CUSTOMISED SURVEILLANCE TOOL

### ALERT MANAGEMENT SYSTEM



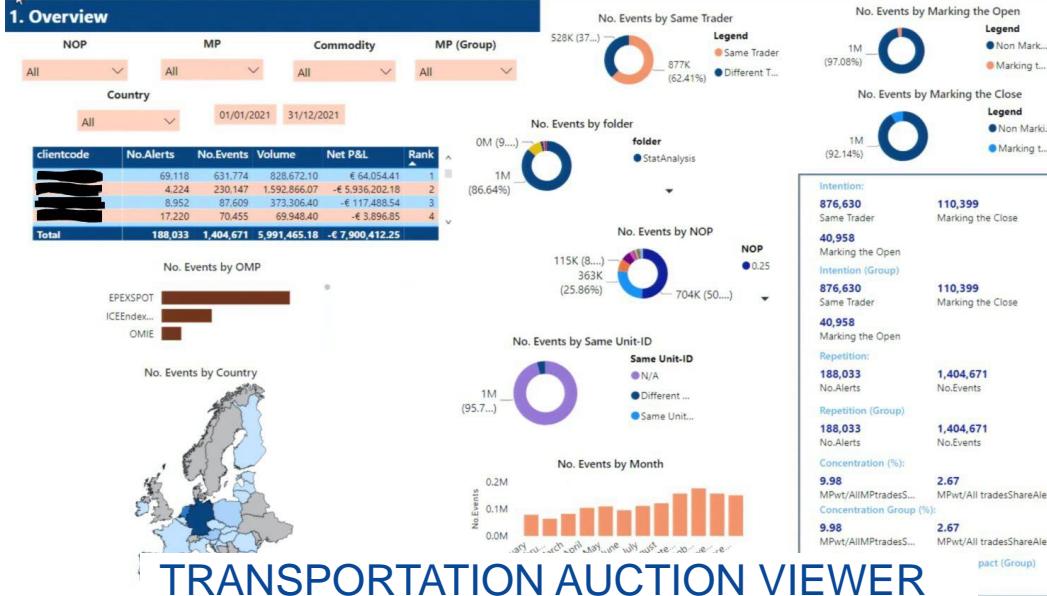
ORDERBOOK VIEWER

### CONTINUOUS MARKET VIEWER

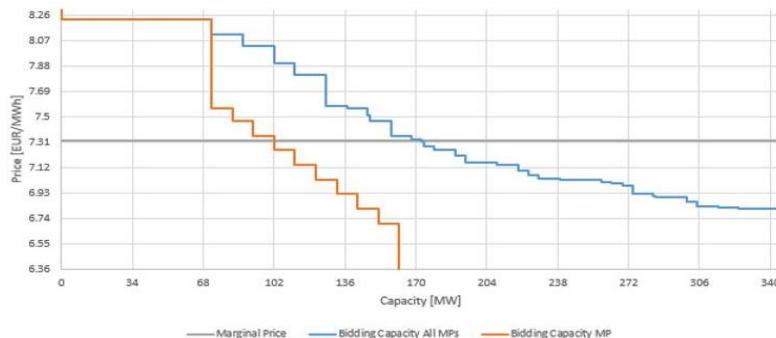


AUCTION ANALYSER

## STATISTICAL ANALYSIS

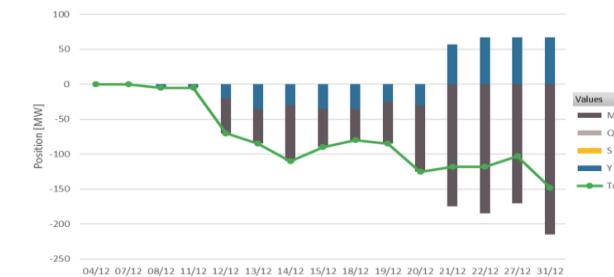
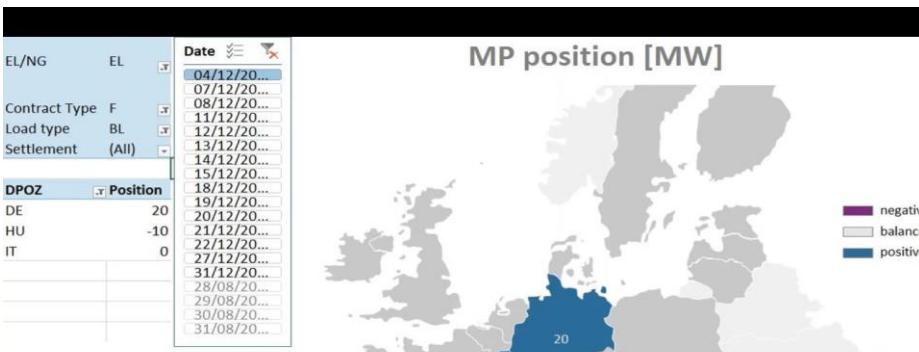


## TRANSPORTATION AUCTION VIEWER



## INTERNAL CUSTOM ANALYTICAL TOOLS

## MARKET PARTICIPANT POSITION REPORTS

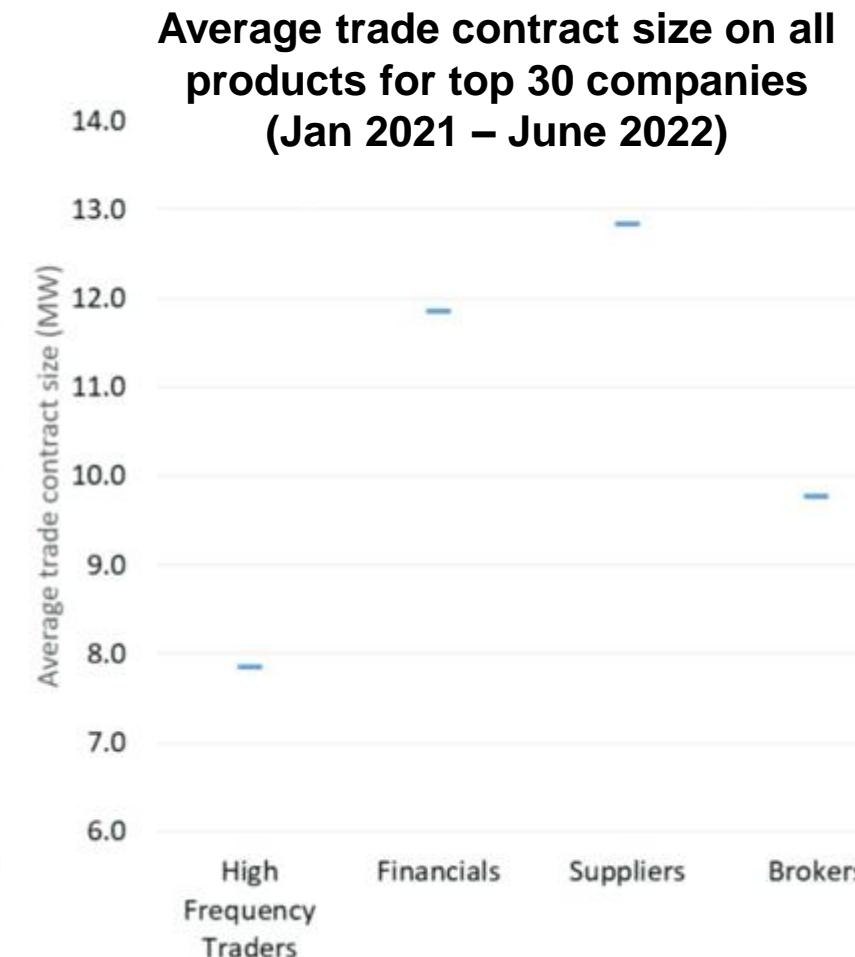


# New market landscape

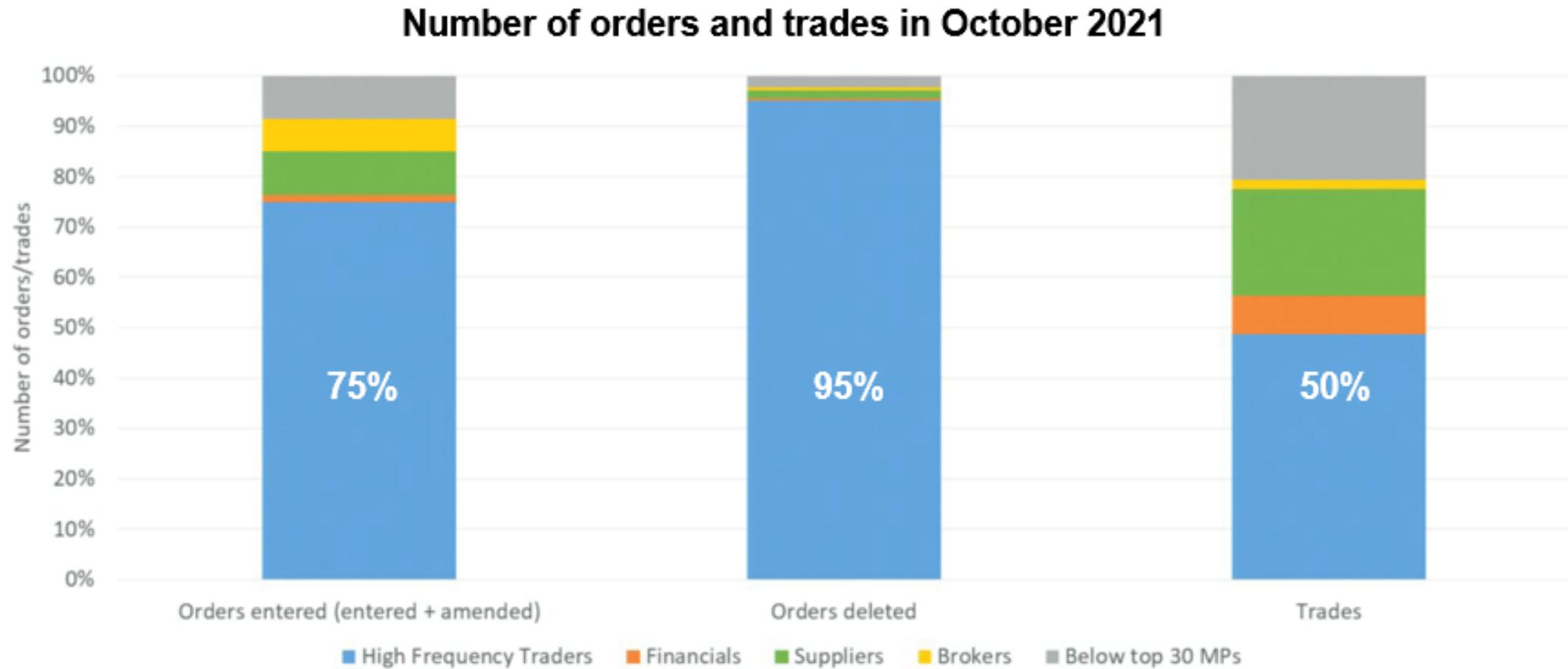
---

Rise of High Frequency Traders

# Trade share evolution



# Share of orders and trades by HFT





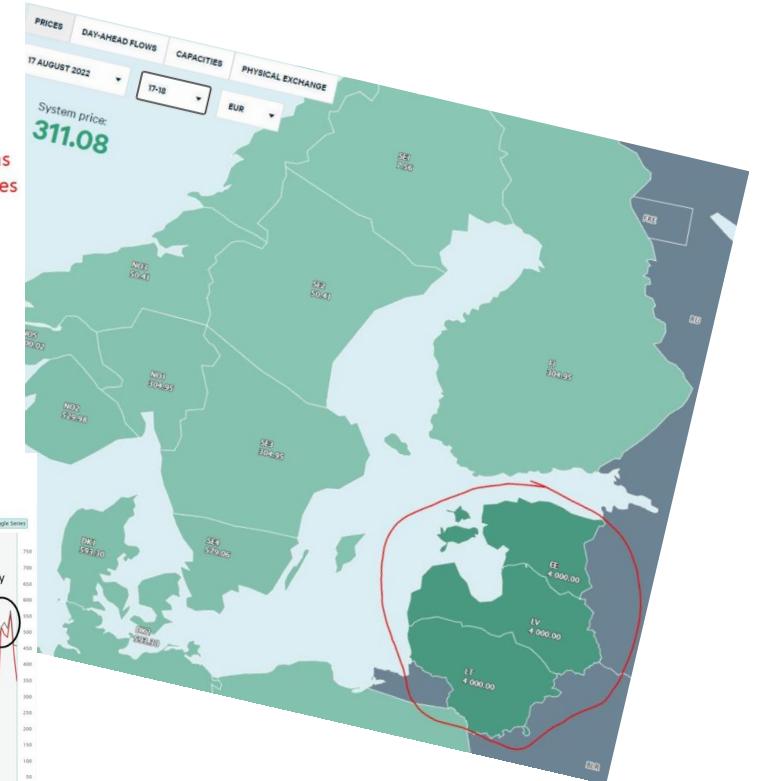
# Notify

---

## 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      

Knowledge sharing

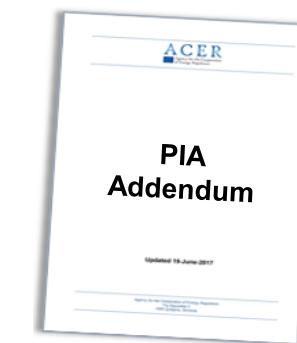
| My alerts                          |                      | Other tools                                 |                      |
|------------------------------------|----------------------|---|----------------------|
| Title                              | Date of registration | Title                                       | Date of registration |
| DE_2018_02_ACER_Alert_Sharing_Test | 2017-11-16           | Conducting dawn raids - Theory and practice | 2017-11-03           |
| DE_2018_03_ACER_Alert_Sharing_Prod | 2017-11-16           | Conducting interviews with traders          | 2017-11-03           |
| DE_2018_01_ACER_Alert_Sharing_Test | 2017-11-16           |   |                      |

| PPAT Management                |                      |              | My Knowledge |       |
|--------------------------------|----------------------|--------------|--------------|-------|
| Title                          | Date of registration | Sub-category | Document ID  | Title |
| PPAT Check List - Version 2018 | 2017-11-03           | Checklist    |              |       |
| test pdf proto                 | 2017-11-13           |              |              |       |

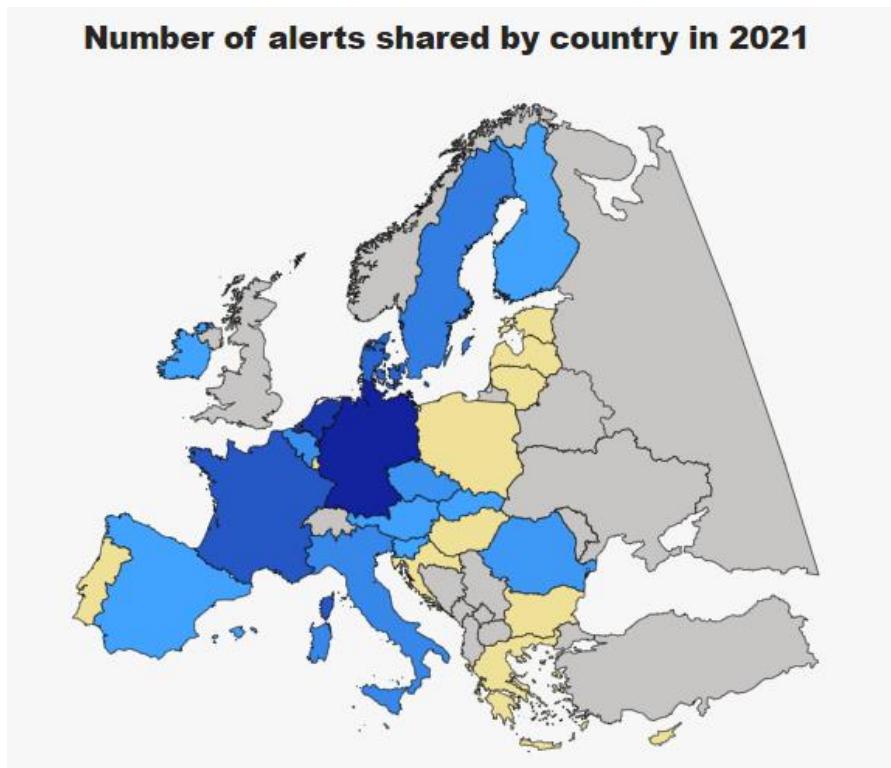
**Add document**

### INITIAL ASSESSMENTS



## ALERT SHARING

**Number of alerts shared by country in 2021**

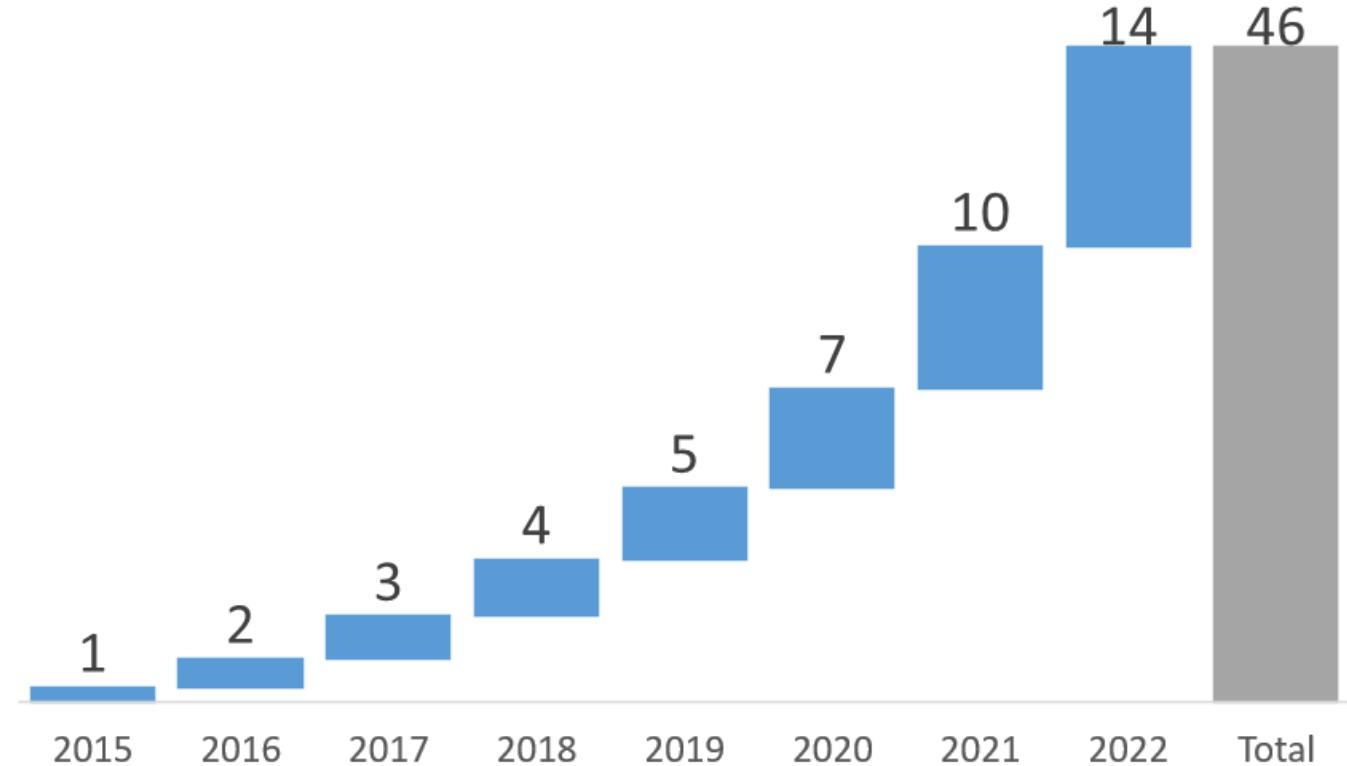


**Legend:**

- 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
  - RMs

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>

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 \(REMIT\)](#).



