



EuroPEX Response to ERGEG's Guidelines for Good Practice on Information Management and Transparency in Electricity Markets

10th of May 2006

On March 15th, 2006, the European Regulators Group for Electricity and Gas (ERGEG) published Guidelines for Good Practice on Information Management and Transparency in Electricity Markets and launched a public consultation on the issue. The Guidelines seek to establish a consistent approach to the provision of market related information to wholesale market participants - suppliers, generators, energy traders, large customers and demand-side participants - across Member States.

The Guidelines:

- set out ERGEG's views on the required level of transparency that shall at the minimum be in place across the European market;
- are intended to give a minimum set of rules required for the organisation of information and its dissemination across the European market;
- set out general principles governing information release, either through publication or through information released to market participants on request.

The information covered by the Guidelines relates to system load, transmission and access to interconnection, generation, balancing and wholesale markets.

EuroPEX welcomes ERGEG's move to bring the issue of information management and market transparency to the forefront of the policy debate in the electricity sector in Europe. EuroPEX agrees that proper information management and adequate transparency enhance the development of liquid, transparent and competitive electricity markets.

EuroPEX shares ERGEG's view that "information should generally be made available to market participants, unless there is a clear reason against it [...] or a proven fact that the cost of providing the information is significantly higher than the expected benefits", that "the onus shall be on holders of information to justify any withholding

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of information on a cost/benefit-to-market basis”, and that the information which is released “shall be made available in a timely manner and shall be released simultaneously to all market participants”.

EuroPEX position on information management and market transparency is illustrated in the Position Paper which is published on EuroPEX website (www.europex.org).

This document presents EuroPEX specific comments to ERGEG’s Guidelines. It also illustrates EuroPEX’s views on the role that Power Exchanges (PXs) could play in facilitating access to information in electricity markets.

Comments on ERGEG’s Guidelines

Comments in this section are presented in the order in which the commented issues appear in ERGEG’s Guidelines.

I. Comments on the General Requirements (Section 2)

1. In relation to the General Principles of Transparency (Section 2.1), EuroPEX suggests that ***when information is to be disclosed, it should be published, rather than being made available on request***, unless a strong case can be made in favour of disclosure on demand.
2. In relation to the Guidance on Minimum Transparency (Section 2.2), EuroPEX proposes that,
 - a. in order for the information made available to market participants to be readily and effectively usable, it should be provided according to consistent minimum standards across all Member States with respect to:
 - ***coverage*** – the minimum set of information which is made available in a Member State or control area should not depend on the structure of its electricity sector. Individual Member States should then be allowed to require additional information being made available, taking into account the specific factors which may affect market developments in each jurisdiction;
 - ***level of detail*** – the information should be made available according to the same minimum standard of detail in all Member States, again irrespective of the structure of the electricity sector;

- **definition** – the information should be published according to common definitions in all Member States so as to facilitate its use by market participants and other interested parties across the EU;
- **time resolution and updating frequency** – similar information related to different Member States or control areas should be provided according to the same minimum standards of time resolution and updating frequency;
- **format** – the information should be made available in a format which makes it readily usable by IT systems.

These minimum standards should be reviewed and improved over time;

- b. whenever the information is to be provided on an ex-ante forecast basis, the **forecasts should be compiled on the basis of objective criteria**, to avoid the risk that these forecasts are manipulated to distort the market. Moreover, in order to provide an indication of the reliability of forecasts, whenever these are published, the **ex post realised values should also be published** as soon as possible;
 - c. whenever the information relates to technical standards or constraints - e.g. available transmission capacity on interconnectors - disclosure and **transparency provisions should apply not only to the standards and constraints themselves, but also to the methodologies used to define them**;
 - d. given the increasing importance of electricity-based financial instruments, **requirements and arrangements for the publication of electricity market information should be compatible with those applied in financial markets**.
3. On the issue of Confidentiality Requirements for vertically integrated companies (Section 2.3), EuroPEX believes that the required methods applied to ensure effective ringfencing and “firewalls” between the relevant branches of such companies should be publicly disclosed in order to raise trust in the market.
 4. Regarding any proposal by an information holder that some information be withheld on a cost-benefit to the market basis (Section 2.4), this should always be subject to regulatory approval.
 5. In relation to the Methodology used to define the requirements on information availability and access (Section 2.6), EuroPEX suggests that the notion of “information provider” is avoided, since, as defined on page 8 - “the organisation likely to be responsible for providing the information to the market” -, it fails to

distinguish between two important and different roles in information disclosure: the role of the party to which the information refers and the role of the party which is responsible for publishing the information. These parties are not always necessarily the same. For example, in the case of information on generating units, the information clearly refers to and originates from the generators, even though the responsibility for making it public may rest on the TSO. In the Annex to the Guidelines this distinction of roles is only made explicit with respect to the last item in Table 3 – “ex-post data on the actual generation by fuel type within each country, classified by the primary energy source” - where, in the last column, it is indicated that generators would be responsible for providing the information, while the TSO would be responsible for aggregating the data and publishing them. However, a similar distinction of roles applies to the other items in Table 3 and, in fact, to most items in the other Tables in the Annex as well. *EuroPEX therefore suggests to distinguish clearly between the roles of:*

- *the information source*, the party to which the information relates and from which it originates;
- *the information publisher*, the party which is responsible for publishing the information.

