

ACER

 Agency for the Cooperation
of Energy Regulators

Market Surveillance at ACER

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- The aim of this presentation is provide an overview of ACER's surveillance activities



- REMIT market monitoring framework
- ACER's approach to market monitoring
- Sources of information
- Market surveillance at ACER
- Surveillance results
- Key messages

Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (REMIT)

Insider Trading

Using inside info to trade or trying to trade

Disclosing inside info to 3rd parties

Recommending 3rd parties to trade based on inside info

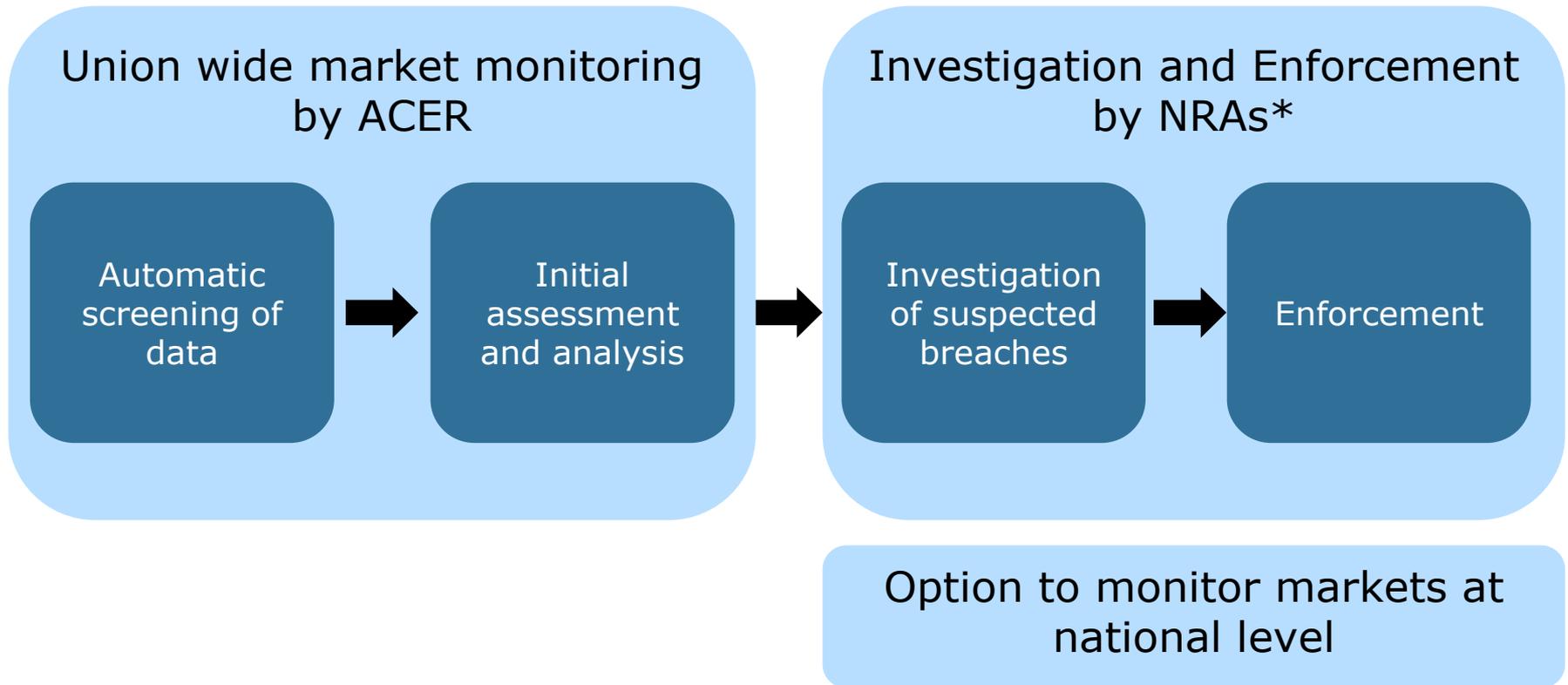
Market Manipulation

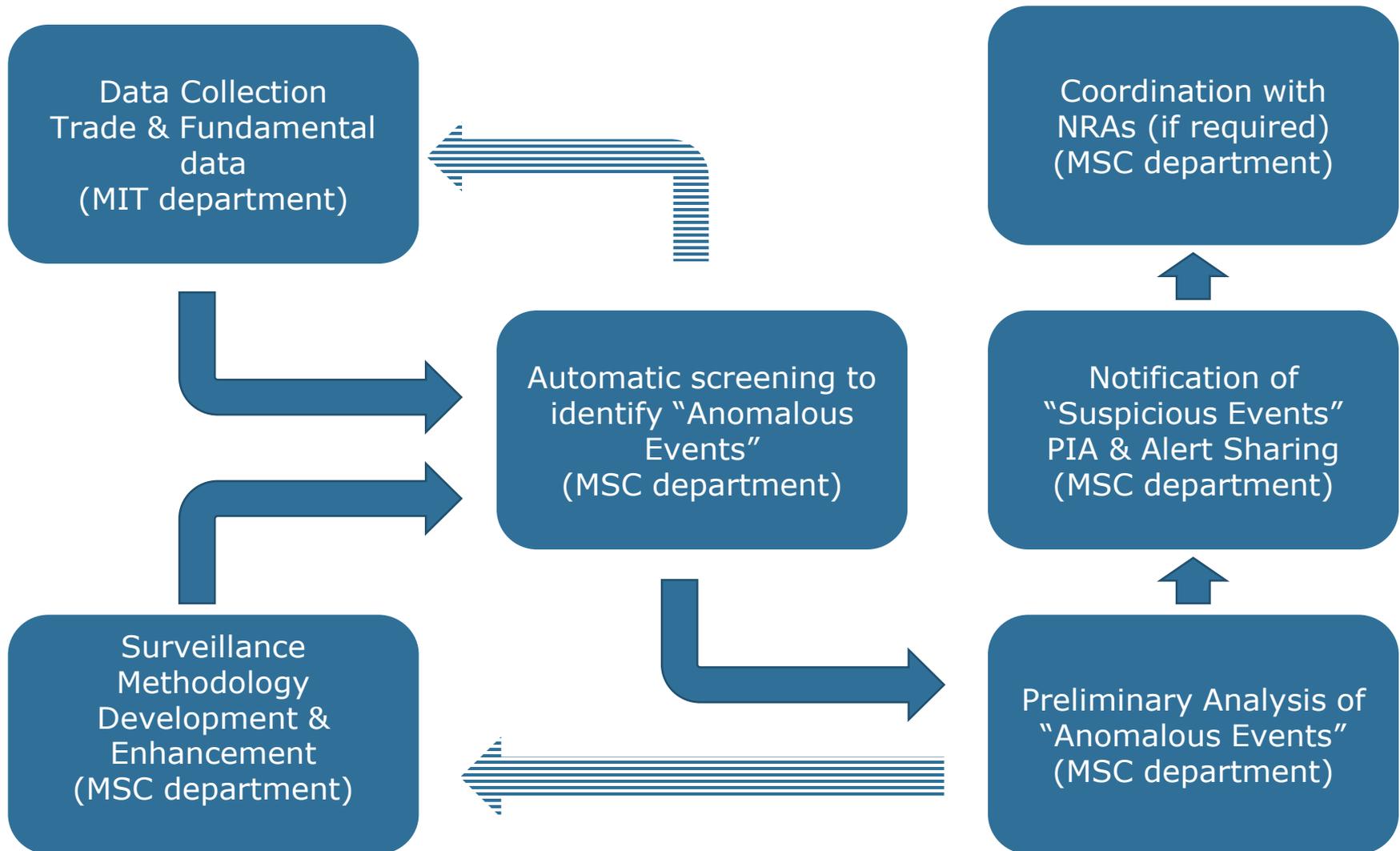
False/Misleading Signals

Price Positioning

Transactions involving Fictitious Devices/Deception

Dissemination of False or Misleading Information





- Market information
 - » Relevant news feeds
 - » Reference data
 - » ACER's market observations and regular monitoring
- Suspicious Transaction Reports (STR)
 - » Received through the Notification Platform
<https://www.acer-remit.eu/np/home>
 - Notifications from Organised Market Places and other PPATs
 - Notifications from National Regulatory Authorities
 - Notifications from Market participants or third parties
- REMIT data reporting
 - » Obligation to report under Article 8 of REMIT
 - » Information is fed into ACER REMIT Information System (ARIS)
 - » Transaction reporting
 - » Fundamental data reporting
 - » UMM collection