# 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](#)

Trg republike 3  
1000 Ljubljana  
Slovenia

tel. +386 (0) 8 205 34 00  
fax. +386 (0) 8 205 34 13

© Copyright 2022 by ACER.  
All Rights Reserved.

[Legal disclaimer](#)



# REMIT Quarterly

Check our REMIT Quarterly Publications

[https://www.acer.europa.eu/remit-  
documents/remit-reports-and-recommendations](https://www.acer.europa.eu/remit-documents/remit-reports-and-recommendations)

# Contact us: Surveillance@acer.europa.eu

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



European Union Agency for the Cooperation  
of Energy Regulators

 [info@acer.europa.eu](mailto:info@acer.europa.eu)  
 [acer.europa.eu](http://acer.europa.eu)

 @eu\_acer  
 [linkedin.com/company/EU-ACER/](https://linkedin.com/company/EU-ACER/)

# Trading in turbulent times

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

Ekaterina Moiseeva

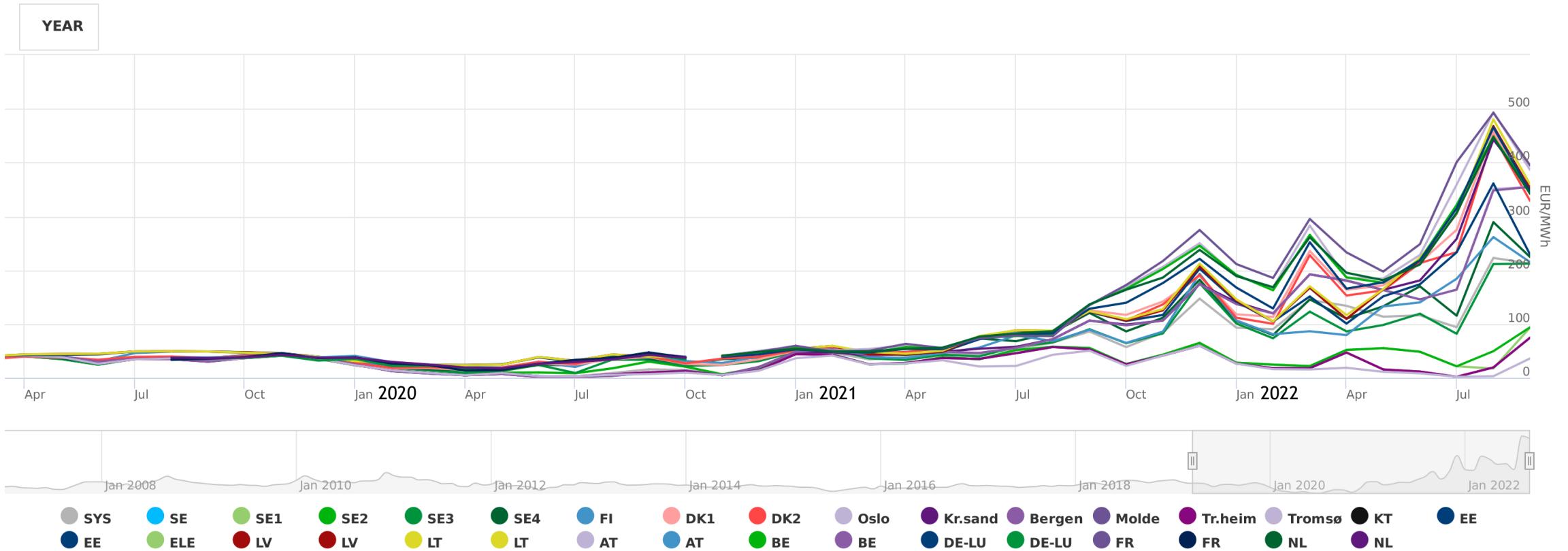
Manager Market Surveillance

25<sup>th</sup> October 2022

# Perfect storm

In the second half of 2021 prices start to rise

Highest peak of monthly average in August 2022



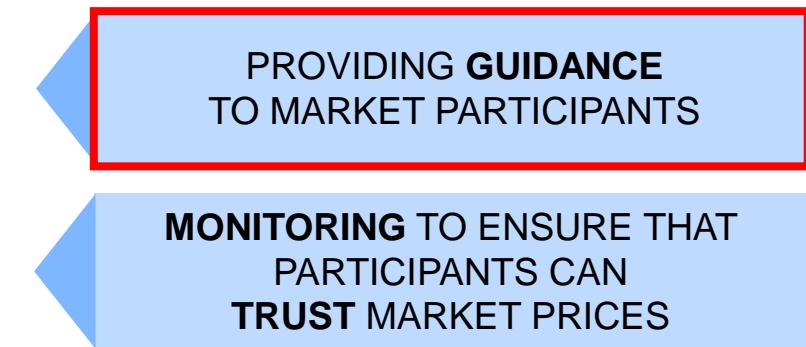
# Wholesale energy market

Market and market signals are continuously challenged

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



## ROLE OF MARKET SURVEILLANCE:



A large, high-angle photograph of a waterfall cascading down a rocky cliff. The water is a vibrant turquoise color, creating white foam as it falls. The background is a dark, forested hillside.

# Guidance to Market Participants

# 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



The price of power in auction-based power markets is set by the intersection of the demand and supply curves. These curves represent the offers and bids of market participants. For power markets to work efficiently – delivering power to consumers in the least expensive way possible – it is very important that supply and demand curves correctly represent the state of the power system.

Currently, we have seen extreme prices in the electricity market in Europe, while many market participants are meeting new challenges in how to comply with REMIT regulations related to the market situation. In this latest newsletter from Nord Pool's dedicated Market Surveillance team, we address some of the key topics that have been brought to our attention during the turbulent period experienced by the market in the last few months.

## Economic withholding

The term *economic withholding* is used to describe the behaviour of offering production capacity at prices exceeding the marginal cost without a legitimate justification. 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."*

This indicates that if a market participant offers capacity to the market at prices above the marginal cost of its assets, this may be market manipulation. Further, it indicates that there may be justifications for why a market participant would offer capacity to the market above marginal cost without this being considered market manipulation. ACER Guidance specifies that the reasons for offering capacity at prices above marginal cost can be technical, regulatory and/or economic. The latter (legitimate economic reason) is specifically important for this newsletter.

The idea of legitimate economic reason is based on opportunity cost. ACER Guidance explains: *"Opportunity costs represent the expected value of the most valuable choice that was not taken. In wholesale electricity markets, this can, for example, represent offering at a different point in time for energy-limited available*

*generation assets, e.g. reservoir hydropower units. It can also represent offering in a different sequential market (such as forward, day-ahead or intraday markets) for available generation assets, based on said expectations. Ultimately, the expectation on the value of electricity in real time, including expected outages and considering the volume to be traded, will impact the opportunity costs."*

## Legitimate justification of price offer

National Regulatory Authorities (NRAs) have the final responsibility for investigating if a given case constitutes market manipulation. The assessment may be different in different countries, depending, for example, on market characteristics. In this newsletter we provide several examples where it might be relevant for market participants to review their compliance and make sure that their justification for offering capacity above the marginal cost is legitimate.

### A) Modifying water values based on political statements

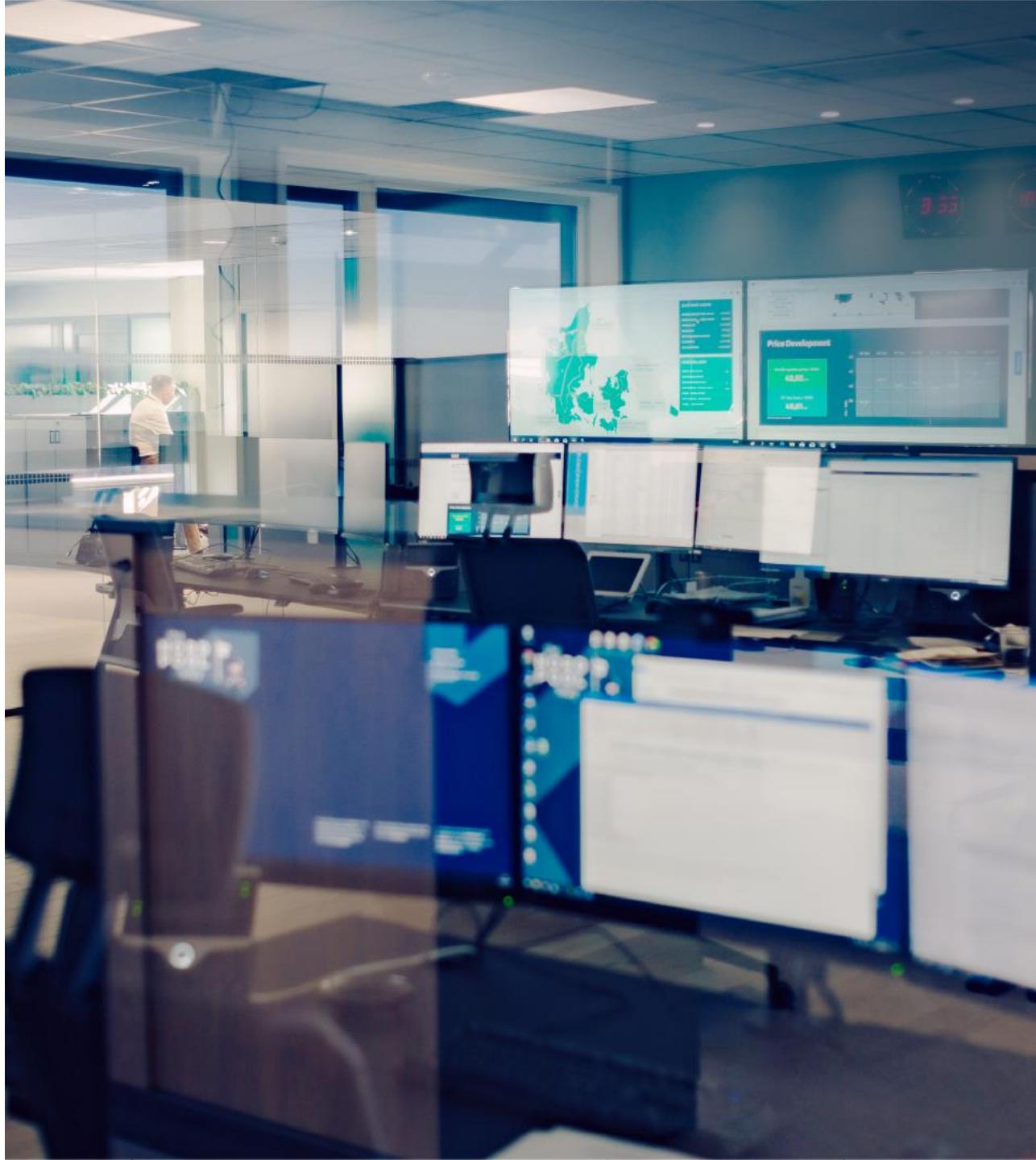
In hydro power systems, such as for example that seen in Norway, the price offer is based on an opportunity cost – the expected value of producing now, compared to producing at a later point. Calculation of water values is a complex process and includes short-term optimisation as well as long-term analysis. Hydro power producers base

# 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.”*

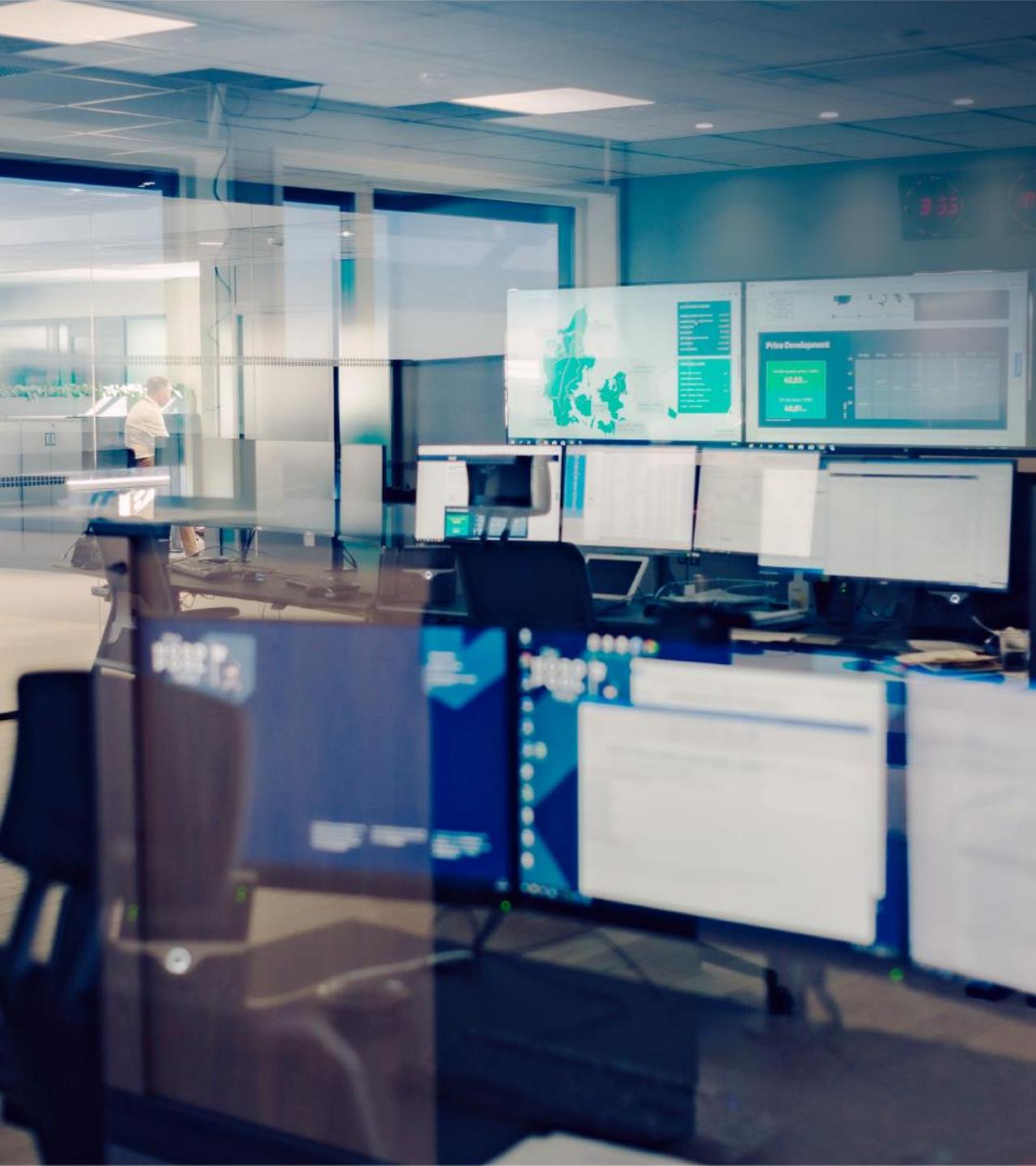
- Social Responsibility
  - Especially in Norway, we have seen **political pressure** on hydropower producers to save water before winter
  - In other countries, there has been a high focus on **filling gas storage** before winter
- Market Surveillance is of the opinion that motivating an increase in 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

