

2nd Energy Market Integrity and Transparency Forum

Thursday, 6 September 2018 from 14h30 to 18h30

Friday, 7 September 2018 from 9h00 to 14h00

Cankarjev Dom, Prešernova cesta 10, 1000 Ljubljana

ACER CONCLUSIONS¹

REMIT operations, transaction reporting and data quality

REMIT data management and surveillance within the Agency's REMIT Information System (ARIS) are operational. ARIS is successfully fulfilling REMIT requirements and providing the Agency for the Cooperation of Energy Regulators (the Agency) and National Regulatory Authorities (NRAs) with REMIT data.

Stakeholders acknowledged the work that the Agency, the NRAs and stakeholders have put into REMIT implementation and operations. They recognised the complexity of the project and appreciated the Agency's activities, especially its efforts to actively engage with its stakeholders. The documentation provided by the Agency is considered adequate.

The Agency thanked the support and engagement of market participants and other stakeholders, which were instrumental to the successful implementation of REMIT.

The Agency's plan to focus more effort on transparency was well perceived and stakeholders would welcome the Agency receiving additional capacity, mainly to further enhance the disclosure of inside information by market participants.

The Forum supported the continuation of REMIT operations and the obtainment of sufficient funding for the Agency.

Lessons learnt from REMIT reporting from a stakeholder's point of view and the potential use of REMIT data for transparency purposes

The Forum welcomed the Agency's cooperation with stakeholders, the fact that there is plenty of supporting documentation available, and highlighted the importance of ACER's guidance. Stakeholders called to have the guidance grouped into a "living document", which would serve as a single rulebook for market participants, Registered Reporting Mechanisms (RRMs), and Organised Market Places (OMPs).

The Forum called for the further standardisation of reporting formats and agreed that the publication of aggregated REMIT data by the Agency would be beneficial for the EU wholesale energy market.

The Forum acknowledged that REMIT is still in its early stages and that it will take time to make full use of its potential.

¹ This document summarises ACER's understanding of the discussions held during the Forum.

Some participants called for a clearer distinction between reporting under financial regulations versus REMIT reporting, and requested that this be communicated jointly by the Agency and the European Securities and Markets Authority (ESMA).

Stakeholders acknowledged that REMIT did not only benefit integrity and transparency in wholesale energy markets, but also helped to improve standardisation of energy data and information management operations of market participants.

REMIT Policy

The stakeholders agreed on the need to promote transparency in terms of disclosure of inside information, taking into account the dynamics of the industry and particularly the increased number of inside information platforms. The Forum appreciated the Agency's cooperation with relevant actors in designing new solutions for the effective and timely publication of inside information. Market participants expect that the Agency's solutions will not cause them any excessive burdens. The Forum voiced its support to the Agency in its endeavours, especially with regard to the upcoming challenges of REMIT operations.

Transparency in the disclosure of inside information

The Forum agreed that fewer platforms and uniform standards of disclosing inside information would be beneficial for the energy market. The participants stressed that more specific and in-depth guidance on what constitutes inside information would be appreciated by market participants/traders and enhance inside information platforms. It is acknowledged that threshold limits are difficult to harmonise due to the complexity and specificity of the markets, but that REMIT data could nonetheless be used to study possible threshold definitions based on the reported status of the energy market.

Market surveillance

The Agency presented the methodology and progress of its market surveillance activities. With the triggering of alerts through its market surveillance tool based on REMIT data and the sharing of the manually assessed alerts with relevant NRAs, the Agency demonstrates that EU-wide market surveillance is fully operational. The Forum recognised the need to constantly improve the surveillance methodology based on the experience gained and feedback received from the NRAs. Furthermore it recognised the fact that the surveillance methodology needs to adapt to the evolving markets.

The Forum acknowledged the important complementary surveillance work performed by OMPs in accordance with European and national regulations. GME provided a rich and elaborate presentation of the principal and technical issues illustrating the market monitoring at OMP level.

The Forum recognised the many achievements in the field of REMIT during 2018, including an improved cooperation between market actors and stakeholders. The involvement of all market actors contributed to the EU-wide energy market and the numerous important accomplishments in terms of market monitoring under REMIT. Nevertheless, it is necessary to constantly improve and coordinate in order to ensure a consistent application of the legislation and further improve the transparency of market surveillance.

REMIT beyond

The Forum highlighted the current and upcoming challenges in the field of energy market integrity and transparency. Some participants in the Forum agreed that there is a need for a central inside information platform in order to ensure the effective use of information, others supported a more competitive setting with multiple platforms.

In addition, the Forum discussed the possibility to expand the Agency's surveillance activities to third countries, in particular the UK (after Brexit) and Switzerland, as well as the Western Balkan countries, Ukraine and Georgia. Furthermore, many participants raised the issue of technological challenges of market surveillance with algorithmic and high frequency trading becoming increasingly important factors. The Forum acknowledged that market participants' feedback and cooperation are key for further improvement of REMIT.

Concluding remarks

REMIT implementation has been a success story thanks to the competence and coordination of the Agency, NRAs, as well the efforts made by market participants, OMPs and RRM. The overall REMIT framework is well-functioning and can serve as a precedent for the future. In a next stage of REMIT the focus will be on adapting the legislative framework and improving the efficiency of monitoring by means of cooperation with all relevant market segments.

The Forum repeatedly expressed concerns about the possible repercussions for the REMIT operations and, more widely, the surveillance of wholesale energy markets, of the persistent lack of resources under which the Agency is forced to operate.