The information source should be required to disclose the information, at least to the information publisher, in a format and within a timeframe that are consistent with the publisher’s obligations with respect to this information. The source should also remain responsible for the accuracy of the information it provides. The publisher should be responsible for publishing the information according to specified criteria (to ensure non-discriminatory access). The Tables in the Annex to the Guidelines should reflect these different roles and assign responsibilities to the different organisations accordingly (noting that the organisations involved may vary between member states depending on existing arrangements and local preferences).

6. In relation to the list of “natural” information owners (Section 2.6) - which, in the light of the previous comment, might be better referred to as information sources (and, possibly, publishers) -, EuroPEX proposes that:
 - reference to “clearing and settlement agents” should, more precisely, appear as reference to “settlement agents”, to avoid any possible confusion with Clearing Houses, which are unlikely to be able to provide the information described in the text;
 - reference should be added to “Brokers” as a separate category, as these agents may be able to act as information source on OTC deals. However, on this specific issue, see also the comment under point 10 below.

II. Comments on the Specific Requirements (Section 3 and Annex)

7. In relation to the specific requirements on transparency of information for System Load, Generation and Balancing (Sections 3.1, 3.3 and 3.4 and Tables 1, 3 and 4 of the Annex), EuroPEX proposes that when the requirements refer to aggregate data, the ***information should be published at the balancing area level*** – i.e. at the level of the smallest possible market price areas - in order to be of direct relevance for market participants who are generally required to submit separate bids and offers for different balancing (market price) areas.
8. More specifically, in relation to the requirements on transparency of information for Balancing indicated in Table 3 in the Annex, EuroPEX notes that in general (Nord Pool and EEX being exceptions) PXs do not have “*ex-ante* information regarding the scheduled unavailability of the generation units (start and stop dates of the outages, unavailable capacity)”, as suggested in the second item of the table. This information could be published by PXs if it is provided to them by generators (as information owners).
9. In relation to the specific requirements on transparency of information on Wholesale Markets (Section 3.5 and Table 5 in the Annex), EuroPEX believes that it is important to consider that wholesale electricity trading takes place both on organised markets and over the counter (OTC). OTC trading may or may not involve brokers. ***Organised wholesale markets (including contract volumes and prices in OTC clearing services provided by Clearing Houses) operated by PXs have already achieved a high degree of transparency and information disclosure.*** To ensure that a complete and non-distorted picture of wholesale market developments can be obtained at all times,

EuroPEX suggests that *the same transparency standards should apply to OTC trading*. Moreover, *the timing and frequency of publication of information related to trading in similar products should be the same, irrespective of the way in which the products are traded*. Therefore, information related to all wholesale trading (on organised markets or OTC) should be published with the same daily frequency and with the same maximum delay with respect to the time of trading.

10. Still in relation to the requirements on transparency of information on Wholesale Markets (Section 3.5 and Table 5 in the Annex), EuroPEX highlights that wholesale electricity trading, especially if conducted outside organised exchanges, can be easily relocated to other jurisdictions to take advantage of less demanding transparency requirements. Therefore, in order to effectively ensure compliance with the transparency and information disclosure standards proposed by ERGEG, EuroPEX suggests that *the responsibility for disclosing information on electricity trading should rest, in the first instance, with the trading parties*. OTC trading parties could mandate brokers – if they are involved - to disclose information on their behalfs, without prejudice to the trading parties’ responsibility if the broker does not fulfil the requirements. In the case of trading through organised exchanges, the disclosure requirements could be automatically fulfilled by the exchange operator on behalf of the trading parties.
11. More specifically, in relation to the requirements on transparency of information on Wholesale Markets indicated in Table 5 in the Annex, EuroPEX suggests that:
 - the first two information items in Table 5 - “aggregate supply and demand curves, prices and volumes of the spot market” and “aggregate supply and demand curves, prices and volumes of the intra-day market” - are only relevant for auction-style markets - and not for continuously-traded markets. Thus the disclosure and publication requirements should be accordingly targeted;
 - the third item in Table 5 is relevant with respect to all continuously-traded markets - and not just futures market - and the disclosure and publication requirements should be accordingly targeted;
 - to ensure a full and consistent picture of market developments, the requirements indicated in the third and fourth items in Table 5 should be applied at the individual transaction level for each standard traded product (and at period P+1 for period P), and not in aggregate and for illustrative products only.

III. Information Disclosure and the role of Power Exchanges

EuroPEX stresses the importance of information management and its governance and that the identification of the party responsible for publishing information is key to ensuring effective information disclosure and transparency. In this respect, ***EuroPEX considers that the responsibility for publishing the information could be assigned to parties different from the natural information source, if this approach better supports non-discriminatory access to the information.***

Such open access may be promoted if all relevant information related to one or more jurisdictions were made available through a common information publisher, who would ensure time and logical consistency of the published data.