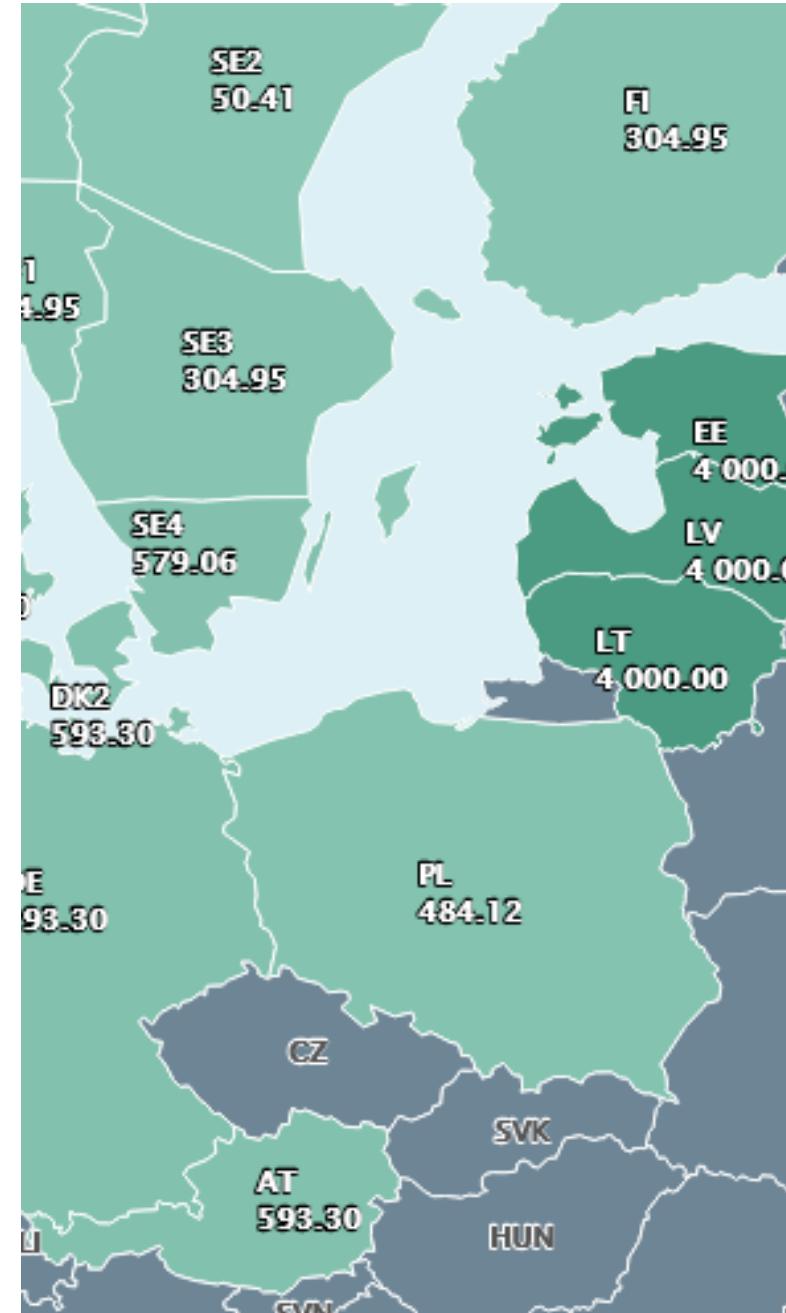
- Offering a production assets in blocks that are too large or too long may be seen as **not offering the capacity competitively** according to the ACER Guidance
- Such an assessment will also depend on the technical possibilities of the production asset
- Bidding strategy must ensure that bids are offered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



# Competitive offering of capacity in blocks

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

- On 17<sup>th</sup> 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

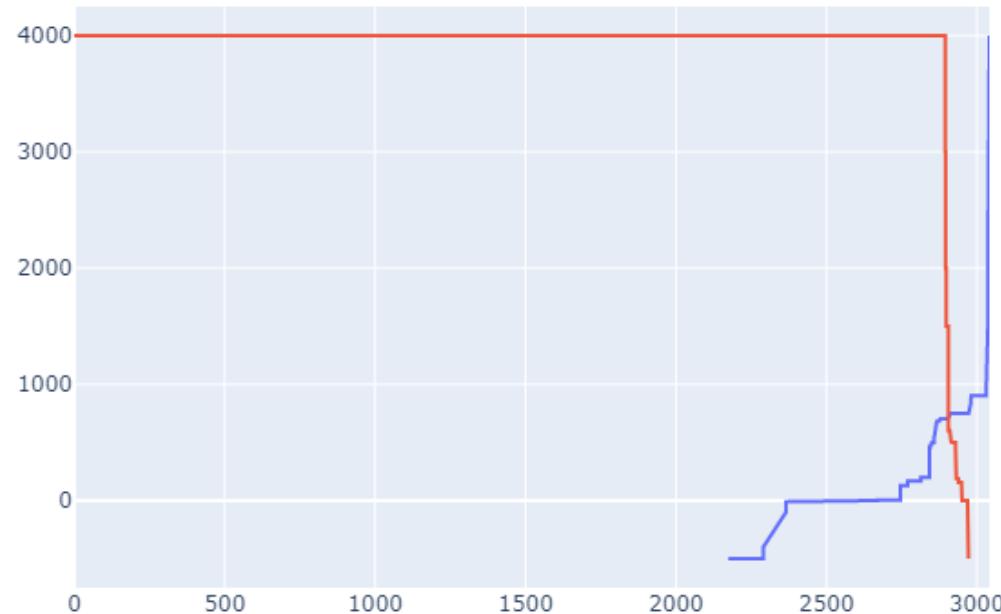


# Aggregated bidding curves (16<sup>th</sup> and 17<sup>th</sup>)

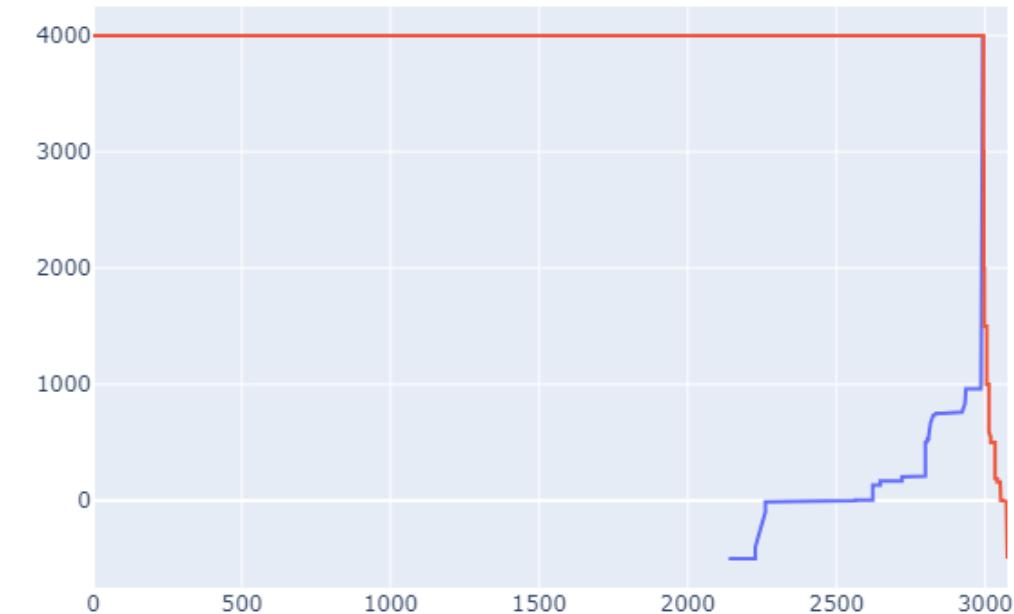
supply  
demand

Published daily by Nord Pool on a Baltic level

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

NORD  
POOL

# 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 16<sup>th</sup> for delivery on August 17<sup>th</sup> 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:**

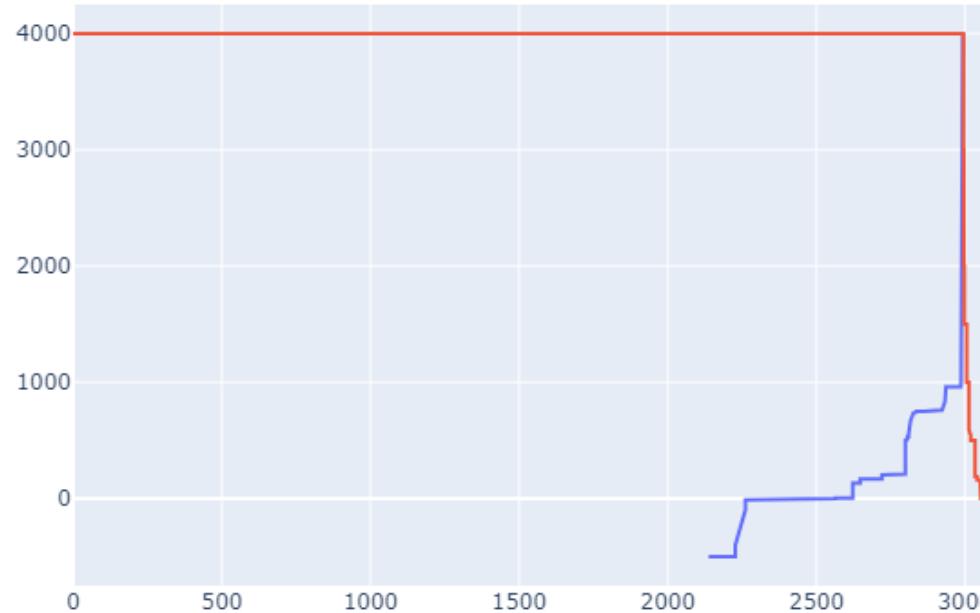
- Bids and offers were submitted for calculation using the common European market coupling algorithm, Euphemia
- The primary calculation resulted in the maximum clearing price of 4000 Euros in a number of delivery periods in Estonia, Latvia & Lithuania
- In accordance with the market rules applicable 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 (17<sup>th</sup> and 18<sup>th</sup>)

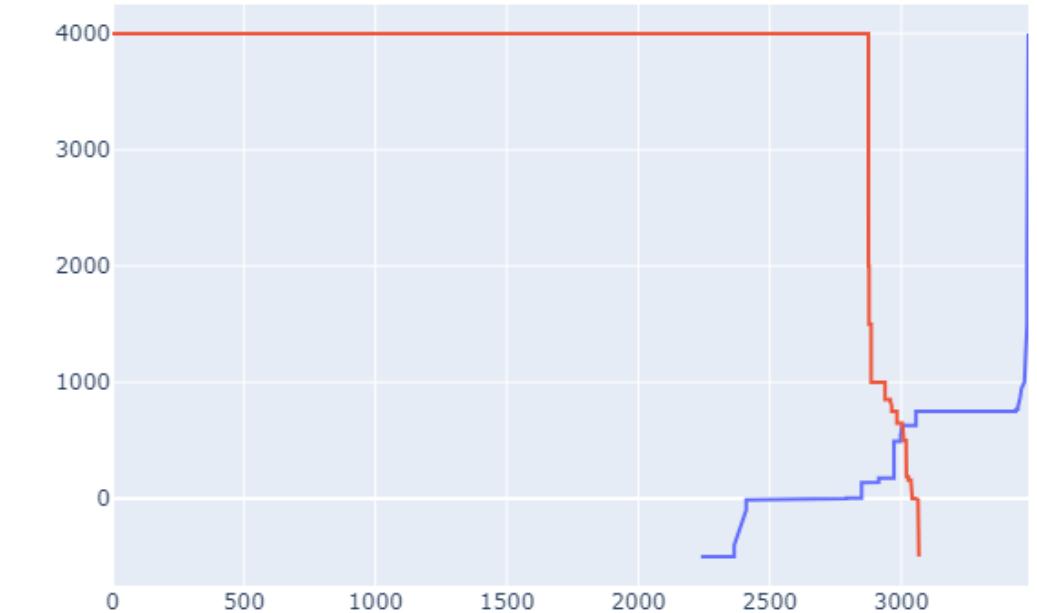
supply  
demand

Published daily by Nord Pool on a Baltic level

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



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



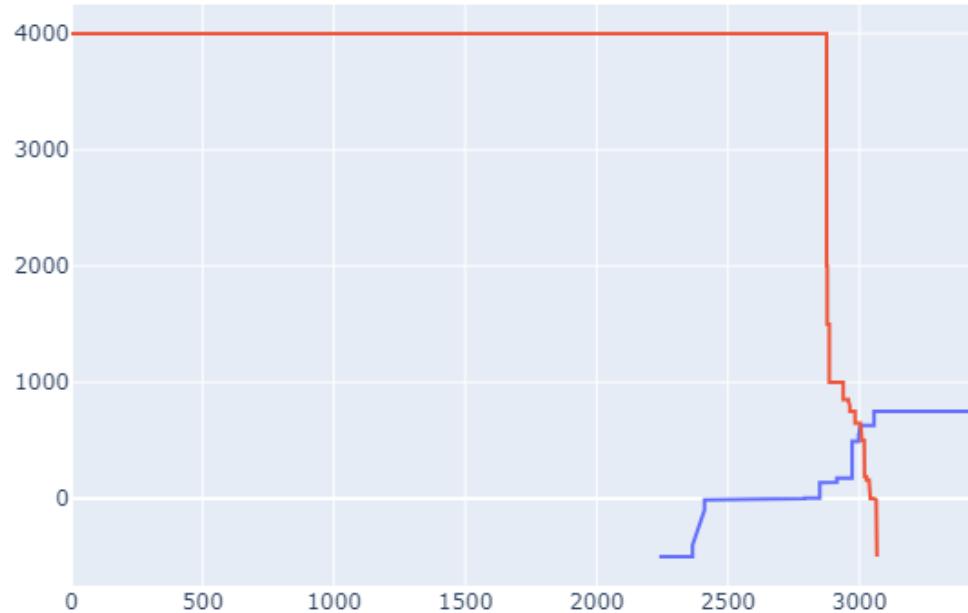
We have seen a dramatic change for the delivery on 18<sup>th</sup>  
Both supply curve and demand curves are offered in a much more flexible way

# Aggregated bidding curves (18<sup>th</sup> August and 20<sup>th</sup> October)

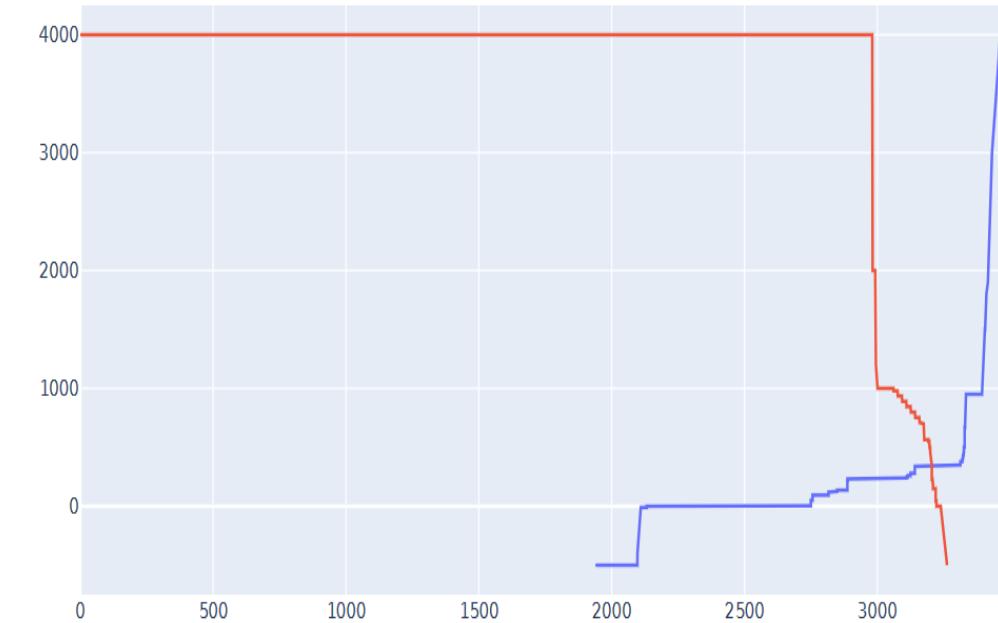
supply  
demand

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.



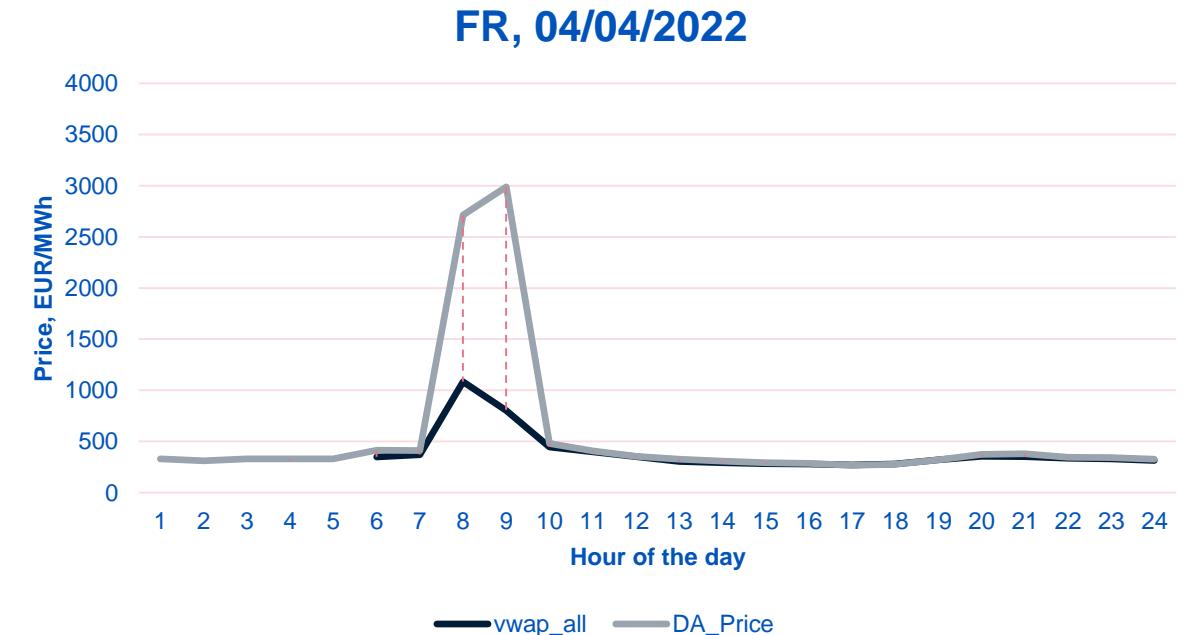
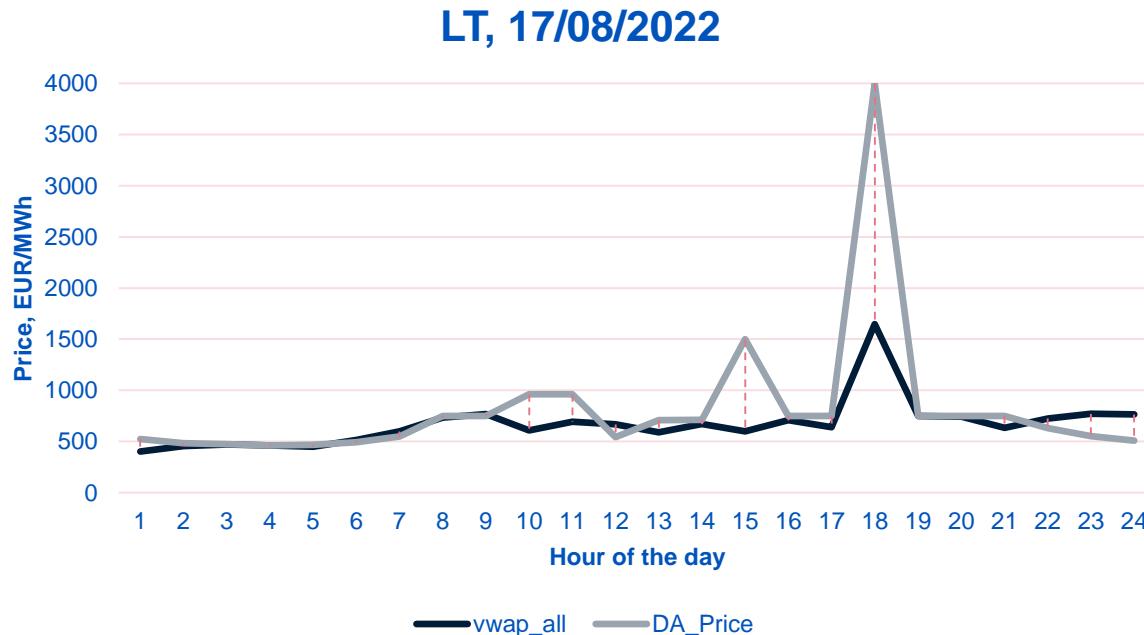
# What is flexibility on the demand side?

