

ACER

 Agency for the Cooperation
of Energy Regulators

Wholesale Energy Market Monitoring in Practice

The role and challenges for ACER
under REMIT

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**10th EU-US Energy Regulators Roundtable
The Hague, 8 April 2013**

- REMIT at a glance
- The scope of REMIT
- The EU and national dimensions
- The monitoring approach
- Human and IT resources for market monitoring

● **REMIT at a glance**

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Integrity

Explicit prohibitions of abusive practices (market manipulation, attempted market manipulation and insider trading) in wholesale energy markets

Transparency

Obligations for market participants to disclose inside information

Monitoring

A new, sector-specific, comprehensive and effective monitoring framework for wholesale energy markets

Cooperation

Close cooperation and coordination between ACER (EU-wide monitoring) and NRAs (national monitoring, investigation and enforcement)

**Market
Manipulation**

PROHIBITED

**Attempted Market
Manipulation**

PROHIBITED

Trading on Inside Information

PROHIBITED

False/Misleading Transactions

Price Positioning

**Transactions involving Fictitious
Devices/Deception**

**Dissemination of False or
Misleading Information**

Market Participants

to disclose Inside Information

**to notify ACER of delays in the
publication of Inside
Information**

Persons Professionally Arranging Transactions

**to establish and maintain
effective arrangements and
procedures to identify
breaches of market abuse
prohibitions**

**to notify NRAs, without delay,
of suspected breaches of
market abuse prohibitions**

- “shall monitor trading activity in wholesale energy products” in the EU
- “is best placed to carry out such monitoring as it has both a Union-wide view of electricity and gas markets, and the necessary expertise in the operation of electricity and gas markets and systems in the Union”

NRA_s

- “shall cooperate at regional level and with the Agency in carrying out the monitoring of wholesale energy markets”
- “may also monitor trading activity in wholesale energy products at national level”