The ***common information publisher*** should have the ***technical ability and competence*** to deal effectively with a large amount of market-related data, the ***capability of managing commercially-sensitive information***, and should guarantee that it will ***act independently from market participants*** to ensure non-discriminatory access to information.

The common information publisher would preferably be responsible for publishing all electricity market-related information that is subject to disclosure requirements. However, it can be suitable from both a practical and legal perspective in each jurisdiction to nominate two or more publishers, each responsible for compiling and/or publishing parts of the overall information flow. In any event the publisher would be under an obligation to publish the information according to specified criteria that will ensure non-discriminatory access to the information. Other organisations which are sources of information would be required to provide the information to the common publisher in a format and timeframe which are consistent with the publishing obligations of the latter, and would remain responsible for the accuracy of the information provided.

Common information publishers could be identified by voluntary agreement among all stakeholders. Alternatively, the competent authority in each jurisdiction may designate an organisation to act as common publisher.

Power Exchanges (PXs) may effectively act as common information publishers as they satisfy all the criteria identified above. In fact, PXs are already geared to receive, manage and disclose a significant amount of information in an effective manner, and have proven their ability to maintain the confidentiality of commercially-sensitive data and to operate in a non-discriminatory manner.

Many PXs already collect information from other stakeholders related to load forecasts as well as operating conditions and constraints of generating plants, consumers' installations and the transmission system. While some of this information is collected for market assessment, audit and surveillance purposes and is not released, most of it is published. In particular, the Nordic (Nord Pool), Spanish (OMEL), Italian (GME) and German (EEX) PXs currently publish a large amount of data originating from the TSO, generators and other market participants. The Annex contains a list of the information that is already published by some PXs. This is a very important role that PXs play as they provide a single interface where all the relevant published information can be accessed in a user-friendly manner. Some information is published in an aggregate form to protect the confidentiality of commercially-sensitive data at the individual agent/plant level. In these cases, PXs are called to produce releasable aggregate statistics from the confidential data received.

Moreover, most of the parties who are or will be required to provide the information to be disclosed, and those who are interested in accessing such information, are typically market participants and therefore are already accustomed and equipped to deal with PXs to provide or access information.

PXs' role as information publishers will also facilitate cross-border access to information and governance of the information management process. In fact, PX participation is already multinational. Moreover, most PXs have procedures already in place for stakeholders' participation in the management of trading rules, typically under regulatory oversight. Similar procedures could be implemented in the management of information disclosure rules. In fact, in some jurisdictions these rules were developed in consultation with market agents, within the framework set by energy and financial regulatory authorities.

Finally, *PXs are typically independent from market participants and have not a direct commercial interest in the markets they operate; therefore they can gain no advantage from withholding information. In addition, their activities are internally supervised and typically subject to oversight by sectoral or financial regulatory entities.* Even in those cases where PXs are owned collectively by market participants, governance and regulatory provisions are in place to ensure that PXs operate in a way which does not favour individual participants.

Annex - Information currently published by Power Exchanges

The following information related to the daily markets is currently published by at least one Power Exchange operating in the European Union.

Note: some of the provided data only “exist” in some countries due to established regulations, market rules and technical aspects in those countries that are not applicable in other jurisdictions. In other words the list does not represent a view on what Power Exchanges should publish concerning own and other parties disclosed data and plans, but rather it is only a list that demonstrates the fact that many Power Exchanges are actively engaged in both compiling and subsequently transparently publishing of relevant market information.

a) Information published ahead of the daily market

- (Day-ahead and week-ahead) load forecast per control area
- Day-ahead value of available interconnection capacity
- Total and available installed generation capacity
- Planned outages for major production, consumption and grid line units up to 3 years ahead in time continually and “immediately” after plan has been set
- Immediate reporting of incidental failures for major production, consumption and grid lines
- Immediate reporting of special information that affect transmission capacity or availability of production or consumption short-term and up to 3 years ahead in time

b) Information published after the daily market

- Actual load per control area
- Market hourly price
- Aggregate supply and demand curves
- Market hourly traded volumes

- Planned hourly flow day-ahead between countries (Bid Areas) based on the spot market implicit auction (i.e. it shows planned usage of capacities made available to the market day-ahead and thus also planned overall hourly balance per Area)
- Commercial interconnection capacities by electrical border after the daily market
- Commercial interconnection capacities by electrical border after technical restrictions
- Marginal price-setting technologies
- Cross border physical flow per hour **continually** one hour after delivery hour
- Production level per country and hour **continually** one hour after delivery hour
- Consumption level per country and hour **continually** one hour after delivery hour
- Daily generation by technology
- Congestion income, volumes and prices
- Average and marginal prices of accepted balancing bids/offers
- Imbalance prices
- Imbalance volumes by control area

c) Information subject to delayed publication

- Daily market bids and offers
- Energy after daily matching process
- Base daily matching schedule
- Base daily operating schedule
- Daily viable schedule
- Unavailable power units (Note: In some areas continuous reporting as shown in *b) Information published after the daily market*)