- 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



# 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.

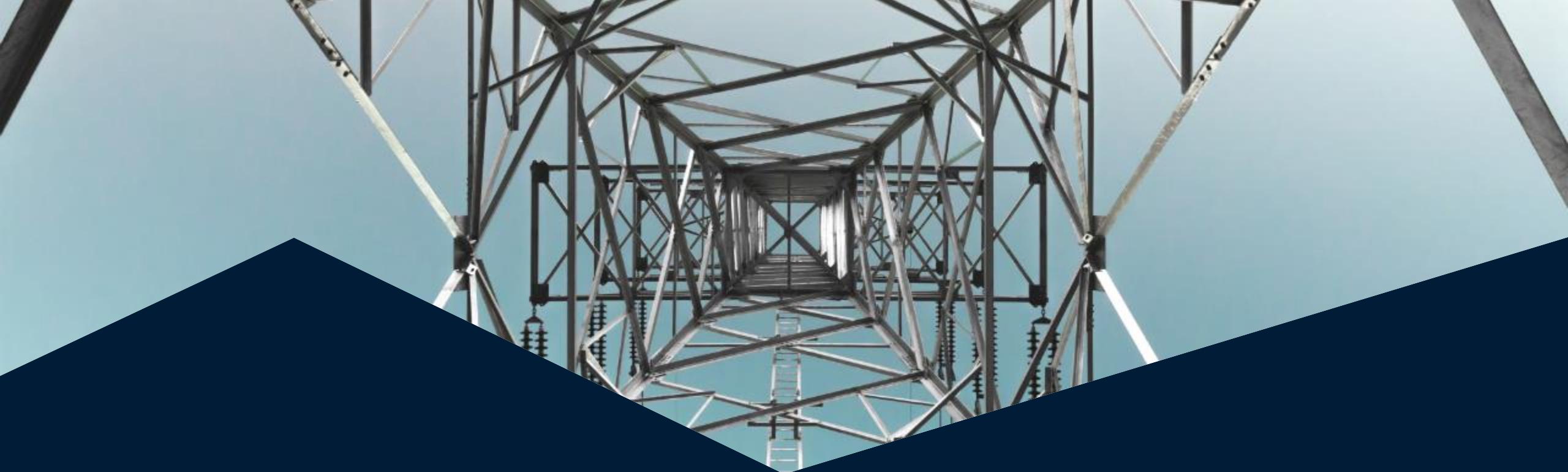
On 17th August, the price-dependent demand in hour 18 in the Baltic area was 81 MWh/h. On 18th August there was 234.1 MWh/h of flexible demand offered. This flexibility might have been discovered based on physical or opportunity cost demand flexibility (there may of course also be other reasons for this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



# 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

[ekaterina.moiseeva@nordpoolgroup.com](mailto:ekaterina.moiseeva@nordpoolgroup.com)

Market Surveillance e-mail: [market.surveillance@nordpoolgroup.com](mailto: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>





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

|   |  |  |
|---|--|--|
| <p><b>More data are collected every year (Section 1)</b></p>  | <p><b>however new market developments give limited possibilities to improve and enforce data quality (Section 2)</b></p>   | <p><b>and REMIT restricts public disclosure of data (ex-post transparency) that would further enhance overall transparency over markets and data quality</b></p>   |
| <ul style="list-style-type: none"><li>• High-frequency trading</li><li>• Direct Market Access (DMA)</li><li>• New market segments (SIDC, SDAC)</li><li>• New MPs in the market</li><li>• Inside Information</li></ul> | <ul style="list-style-type: none"><li>• CEREMP &amp; Inside Information</li><li>• DMA</li><li>• REMIT framework not up-to-date with the market developments (scope, definitions etc.)</li><li>• Limited possibilities over non-compliant RMs</li></ul> | <p><i>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.</i></p> |

# Section 1

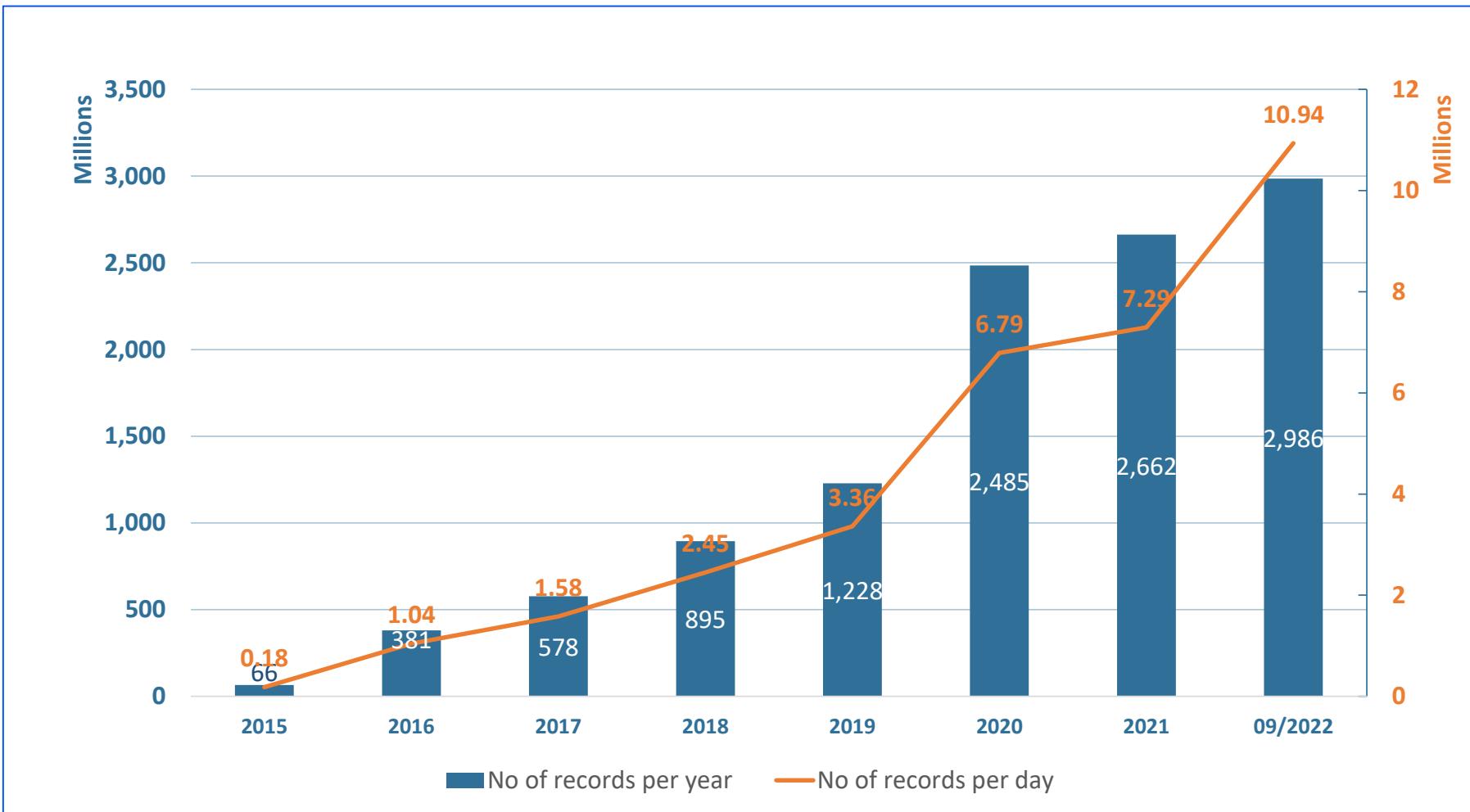
## Data collection increase - trends and factors