- Over 13,000 registered Market Participants
- Over 100 Registered Reporting Mechanisms
- Over 70 registered Organised Market places*

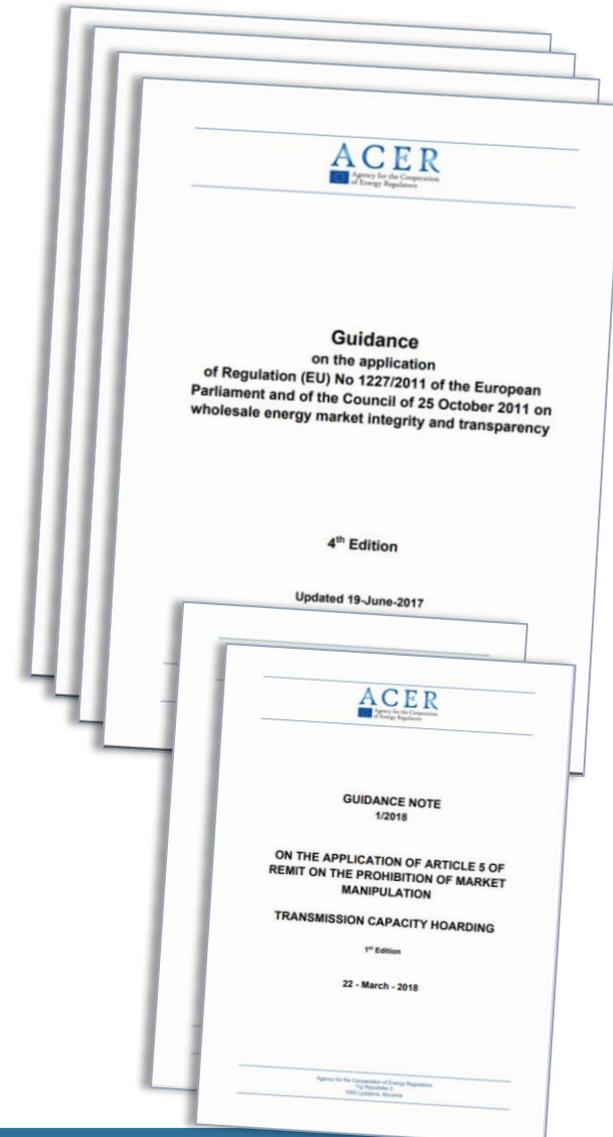
- Over 13,000** Organised market registered reportable standard contracts of which:
 - » Over 4,500 standard contracts for Electricity markets and
 - » over 9,100 standard contracts for Natural Gas markets

- Over 2 million transaction records per day (orders and trades)

- A purposely-customised surveillance system is used by ACER to monitor EU wholesale energy markets
- A range of standard and custom built alerts are implemented to detect Article 3 and Article 5 REMIT breaches
- Surveillance methodology is constantly improved and adapted based on acquired experience and changes in the market
- Surveillance staff is regularly reporting data quality issues to Market Integrity and Transparency department
- A range of additional analytical tools are used to analyse the data

- Surveillance tools and implemented portfolio of alerts enable ACER to provide EU wide surveillance coverage
- Screening is preformed by six analysts on a daily basis
- ACER analysts are in a unique position to monitor cross border and cross venue trading
- ACER analysts are in a unique position to monitor trading activity of individual market participant in its entirety

- Alert sharing with NRAs in place since the start of 2018
- Detailed information about the manually assessed alerts, considered a potential breach of REMIT by ACER surveillance staff, is shared with the NRAs
- Close cooperation with NRAs, constantly building a common understanding of our joint work
- NRAs have reportedly followed up on shared alerts by opening investigations



Monthly averages for:

- Triggered alerts (TA)
- Manually assessed alerts (MA)
- Suspicious alerts (SA)*
- Preliminary Initial Assessments (PIA)