INVESTIGATIONS

ENFORCEMENT

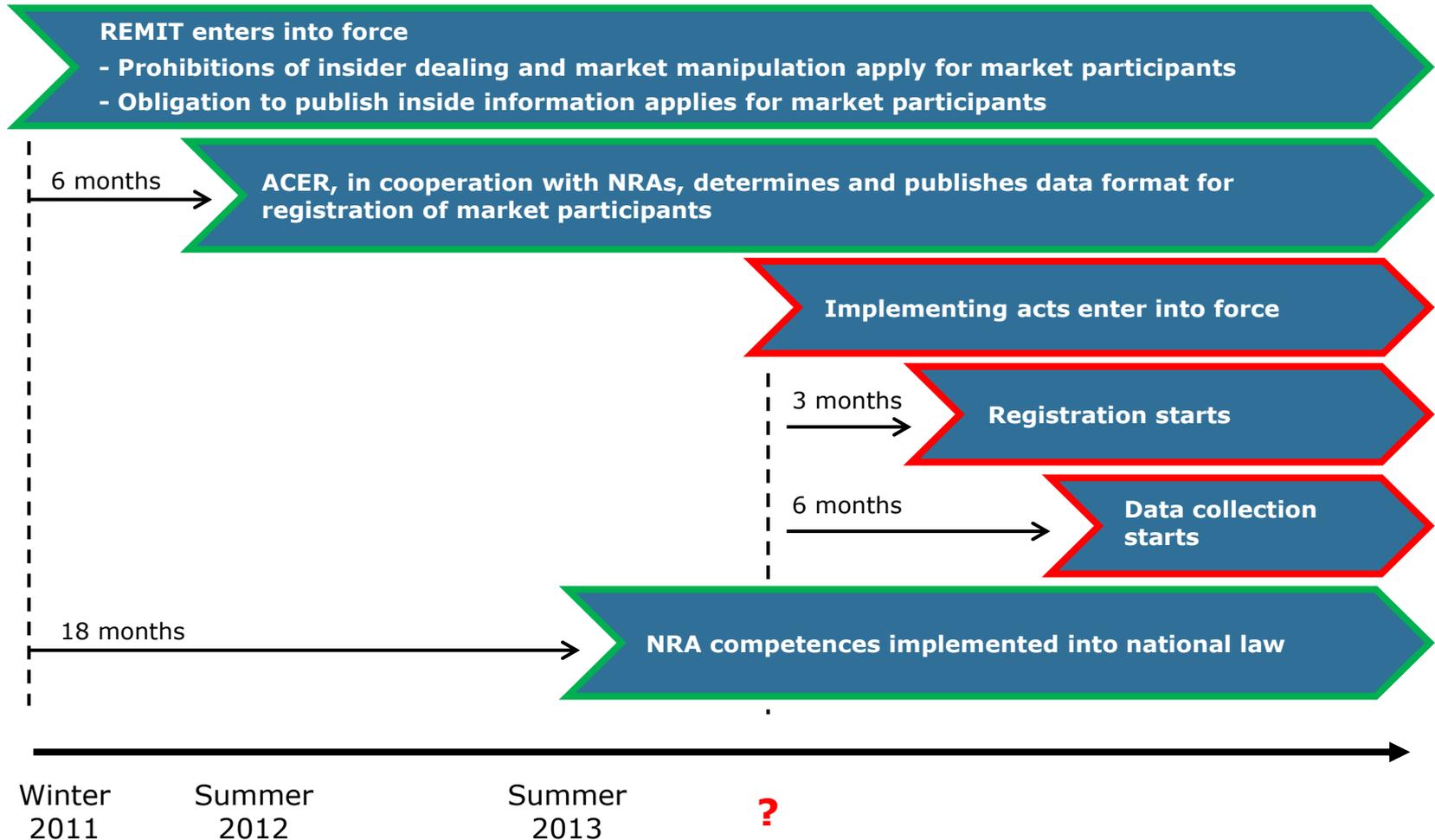
Timeline for REMIT implementation



Phase 1: Triggered by entry into force of REMIT



Phase 2: Triggered by entry into force of REMT implementing acts



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- Wholesale Energy Products:
 - » Contracts for the supply of electricity or natural gas where delivery is in the Union
 - » Derivatives relating to electricity or natural gas produced, traded or delivered in the Union
 - » Contracts relating to the transportation of electricity or natural gas in the Union
 - » Derivatives relating to the transportation of electricity or natural gas in the Unionirrespective of where and how they are traded

	Products admitted to trading at regulated market	Products admitted to trading at MTFs	Products admitted to trading at other trading venues	OTC traded products
Energy commodities	REMIT / ACER	REMIT / ACER	REMIT / ACER	REMIT / ACER
Cross-market manipulations spot/financial markets	REMIT / ACER	REMIT / ACER	REMIT / ACER	REMIT / ACER
Financial instrument with physical settlement	MAD / FMA	REMIT / ACER	REMIT / ACER	REMIT / ACER
Financial instrument with cash-settlement	MAD / FMA	REMIT / ACER	REMIT / ACER	REMIT / ACER

- The obligation to disclose Inside Information applies to all Wholesale Energy Products

	Products admitted to trading at regulated market	Products admitted to trading at MTFs	Products admitted to trading at other trading venues	Bilateral OTC traded products
Energy commodity products	REMIT / ACER	REMIT / ACER	REMIT / ACER	REMIT / ACER
Financial instrument with physical settlement	MiFID/FMA REMIT/ACER	MiFID/FMA REMIT/ACER	REMIT / ACER	REMIT / ACER
Financial instrument with cash settlement	MiFID/FMA REMIT/ACER	MiFID/FMA REMIT/ACER	REMIT / ACER	REMIT / ACER

Note: Reporting obligations under MiFID currently only apply to investment firms

Market Abuse Prohibitions: REMIT and MAD (after MAD/MAR revision)

	Products admitted to trading at regulated markets	Products admitted to trading at MTFs	Products admitted to trading at other trading venues	OTC traded products
Energy commodities	REMIT / ACER	REMIT / ACER	REMIT / ACER	REMIT / ACER
Cross-market manipulations spot/financial markets	REMIT / ACER	REMIT / ACER	REMIT / ACER	REMIT / ACER
Financial instrument with physical settlement	MAD/MAR/ FMA	MAD/MAR/ FMA	MAD/MAR/ FMA	MAD/MAR/ FMA
Financial instrument with cash-settlement	MAD/MAR/ FMA	MAD/MAR/ FMA	MAD/MAR/ FMA	MAD/MAR/ FMA