---

Statistics

High-frequency trading

Direct Market Access



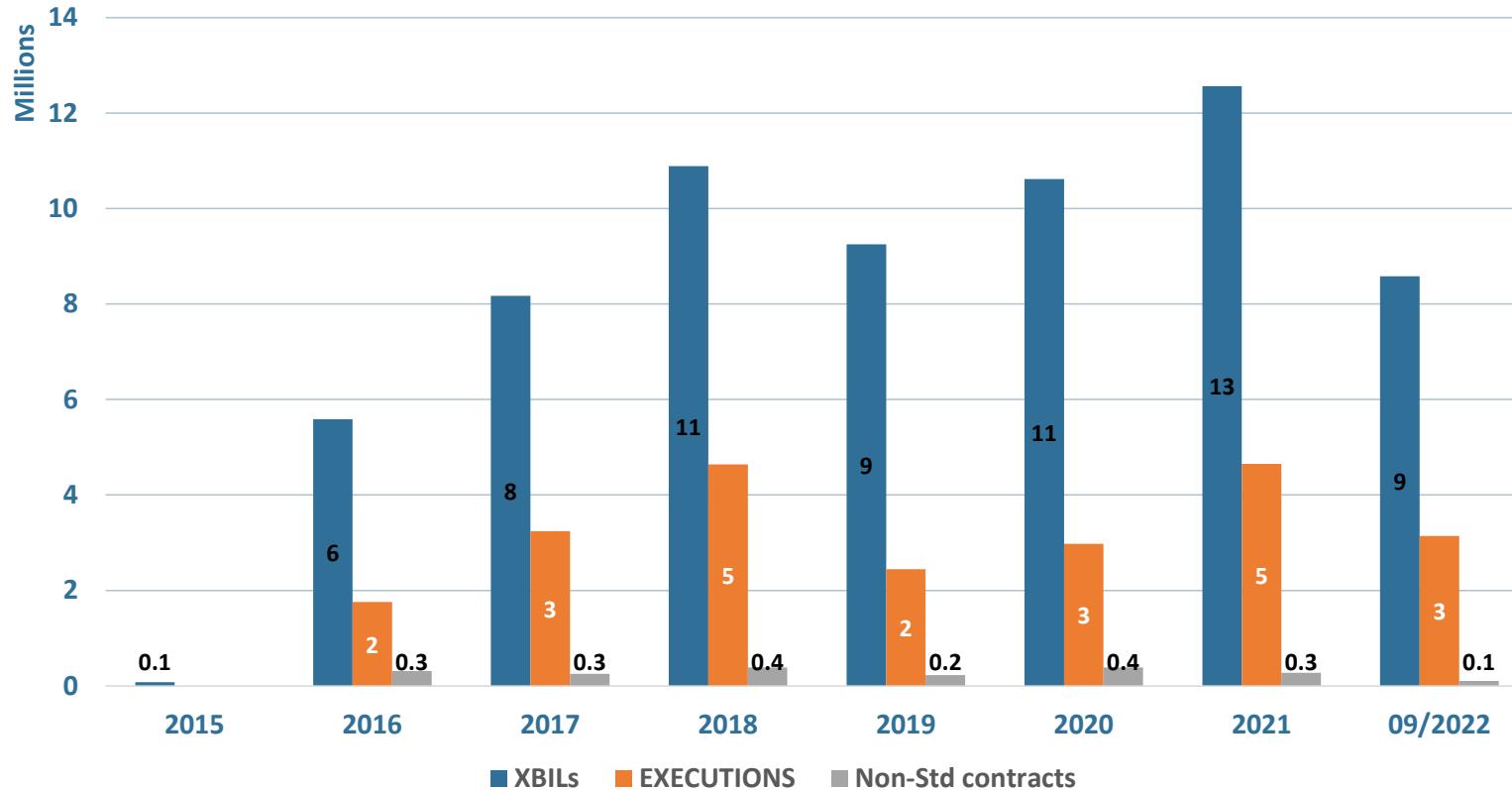
# Data Collection

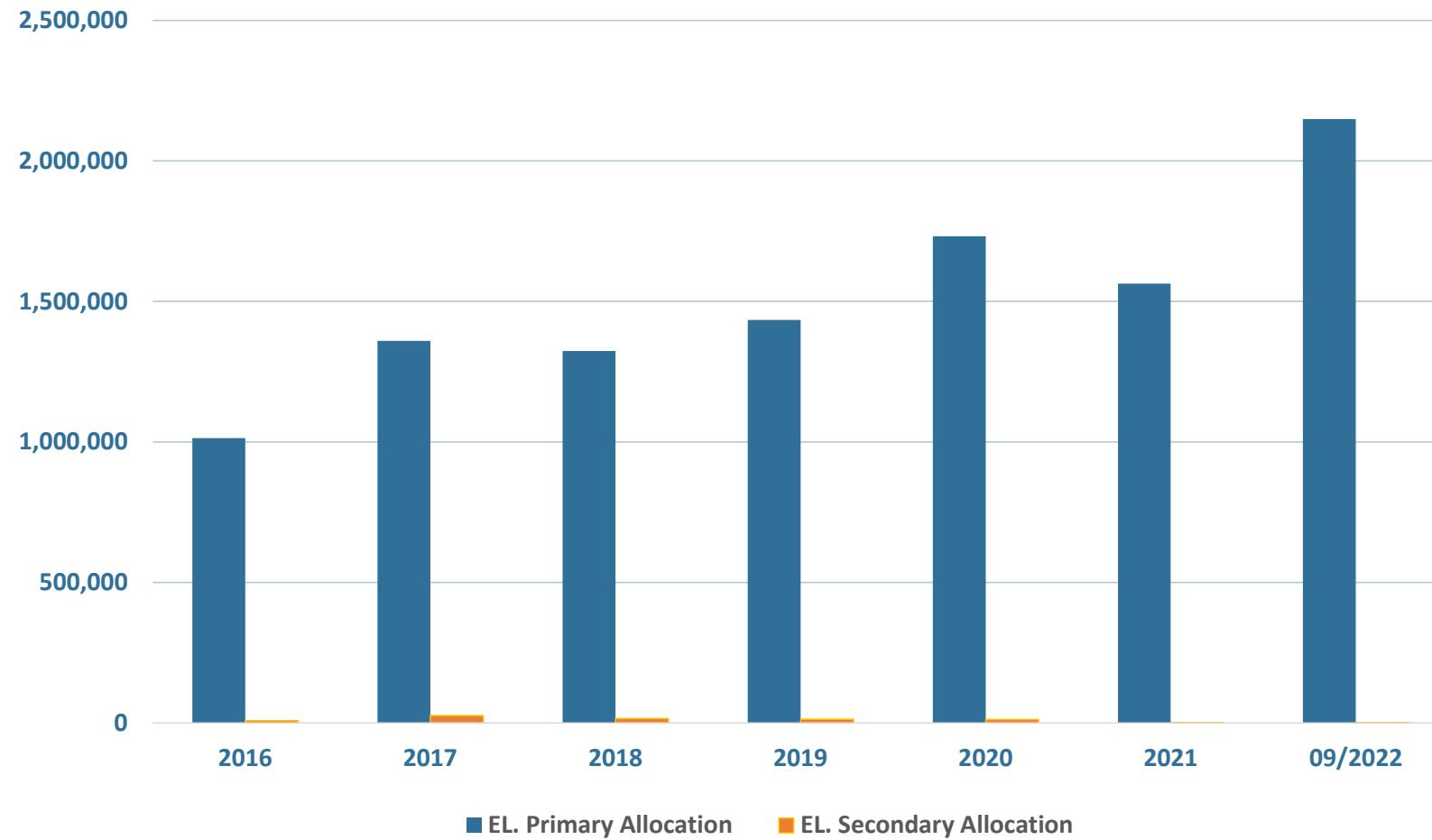
## Table 1 OMP data

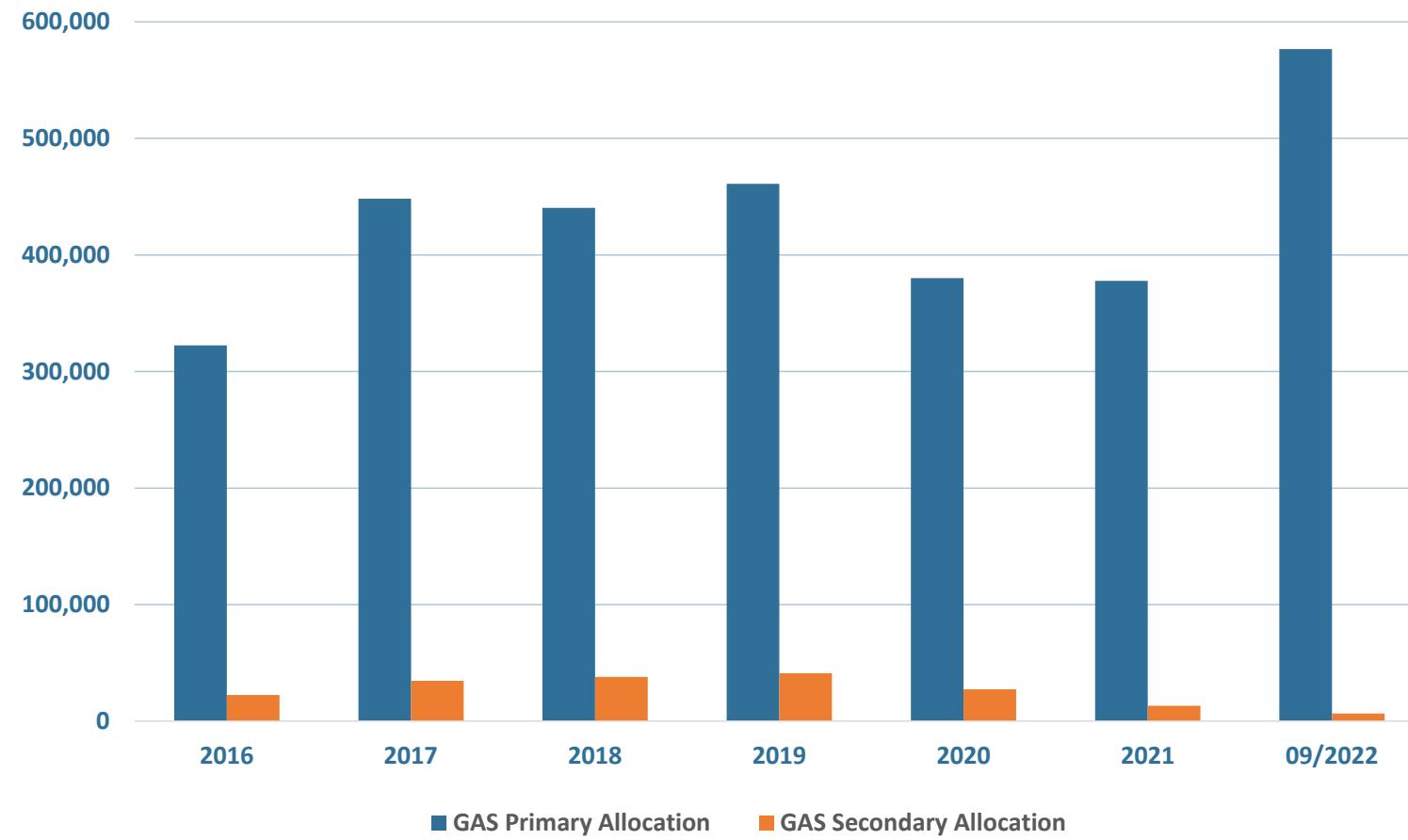


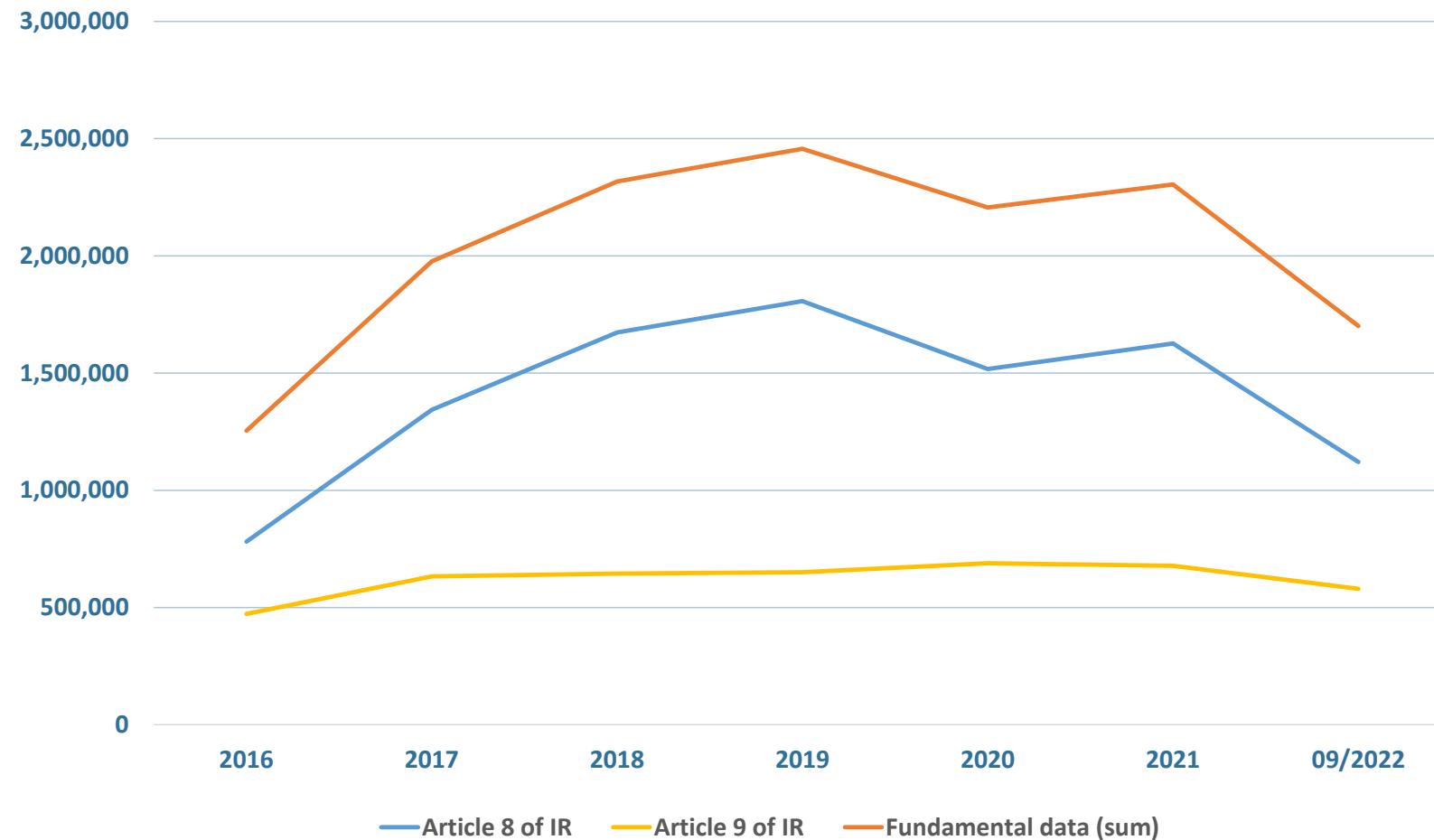
# Data collection

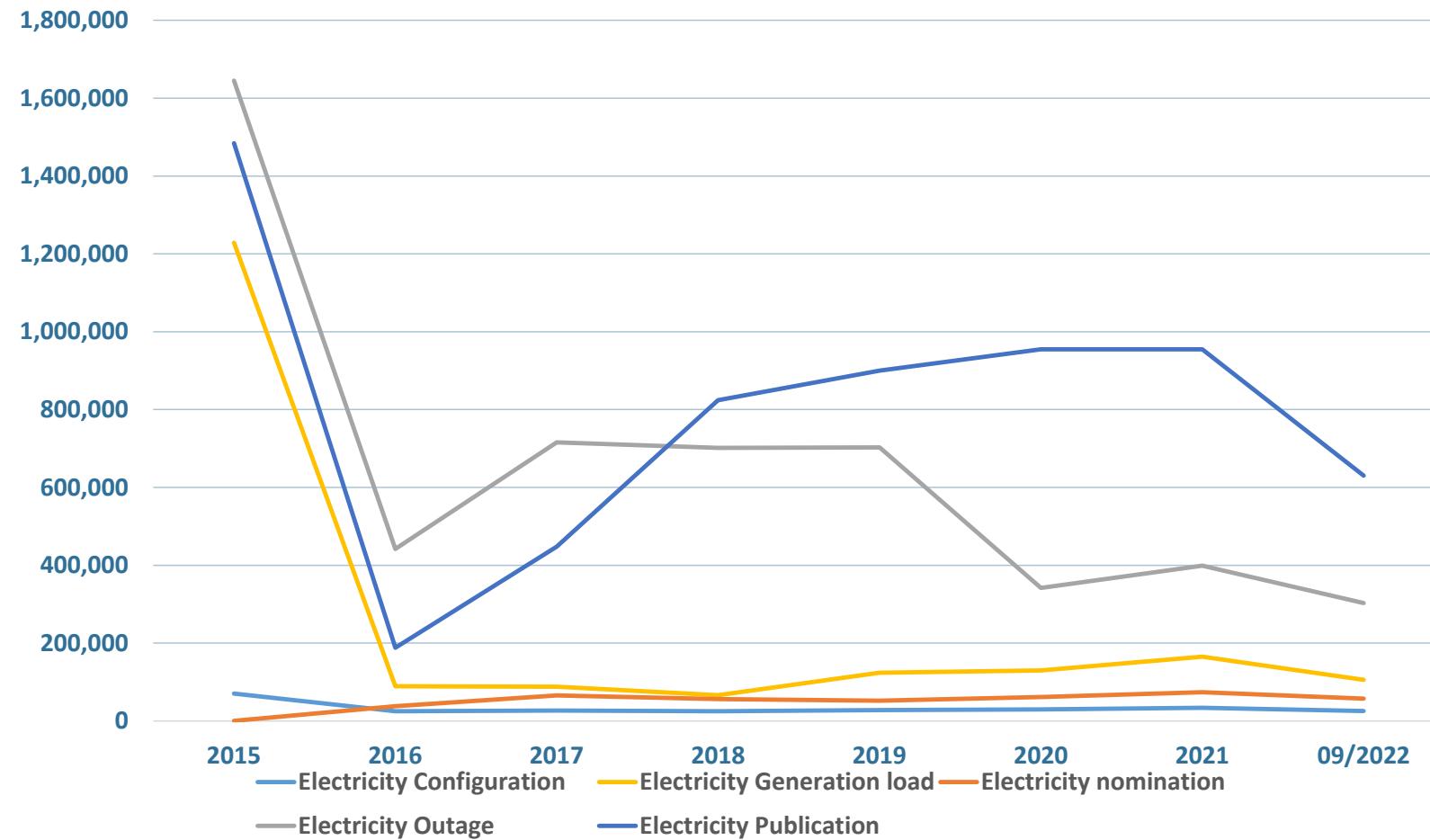
## Table 1 and 2 outside-OMP data

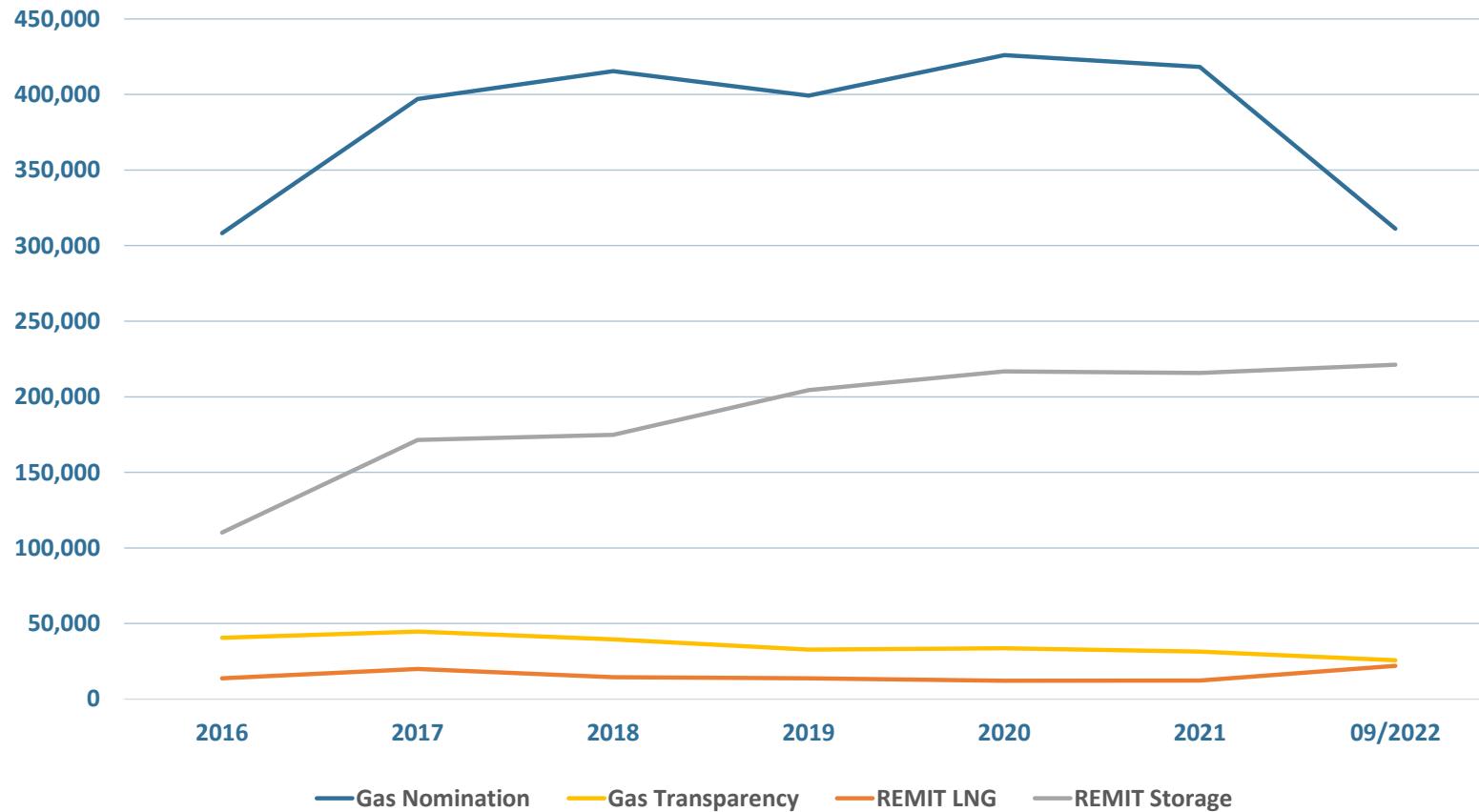












## UMMS COLLECTED - 2021 VS 2022 (BY PUBLICATION DATE)

— 2021 — 2022

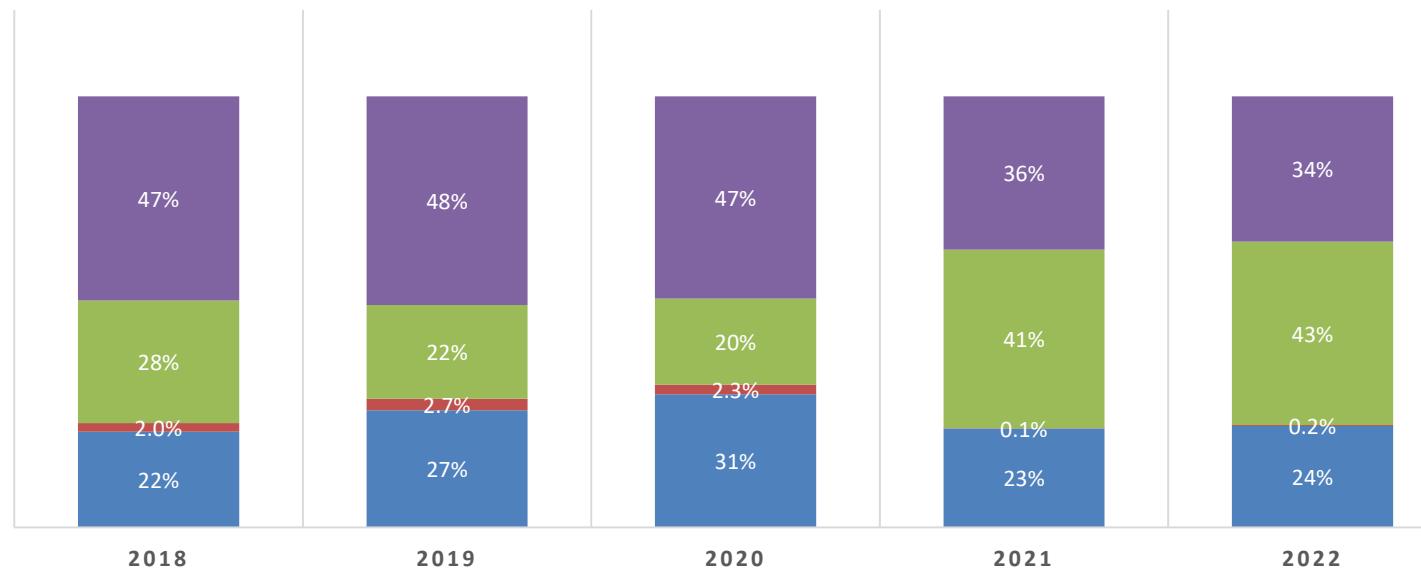


\*Note: Data polling issues were affecting the collection of UMMS in this period so the number of published UMMS by the listed platforms may be different.