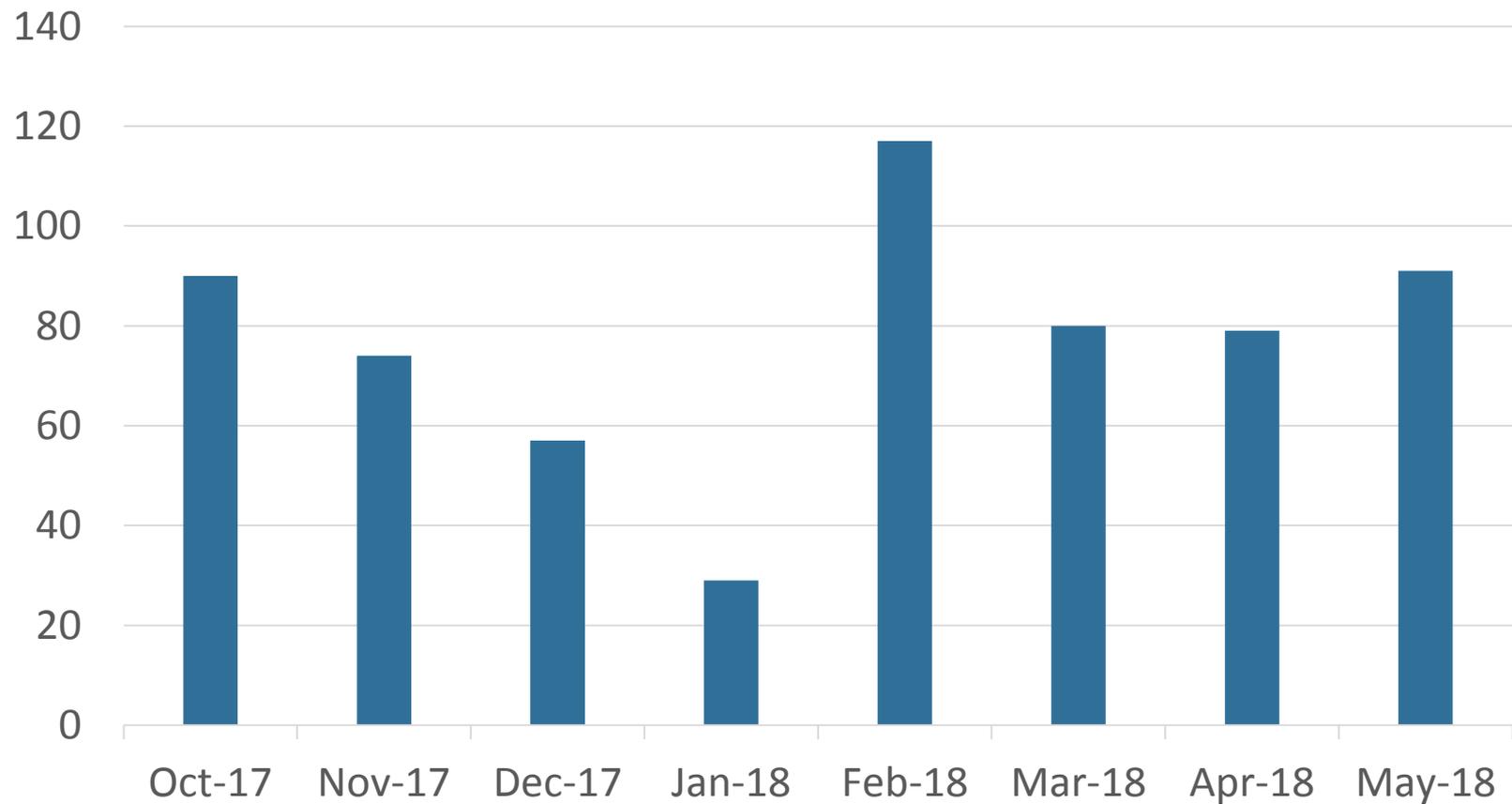
Suspicious Alerts and PIAs are shared with the NRAs.

PIA may include a large number of triggered alerts.

Table 1: Statistics for 2017 and 2018
Surveillance statistics

Category	Average monthly number of instances
Triggered Alerts	5,000
Manually Assessed Alerts	900
Suspicious Alerts	75
Preliminary Initial Assessment	1

Figure 1: Absolute number of alerts shared with NRAs per trading month



- EU wide market surveillance is operational
- ACER surveillance staff is screening for suspicious trading activity on a daily basis
- On average NRAs receive information on:
 - » 75 manually assessed alerts per month
 - » 1 Preliminary Initial Assessment per month
- Cases have been opened by NRAs based on the information provided in the shared alerts
- ACER surveillance staff is in a unique position to monitor:
 - » Cross-border trading activity
 - » Cross venue trading activity
 - » EU wide trading activity of individual market participant
- ACER staff is continuously striving to improve its surveillance methodology

Thank you for your attention!



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