

NIED: Industry meeting

UR update

14/04/15

REMIT OVERVIEW

Agenda

- Overview of REMIT
- Market Abuse Prohibition Rules
- Market Monitoring
- Registration



Overview

- Regulation on wholesale Energy Market Integrity and Transparency went “live” across EU on 28th Dec '11, with some provisions applying later
- Drivers for REMIT:
 - Many NRAs do not have access to national and MS transaction data
 - Wholesale markets are increasingly pan-EU, so market abuse in one MS may adversely effect others
 - Provides an EU market transparency and integrity framework, with centralised monitoring via ACER



Overview

- REMIT provides an EU framework for wholesale energy market:
 - New prohibition of wholesale energy market abuse, i.e. “insider trading” & “market manipulation”
 - New NRA enforcement of market abuse prohibition
 - New monitorer of wholesale energy via ACER, to detect market abuse at EU level
 - New regime for market participants to register with NRA and report data to ACER
- REMIT covers **all** EU electricity and gas wholesale contracts & contracts for supply/distribution to customers > 600 GWh p.a

Market Rules

- Prohibits market manipulation & insider trading in EU wholesale energy markets [Arts 3 & 5]
- Participants “professionally arranging transactions” to establish arrangements to detect market abuse & notify the NRA if they suspect it [Art 15]
- Market participants to publish insider information or, if delayed, inform ACER & NRA [Art 4]
- NRAs to inform ACER if suspected breach of REMIT [Art 16]
- NRAs (not ACER) to ensure no market manipulation or insider trading & that insider information is published [Art 13]
- NRAs to have investigatory and enforcement powers to ensure this [Art 13]

Market Rules

- What is market manipulation prohibition? [Art 2]
 - Using trade orders/deception for false signals of S, D or P of products
 - Securing price of products at “artificial level”
 - Disseminating false relevant info re. product via media
- What is insider trading prohibition? [Art 3]
 - Trading using inside info, or disclosing the info to a person inappropriately
 - Recommending a person to trade on basis of inside info
- What is insider information? [Art 2]
 - Info which is precise, not made public, and which could effect of wholesale products if made public
- Guidance on definitions published by ACER [Art 16]

Market Rules

- All participants banned from market abuse
- Participants “professionally arranging transactions” to have arrangements to detect market abuse and notify UR if any suspected
- ACER web facility established to allow ACER & RAs to be informed of market abuse suspicions from participants
- UR required to prevent market abuse and can take necessary action

Market Rules

- Market participants should publish any inside information, e.g. generator outage updates, or if delayed, inform ACER & UR
- ACER web facility established to allow ACER & RAs to be informed of inside information delay

Monitoring

- REMIT establishes a new market monitorer in ACER - wholesale energy market transactions to be sent to Ljubljana [Art 7]
- Monitoring team established in ACER
- ACER to assess any market abuse and can notify suspects to NRAs for investigation [Arts 7 and 16]
- NRAs required to co-operate at regional level and with ACER [Arts 7 and 16]
- NRAs entitled to view data held by ACER [Art 7]
- ACER to send a report to EC at least annually on these activities [Art 7]

Registration

- Market participants who report to ACER required to register with NRA
- NRA shall implement a “national register” of all market participants entering transactions, to be transmitted to ACER in a format already decided by it
- Both market participants and NRA can discharge registration duties cost-effectively and simply via an ACER web facility
- RAs have tested web facility and it works!
- Two stage registration process: stage 1 within 3 months of Implementing Acts, stage 2 after publication of register by ACER

Who needs to register

- According to Article 9(1) of REMIT,
 - “Market participants entering into transactions which are required to be reported to the Agency in accordance with Article 8(1) shall register with the national regulatory authority
- According to Article 2(7) of REMIT,
 - “market participant” means any person, including transmission system operators, who enters into transactions, including the placing of orders to trade, in one or more wholesale energy markets.”

Which NRA do you need to register with

- According to Article 9(1):
- “Market participants entering into transactions which are required to be reported to the Agency in accordance with Article 8(1) shall register with the national regulatory authority in the Member State in which they are established or resident, or, if they are not established or resident in the Union, in a Member State in which they are active.”
- According to Article 2(10) of REMIT, NRAs means a national regulatory authority designated in accordance with Article 35(1) of Directive 2009/72/EC or Article 39(1) of Directive 2009/73/EC.

Registration Format

- The registration format consists of 5 sections carried out in 2 phases:
 - **Section 1:** Data related to the market participant
 - **Section 2:** Data related to the natural persons linked to the market participant
 - **Section 3:** Data related to the ultimate controller or beneficiary of the market participant
 - Section 4: Data related to the corporate structure of the market participant
 - **Section 5:** Data related to the delegated parties for reporting on behalf of the market participant

GENERAL UR NIED UPDATE

Gas Entry Charges – next steps

- Final decision on licence changes to be published in April
- The tariff model will be aligned with the final licence decision.
 - We will publish the tariff model with the licence decision
 - Any further feedback on the model would be welcome
 - The model will be much larger than that published previously as it now includes data from all the auctions (daily and within day)
- Need to consider multipliers/seasonal factors for non-annual products at entry in advance of July tariff setting
 - Minded to apply in NI multipliers in place in Ireland in 2015/16 but will consult on this
 - Consider that as the network code on tariffs is not finalised there is too much risk in seeking to implement the draft code requirements in 2015/16

Gas Day licence modifications

- Consultation to be published next week on modifications to the Distribution and Supply licences to change the gas day to 5 to 5.
- Also propose to include an obligation to provide forecast capacity bookings at entry to the TSO.
 - We will consider whether the obligation to provide accurate forecast information in supply licences should be strengthened
- Minor additions to definitions needed e.g. ‘Entering’ and ‘Entry Point’
- Further modifications to licences may be necessary as the project develops

Other

- Decision in favour of applying Interim Measures under the Balancing code made on 26 March and has been notified to ACER and the European Commission
- Discussions have commenced with the DNOs to identify the 'forecasting party' required by the balancing code
- TSOs working on heads of agreement for the CJV and these will be presented to industry when further developed
- More detailed project plan being developed with the TSOs – aim to present this to industry at the May meeting

Question?

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