# 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

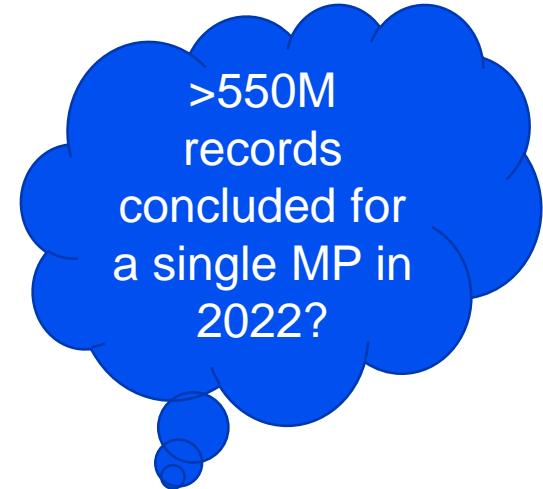


↑ Increase of collected data

↓ 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 2<sup>nd</sup> largest RRM



| MP   |          |           |                          | Beneficiaries |              |                      |
|------|----------|-----------|--------------------------|---------------|--------------|----------------------|
| MP   | # of RRM | # of OMPs | # of records<br>Table1-4 | # of MPs      | # 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               |               |              |                      |

# Section 2

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

---

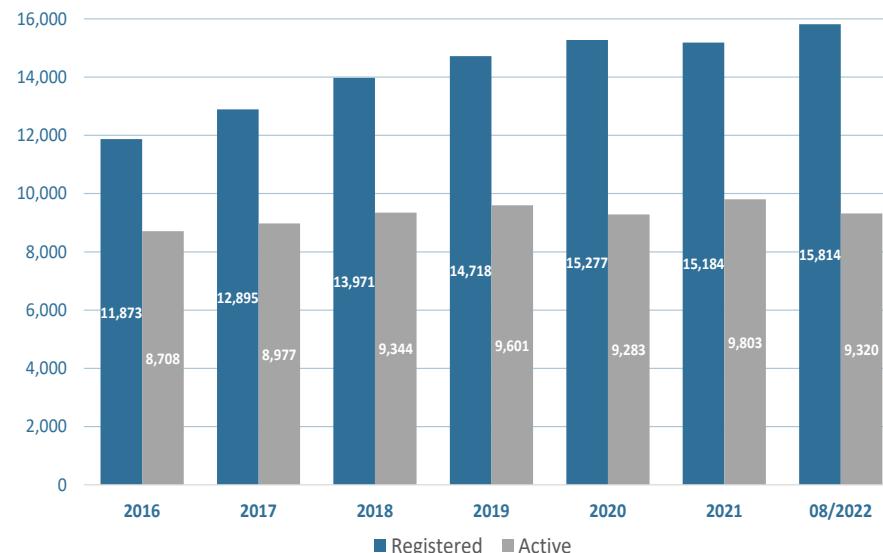
CEREMP

Inside Information

New market developments vs REMIT

MPs & RRMs Compliance monitoring and enforcement

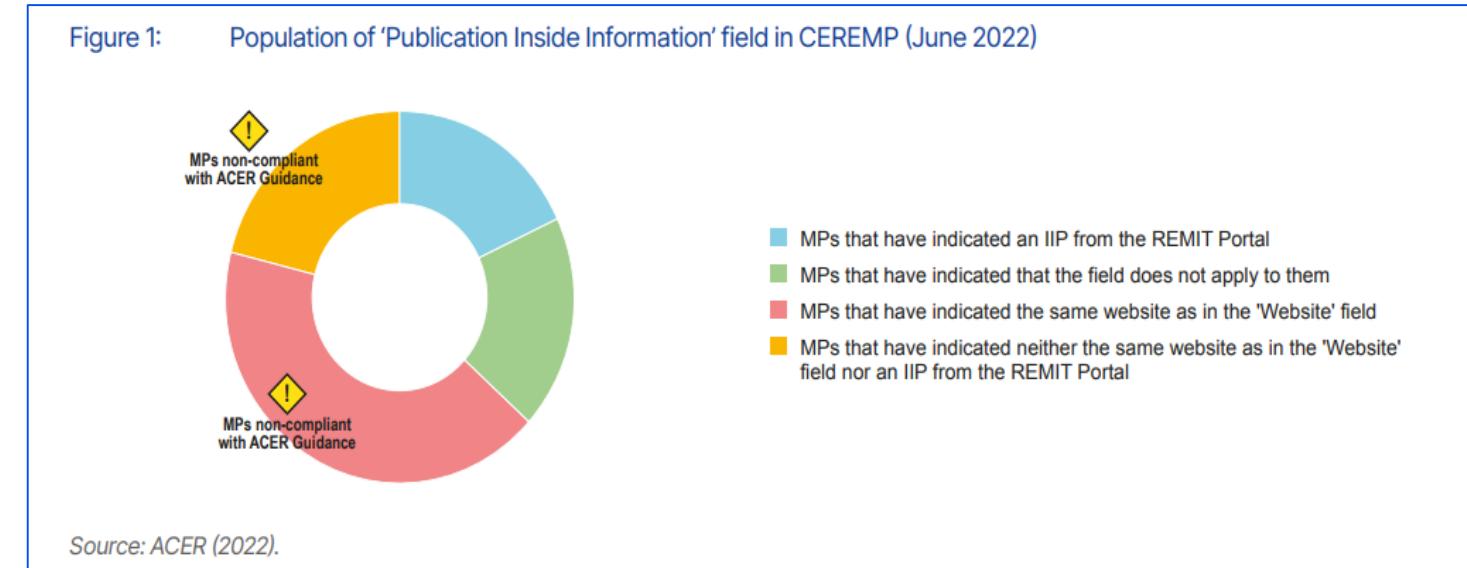
- In order to further enhance the usability of CEREMP for tasks of ACER's, NRAs' and others (e.g. EC) incl. the public, the following changes to ACER Decision 01/2012 might be needed:
  - Track and display changes (e.g. old and new MP name)
  - Update with the ACER Guidance – Section 1, field “Publication 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



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

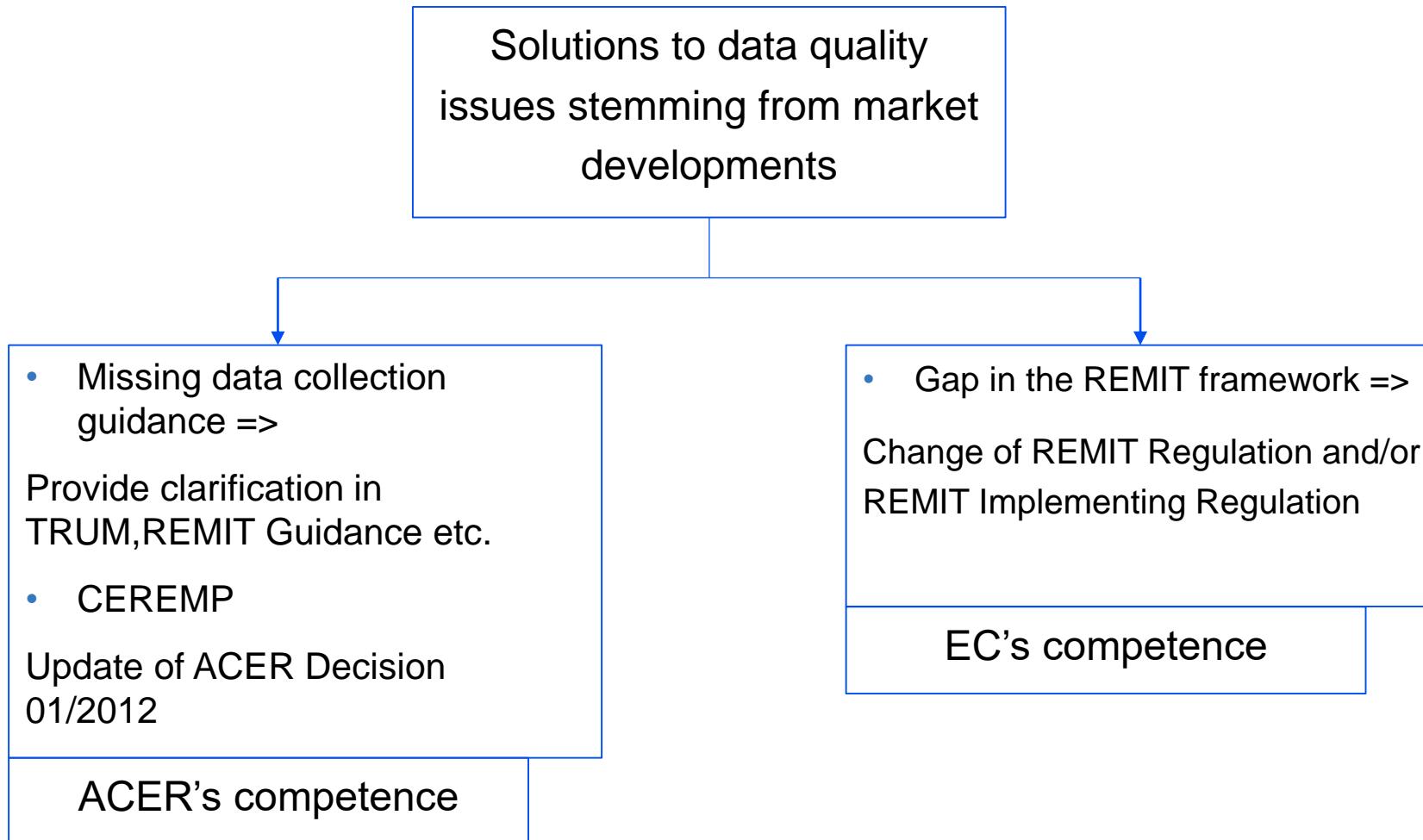
Reporting regime design error

- 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?

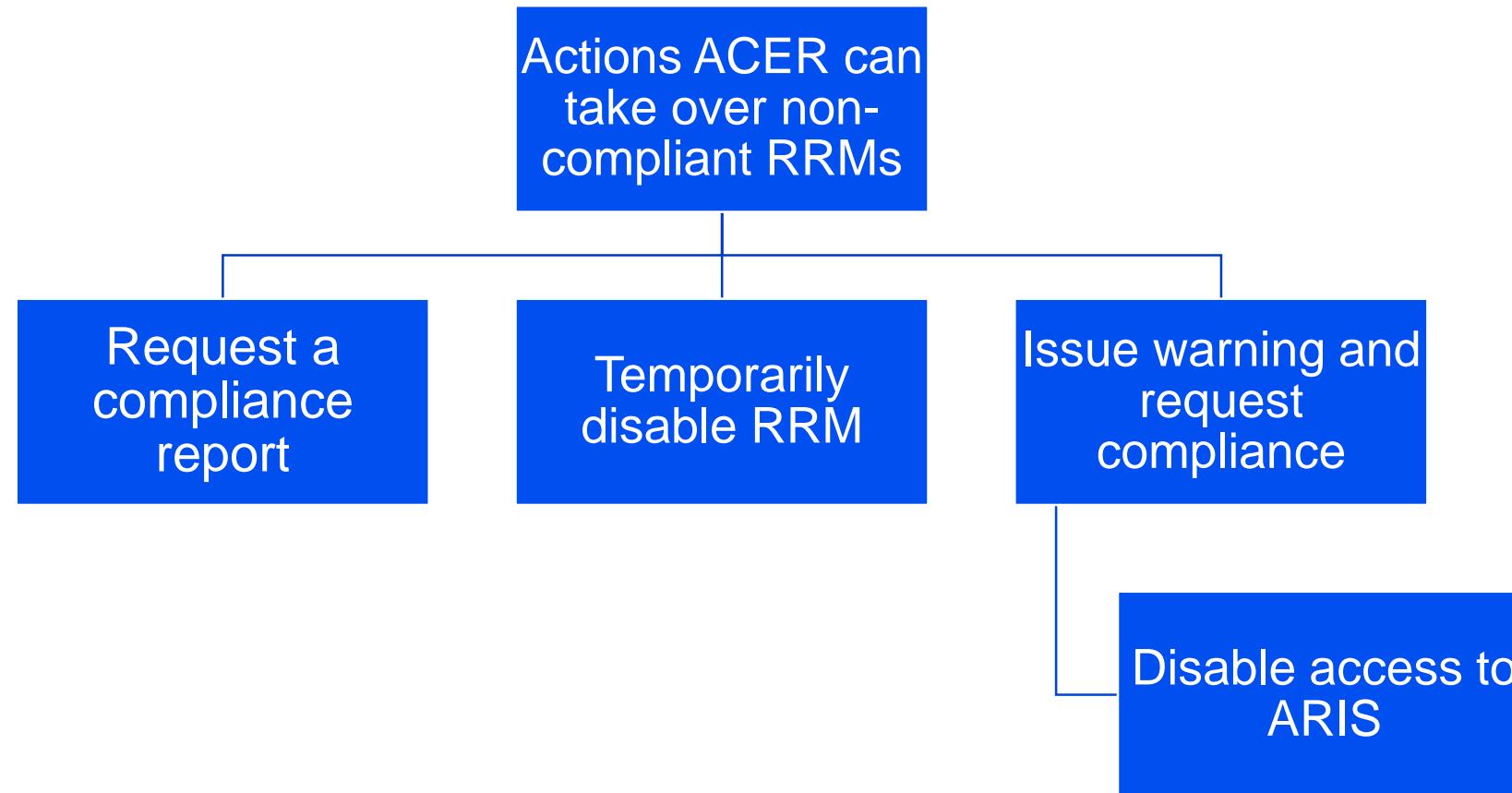




# RRM Compliance monitoring

## Examples of identified risks per RRM type

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



- 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 RRMs

| 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 RRMs that would motivate RRMs remain compliant during the period of their RRM registration
    - ⇒ Though RRMs tend to reply to ACER's request promptly and demonstrate a cooperative attitude RRMs often perform compliance in a reactive way instead of proactive
    - ⇒ RRMs 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.



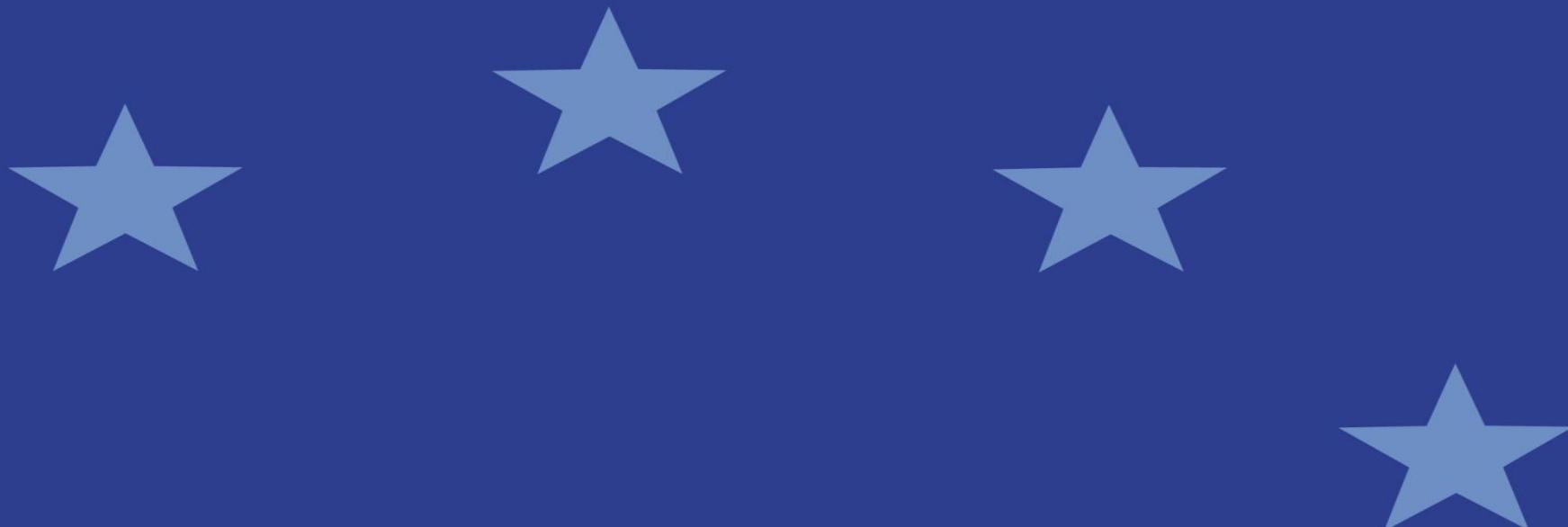
European Union Agency for the Cooperation  
of Energy Regulators

 [info@acer.europa.eu](mailto:info@acer.europa.eu)  
 [acer.europa.eu](http://acer.europa.eu)

 @eu\_acer  
 [linkedin.com/company/EU-ACER/](https://linkedin.com/company/EU-ACER/)

# Data reporting and supervision under EMIR

**Nikolay Arnaudov and Joanna Lednicka**





## EMIR reporting

- **What?**

OTC and ETD derivatives

- **Who?**

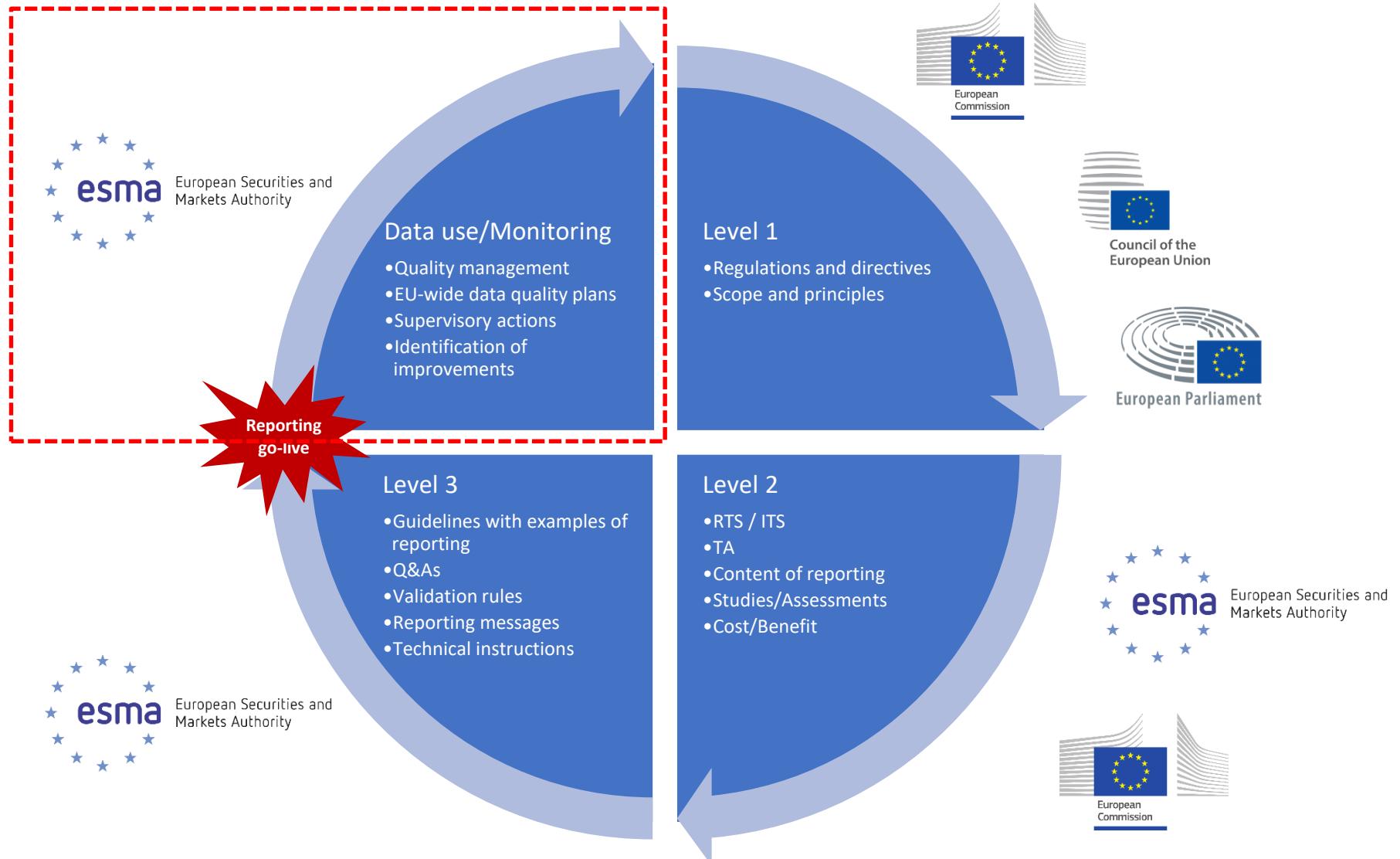
Financial and non-financial counterparties established in the EU.