Note: The definition of financial instrument will be aligned with MiFID under the future MAD/MAR

Transaction Reporting: REMIT and MIFID (once EMIR applies)

	Products admitted to trading at regulated market	Products admitted to trading at MTFs	Products admitted to trading at other trading venues	Bilateral OTC traded products
Energy commodity products	REMIT / ACER	REMIT / ACER	REMIT / ACER	REMIT / ACER
Financial instrument with physical settlement	MiFID / FMA EMIR / TR	MiFID / FMA EMIR / TR	MiFID / FMA EMIR / TR	EMIR / TR
Financial instrument with cash settlement	MiFID / FMA EMIR / TR	MiFID / FMA EMIR / TR	MiFID / FMA EMIR / TR	EMIR / TR

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	 ACER Agency for the Cooperation of Energy Regulators	NRAs
Data Collection	✓	Have access to data collected by ACER
Monitoring	✓	May monitor the national markets
Investigation	Coordinates NRAs in cross-border investigations	✓
Enforcement		✓

Article 7

**Market
monitoring**

Article 9

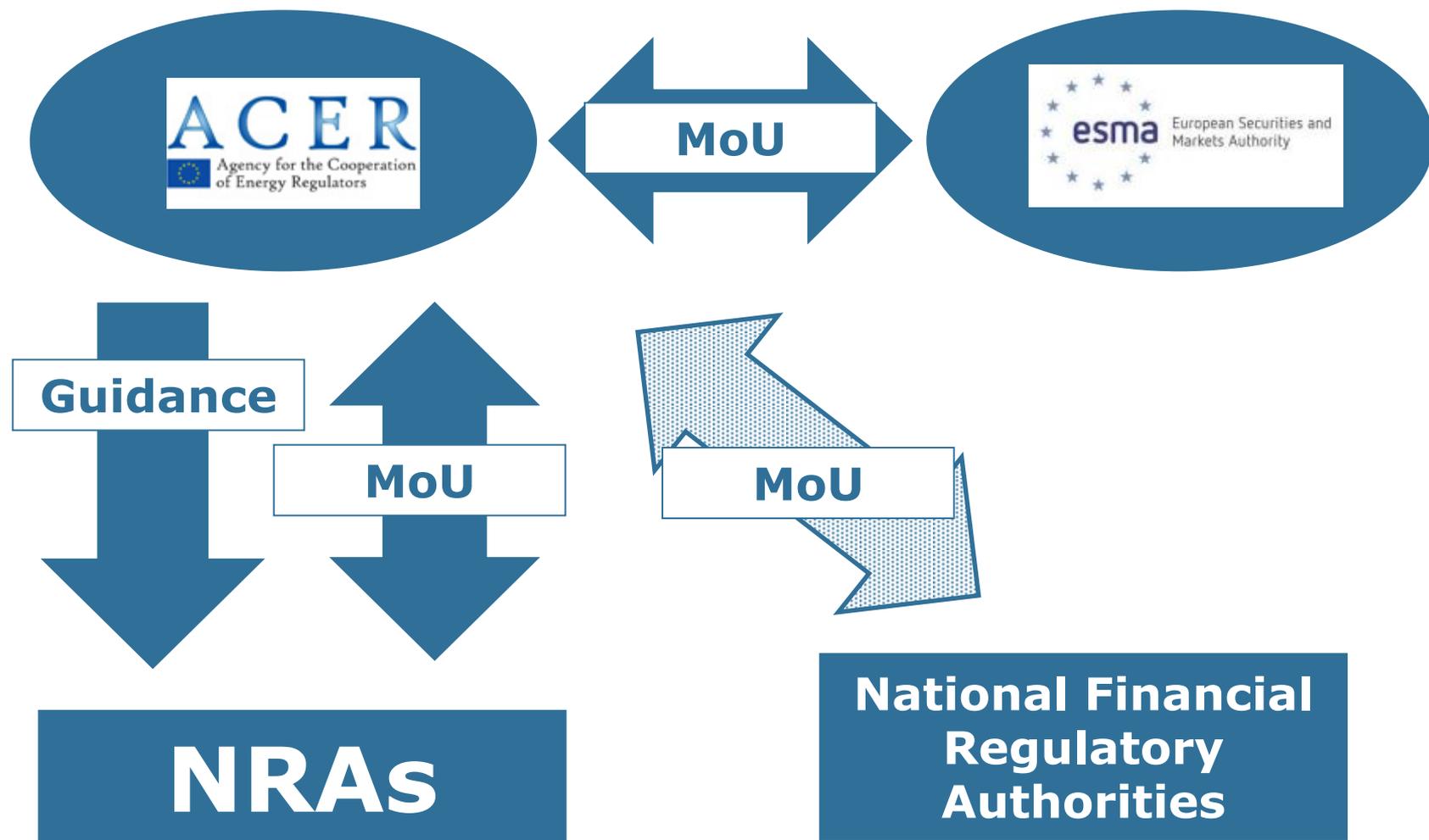