- **How?**

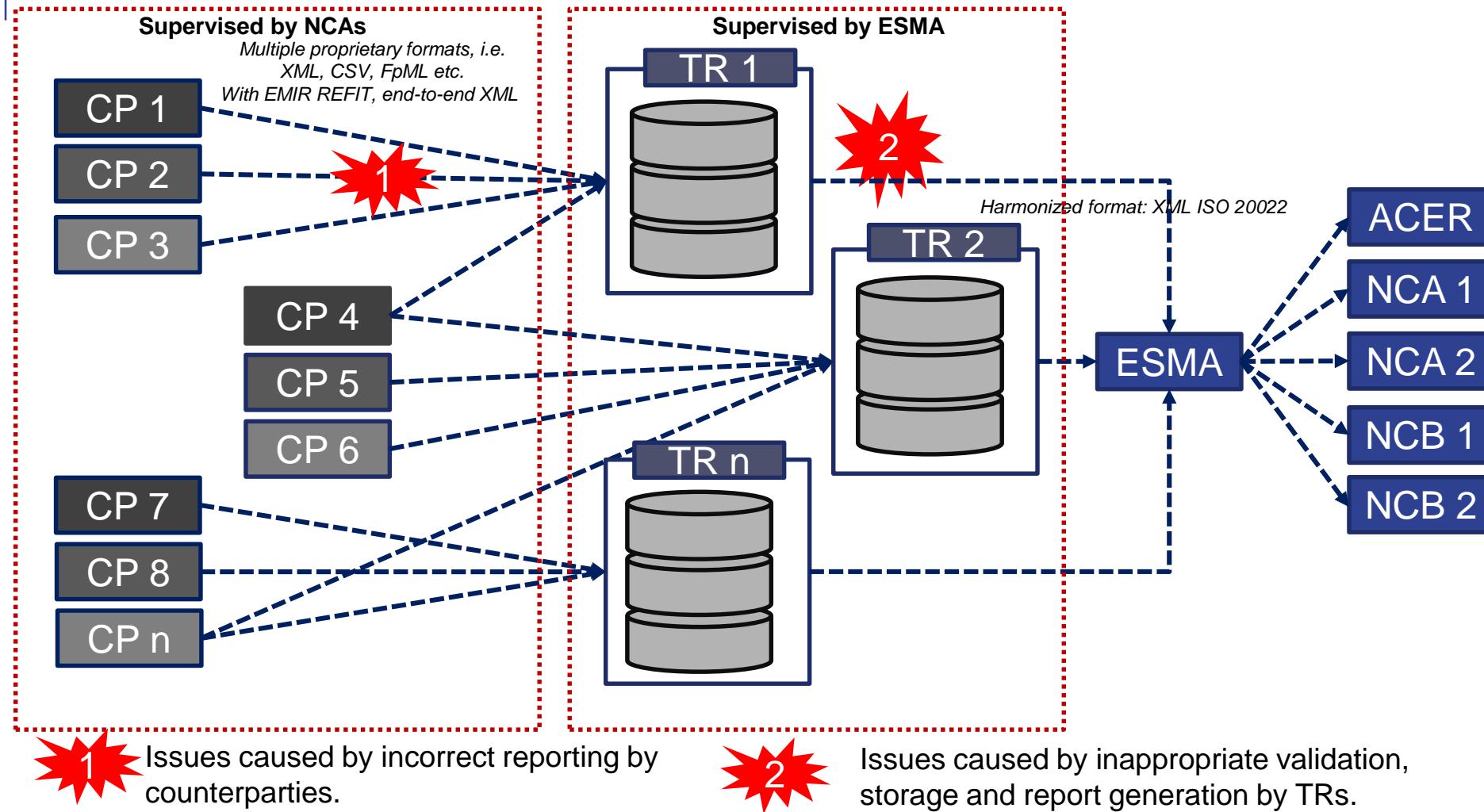
Counterparties report to a Trade Repository (TR) of their choice. TRs provide access to data to the authorities based on their mandates. Provision of data to authorities centralised via a system developed by ESMA, TRACE.



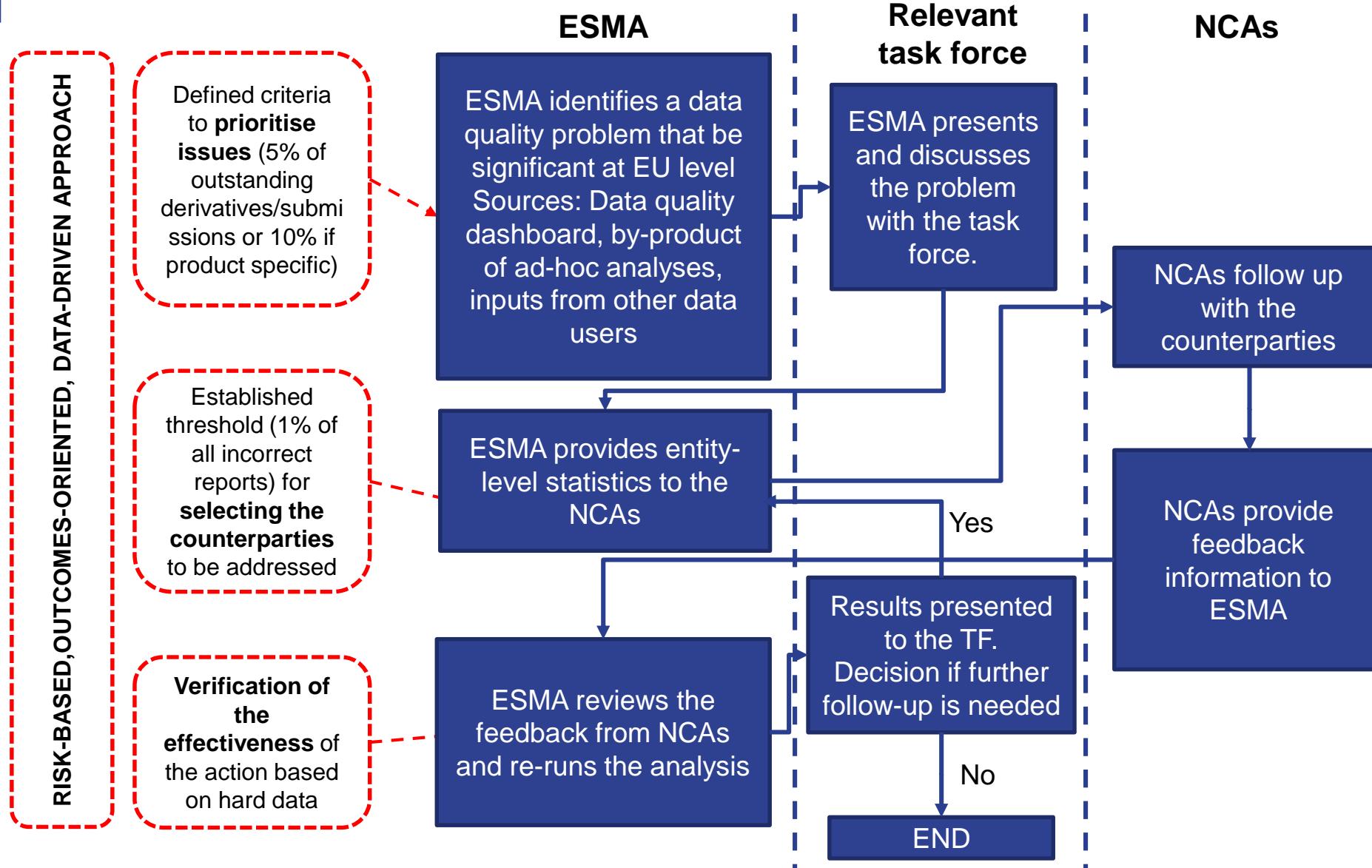
# Reporting framework



# 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

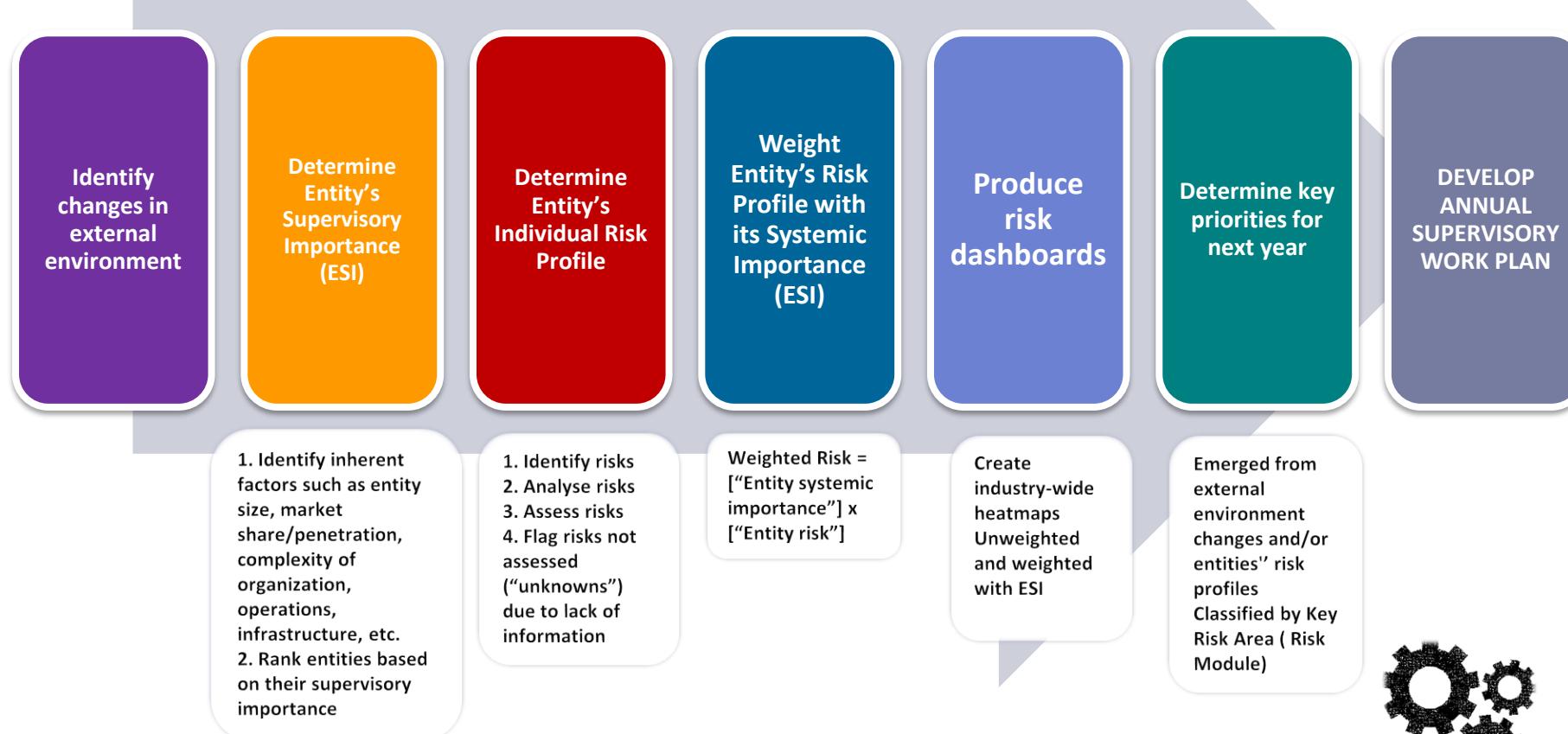
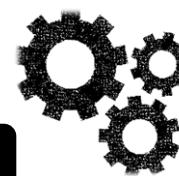