**Registration
of market
participants**

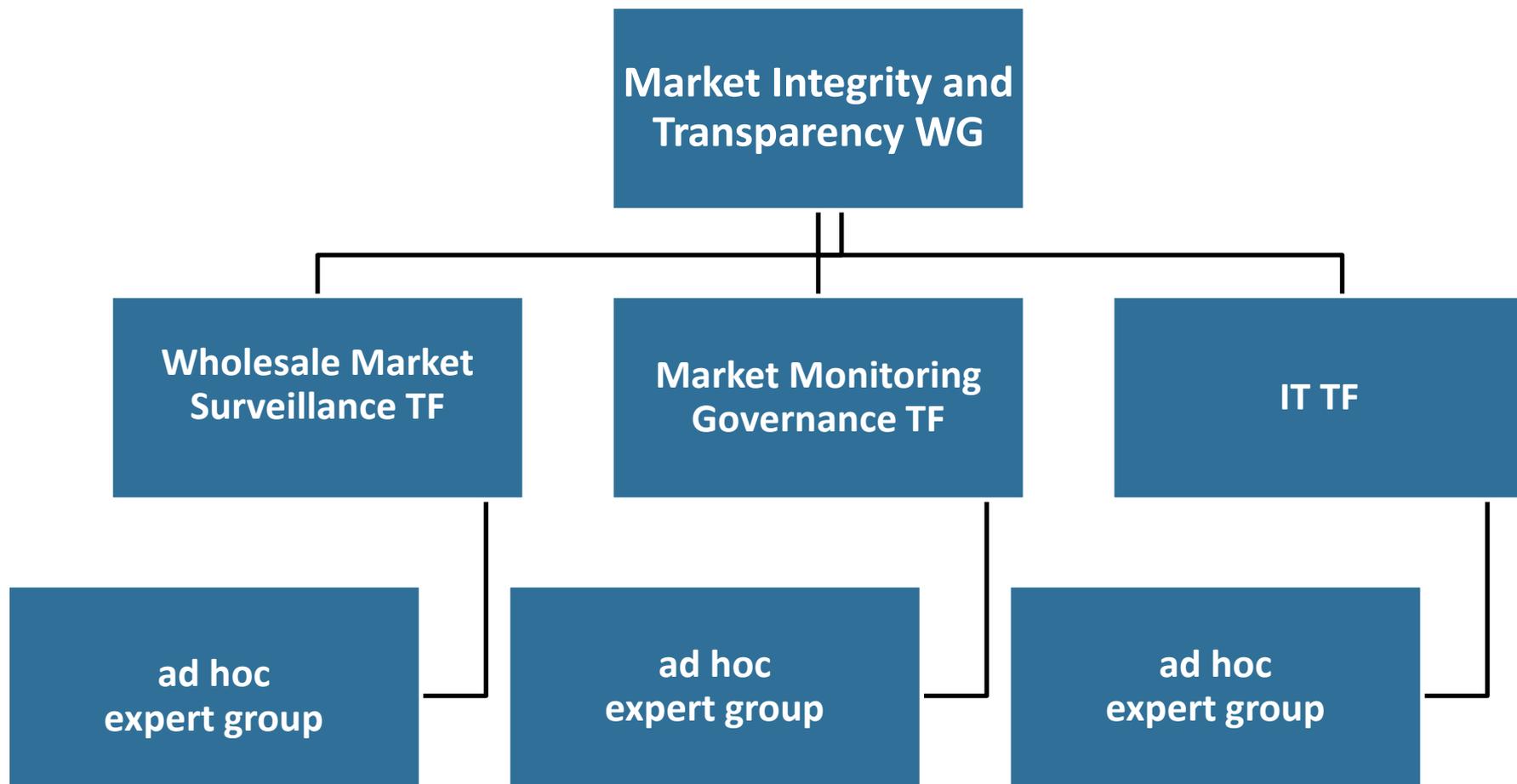
Article 10

**Sharing of
information
between the
Agency and
other
authorities**

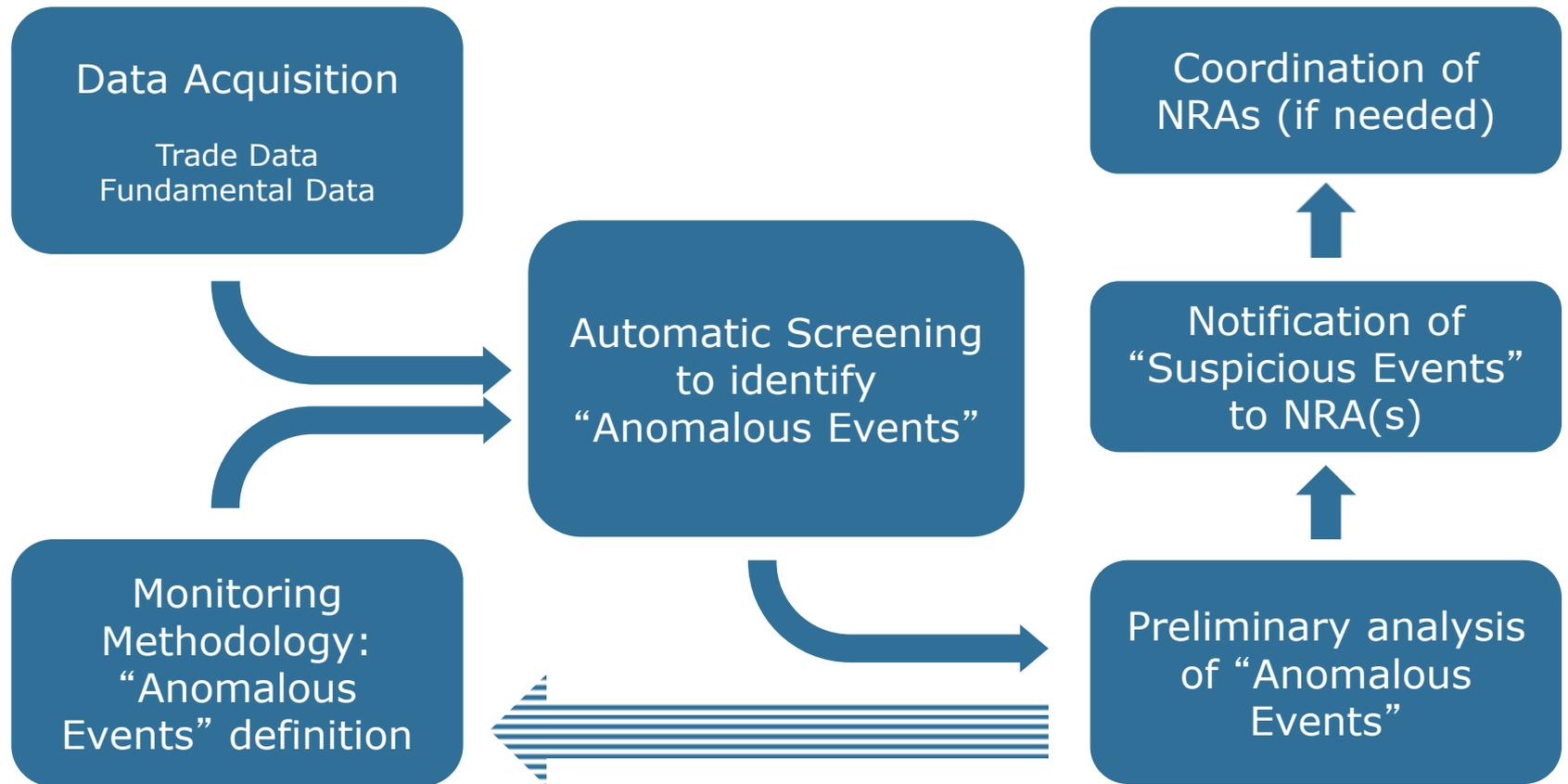
Article 16

**Cooperation
at Union and
national level**





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ACER