## Enforcement actions towards TRs

| 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 |

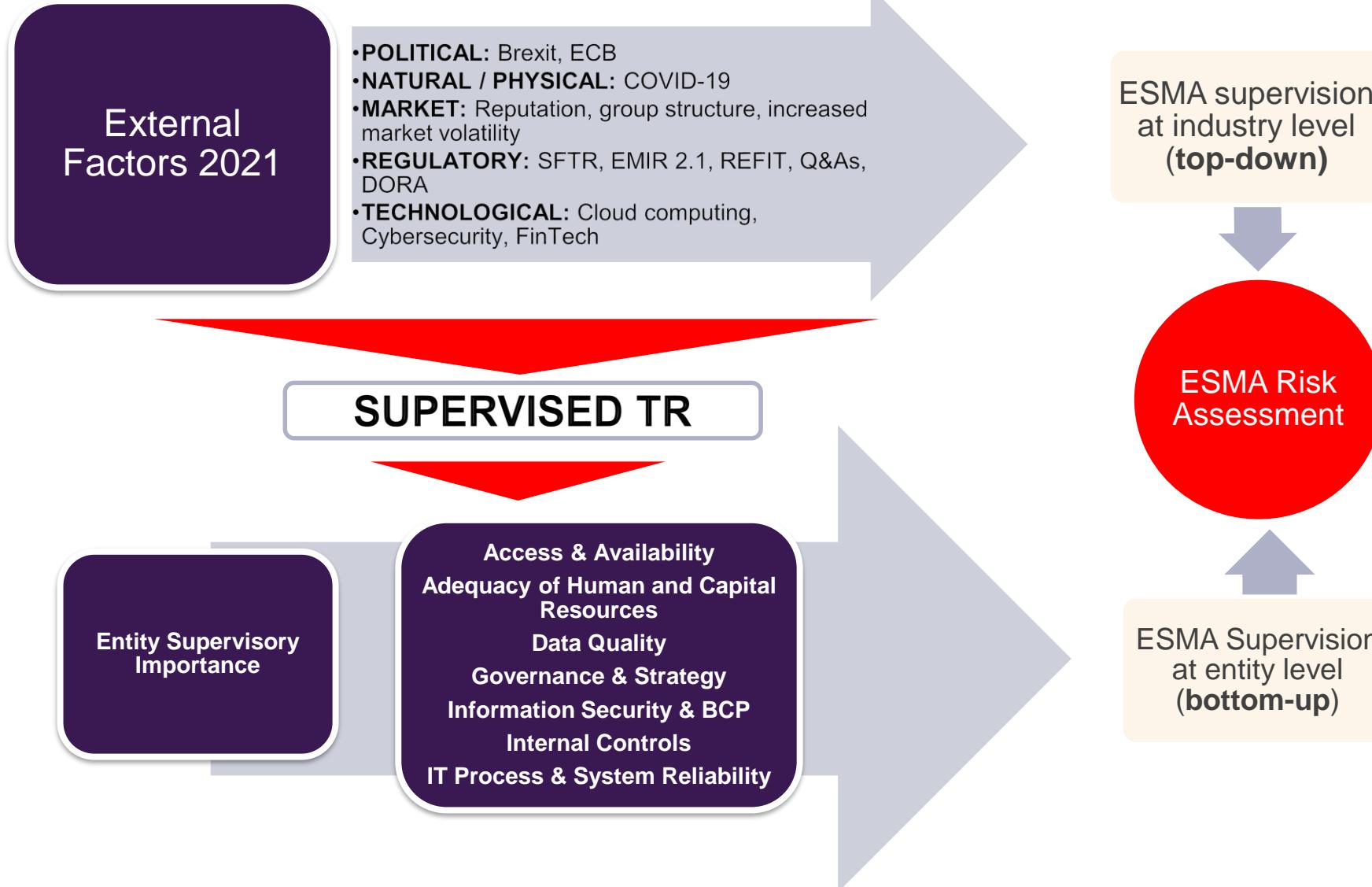
# ANNEX. RISK ASSESSMENT APPROACH

# Risk assessment framework/process

**NEW****ESMA B-WISE tool**

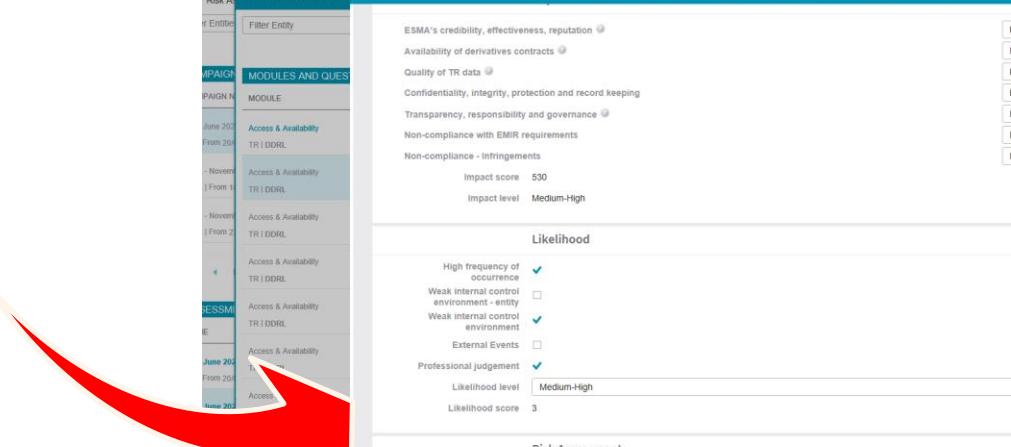
# Risk Assessment approach

## External factors 2021, ESI and Risk Areas



## **B-Wise: Integrated tool to input supervisory information, perform risk assessment and reporting...**

| Risk Assessment                         |  | Risk Assessment Monitoring |                          |                 |                |  | C-Risk          |
|---|--|----------------------------|--------------------------|-----------------|----------------|--|-----------------|
| Risk Entity                             |  | Filter Campaign            |                          | Filter Module   |                | <input type="checkbox"/> Current Campaign Only | Search Question |
| CAMPAGNS                                |  | MODULES AND QUESTIONS      |                          |                 |                |  |                 |
| MODULE                                  | QUESTION   |                            | ANSWER                   | RISK BEFORE ESI | RISK AFTER ESI |  | VIEW/EDIT       |
| Access & Availability                   | Does ESMA have any indication that TR data are not made available to authorities in a timely, direct manner and according to its Partially Assessed   Last updated on 09/06/2020 at 00h20 by jbreitl | TR   DGRL                  | <input type="checkbox"/> | FAIL            | FAIL           |  |                 |
| Access & Availability                   | Does ESMA have any indication that a TR does not promptly record keep the information received, changes to it and does not main Partially Assessed   Last updated on 04/06/2020 at 19h32 by jbreitl  | TR   DGRL                  | <input type="checkbox"/> | FAIL            | FAIL           |  |                 |
| Access & Availability                   | Does ESMA have any indication that access to TR data for commercial purposes is not provided according to EMIR? Partially Assessed   Last updated on 04/06/2020 at 19h33 by jbreitl                  | TR   DGRL                  | <input type="checkbox"/> | FAIL            | FAIL           |  |                 |
| Access & Availability                   | Does ESMA have any indication that market participants have not adequate and appropriate access to the TR data they report to T Partially Assessed   Last updated on 10/06/2020 at 17h39 by jbreitl  | TR   DGRL                  | <input type="checkbox"/> | FAIL            | FAIL           |  |                 |
| Access & Availability                   | Does ESMA have any indication that access to TR data by internal users (including service providers and any third party staff) Partially Assessed   Last updated on 04/06/2020 at 19h36 by jbreitl   | TR   DGRL                  | <input type="checkbox"/> | FAIL            | FAIL           |  |                 |
| Access & Availability                   | Does ESMA have any indication that a TR does not have objective, non-discriminatory and publicly disclosed requirements for acc Partially Assessed   Last updated on 04/06/2020 at 19h37 by jbreitl  | TR   DGRL                  | <input type="checkbox"/> | FAIL            | FAIL           |  |                 |
| Adequacy of Human and Capital Resources |  | *****                      |                          |                 |                |  |                 |



The screenshot shows the Risk Assessment module interface. On the left, a navigation sidebar lists entities, campaigns, and risk types. A red arrow points from the 'Risk Assessment' section of the sidebar to a detailed risk analysis window on the right. The window has tabs for 'Risk Assessment' and 'Risk Assessment Monitor'. The main content area displays a risk analysis for 'TR - June 2020 - Assess [DDRL] - ACAVA\_1 - Does ESMA have any indication that TR data are not being properly used?'. The analysis is categorized into 'ESMA's credibility, effectiveness, reputation', 'Availability of derivatives contracts', 'Quality of TR data', 'Confidentiality, integrity, protection and record keeping', 'Transparency, responsibility and governance', and 'Non-compliance with EMIR requirements'. It includes a 'Non-compliance - infringements' section with an impact score of 500 and a medium-high impact level. The 'Likelihood' section includes categories like 'High frequency of occurrence' (checked), 'Weak internal control environment - entity' (unchecked), 'Weak internal control environment' (checked), and 'External Events' (unchecked). It also includes a 'Professional judgement' section with a likelihood level of medium-high and a score of 3. At the bottom, there are buttons for 'Submit Final', 'Save Draft', and 'Close'.

ESMA

General ActionPlans RiskAssessment Approval

Web Intelligence -

Document Summary Print

**Risk Assessment\_test\_excl\_un knows**

Type: Web Intelligence document  
Author: Admin  
Creation: 25 October 2019 13:24:50 GMT  
Locale: English (United Kingdom)  
Content alignment: Left-to-Right  
Description:  
Keywords:  
\* Statistics

Last refresh: 18 June 2020 14:57:54  
date: GMT+02:00  
Last modified: 25 October 2019 17:56:24  
GMT+02:00

Last modified by: Iborrelli  
Duration of previous refresh: 1  
\* Document Options

Refresh on open: On  
Permanent regional formatting: Off  
Use open drill: Off  
Enable query string stripping: On  
Hide warning icons in chart: Off  
Huge prompts: On  
(20 or more variables)  
Check for shared On  
automate update (s) on open: Off  
Update shared: Off

TR - June 2020

| BEFORE ESI                              | CME TR |      |      |     | REGIS-TR | UnaVista |
|---|--------|------|------|-----|----------|----------|
|   | DORL   | ICE  | KDPW |     |          |          |
| Access & Availability                   | 1074   | 768  | 355  | 375 | 500      | 1275     |
| Adequacy of Human and Capital Resources | 173    | 117  | 232  | 417 | 543      | 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 | 890      | 784      |
| IT Process & Systems                    | 751    | 1428 | 1112 | 482 | 2036     | 1744     |

| AFTER ESI                               | CME TR |       |      |     | REGIS-TR | UnaVista |
|---|--------|-------|------|-----|----------|----------|
|   | DORL   | ICE   | KDPW |     |          |          |
| Access & Availability                   | 3506   | 6501  | 521  | 273 | 3811     | 5418     |
| Adequacy of Human and Capital Resources | 582    | 6071  | 603  |     | 3993     | 2411     |
| Data Quality                            | 5101   | 13011 | 111  |     | 6895     | 6901     |
| Governance & Strategy                   | 1739   | 8287  | 111  |     | 4961     | 3623     |
| Information Security & BCP              |        | 11610 |      |     | 6451     |          |
| Internal controls                       | 3605   | 9750  | 1860 | 211 | 3769     | 3332     |

# 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>



# ACER



European Union Agency for the Cooperation  
of Energy Regulators

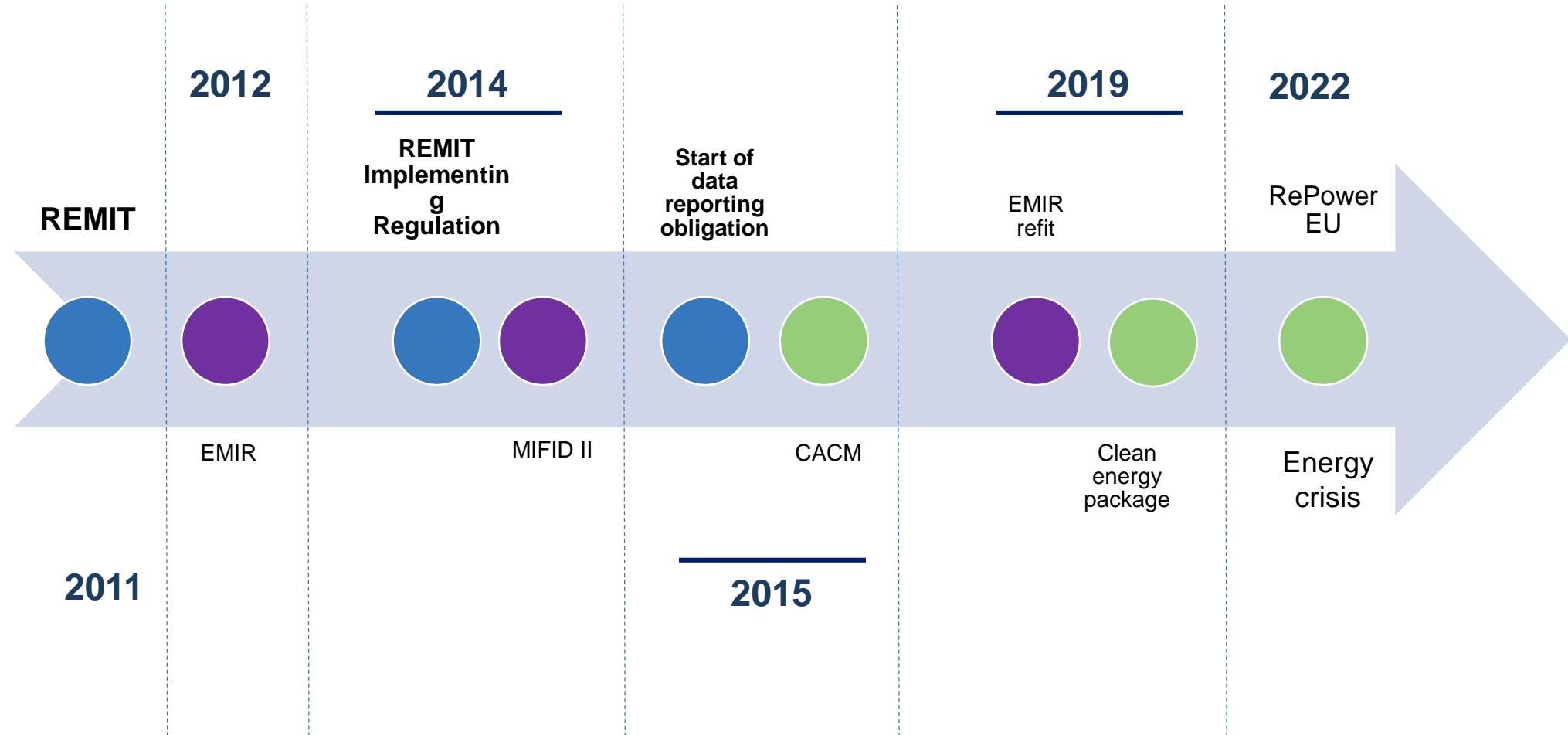
# Potential REMIT framework revision – Implementing Regulation

REMIT Forum

ACER – Market Information and Transparency  
Department

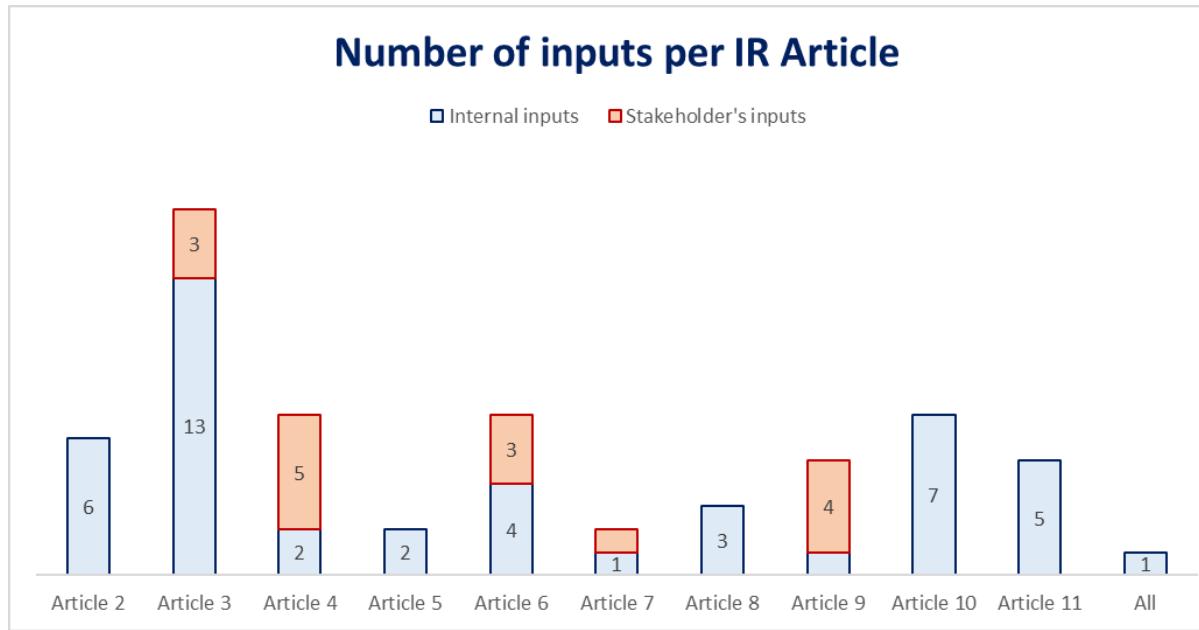
25 October 2022, 09:00 – 16:30

**Authorized parties only**



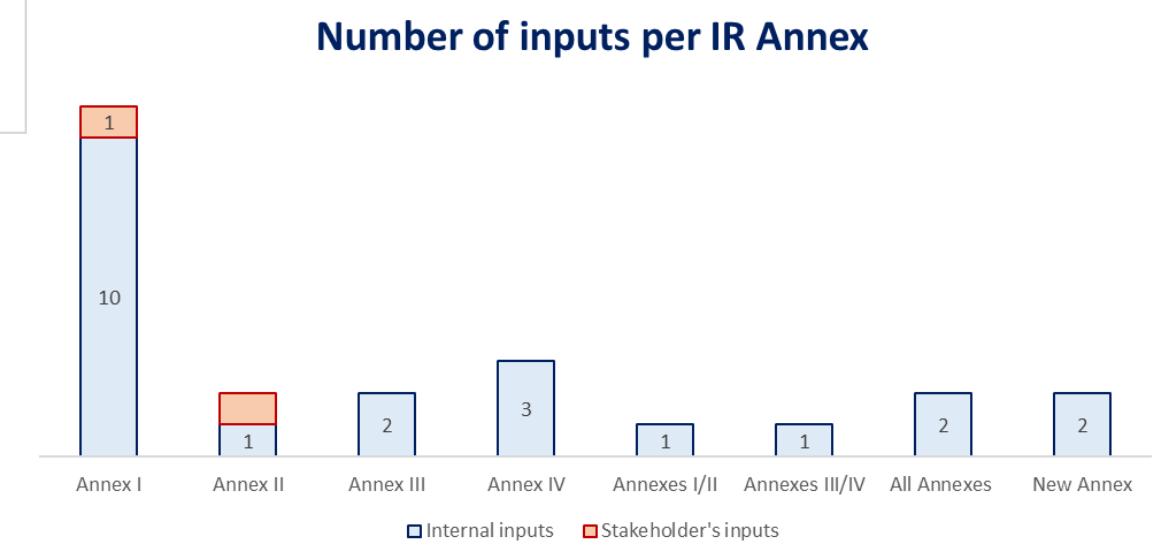
- In late 2021 ACER started to collect internally inputs on potential amendments to REMIT data reporting regime in order to verify the possibility to pursue a rationalization of the data reporting process
- Exercise announced during 2021 Joint Roundtable meeting on November 2021 and further discussed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

# Overview of the inputs collected by ACER



## Main text of REMIT Implementing Regulation

60 proposed amendments



## Annexes to REMIT Implementing Regulation

24 proposed amendments

# 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*

## 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

## 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

## 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 transparency<sup>21</sup> (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.



Picture courtesy of Gas Connect Austria

## 6<sup>th</sup> REMIT Forum

25 October 2022

Kathrine Nygaard Stannov, Subject Manager Transparency & REMIT

Online

### *ENTSOG proposals to align business practices*

- Alignment of the *scope of reporting for electricity and gas transportation (Article 3(1)(b))* =>  
BIDDING zone ≈ 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

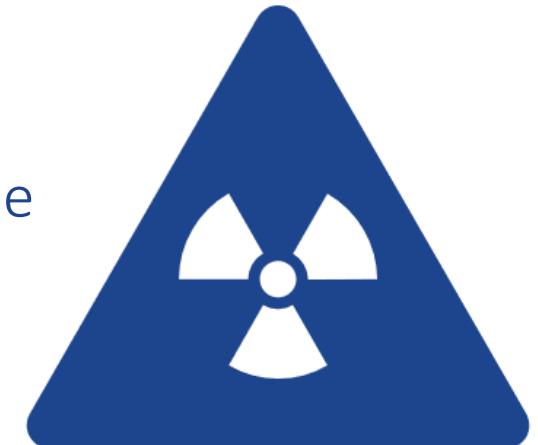
- *Suggestion about 600 GWh/year threshold:* Moving reporting obligations of MPs who are final consumers completely from Article 3 to Article 4, (supply, transportation contracts and fundamental data)  

- *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

---

# 6<sup>th</sup> 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  
of Energy Regulators

 [info@acer.europa.eu](mailto:info@acer.europa.eu)  
 [acer.europa.eu](http://acer.europa.eu)

 @eu\_acer  
 [linkedin.com/company/EU-ACER/](https://linkedin.com/company/EU-ACER/)