Pan-European market
monitoring

Data
collection

Automatic
screening of
data

Initial
assessment
and analysis



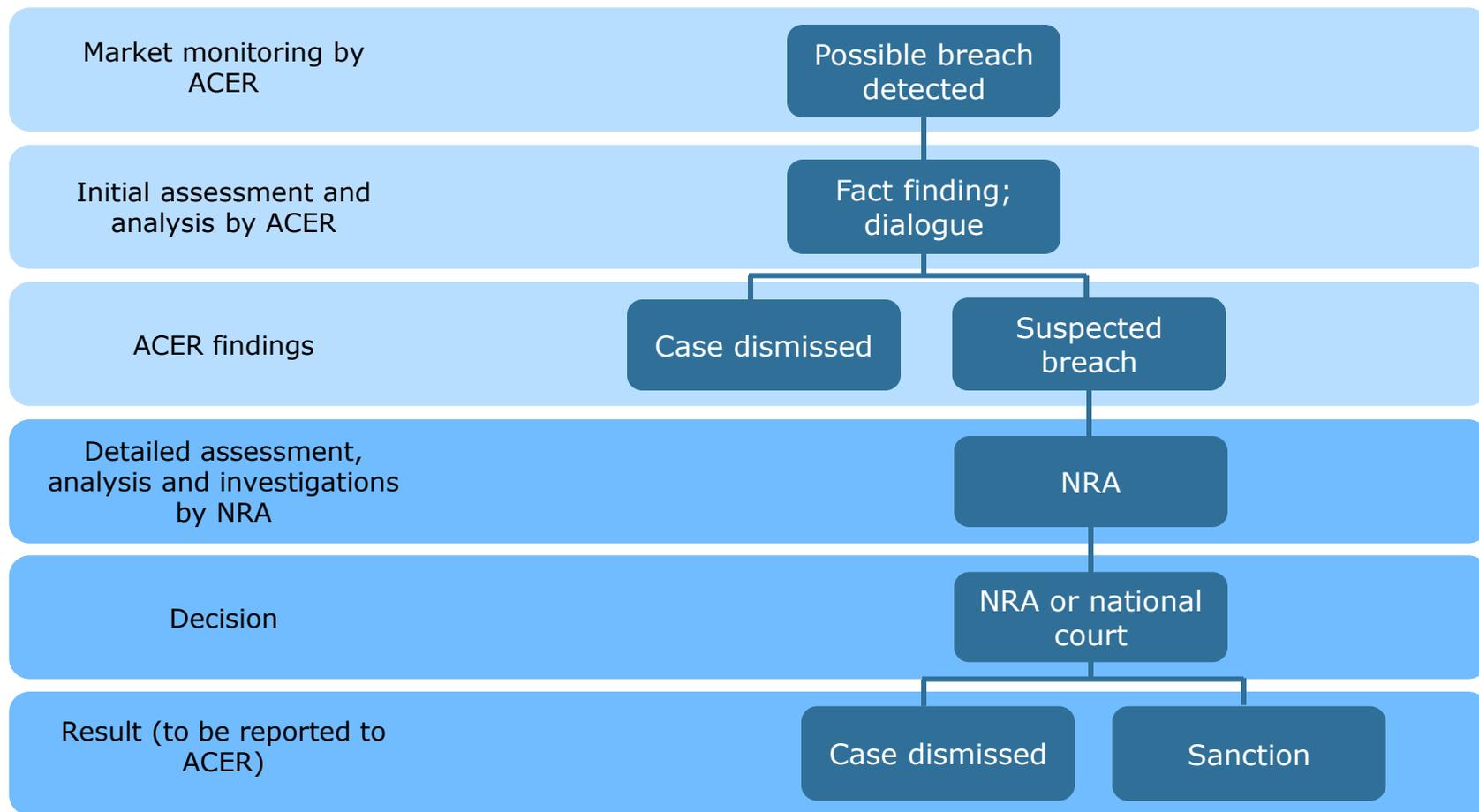
NRAs

Investigations and
enforcement at national level

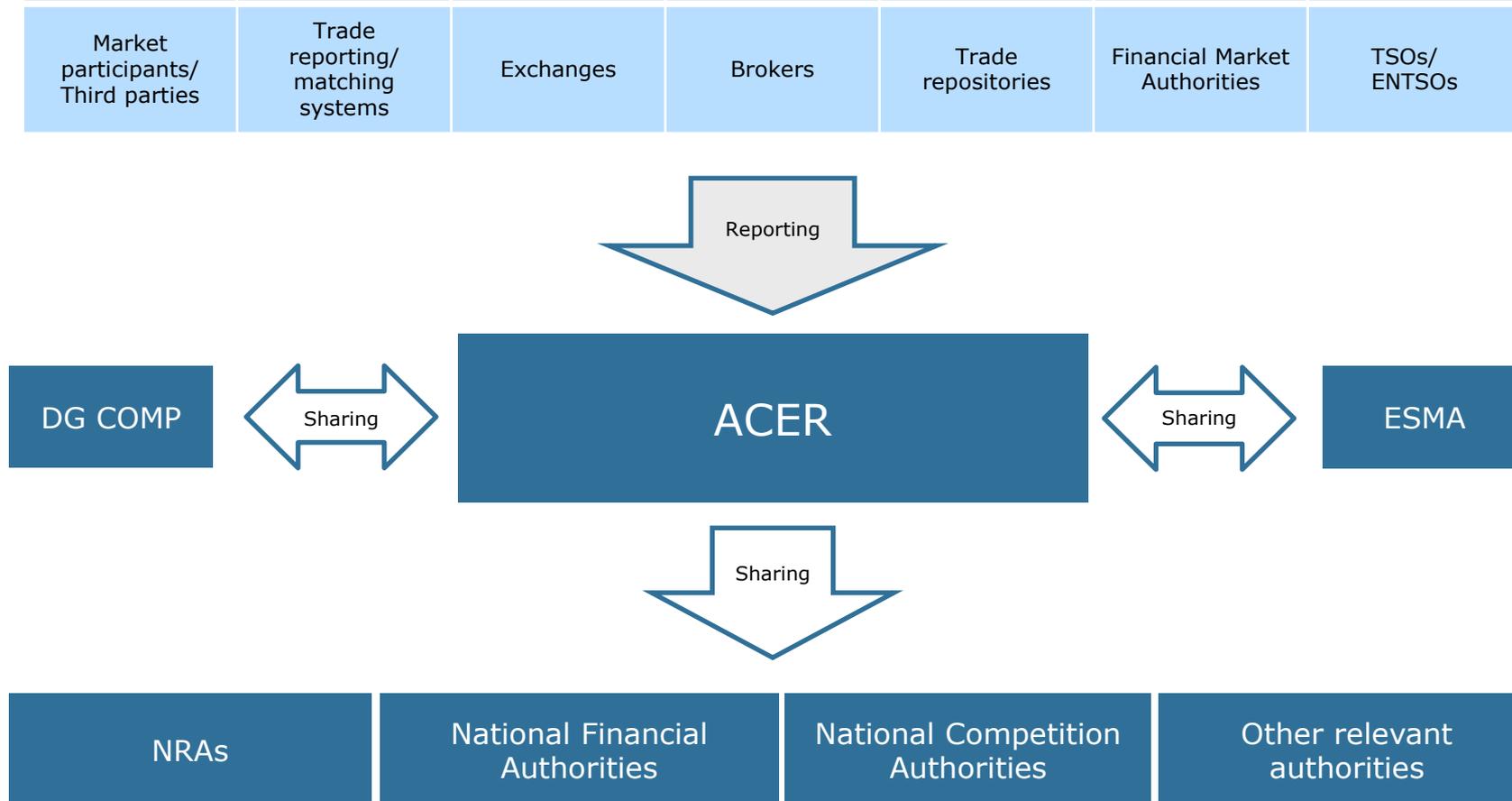
Investigation
of suspected
breaches

Enforcement

Monitoring at national level (optional)

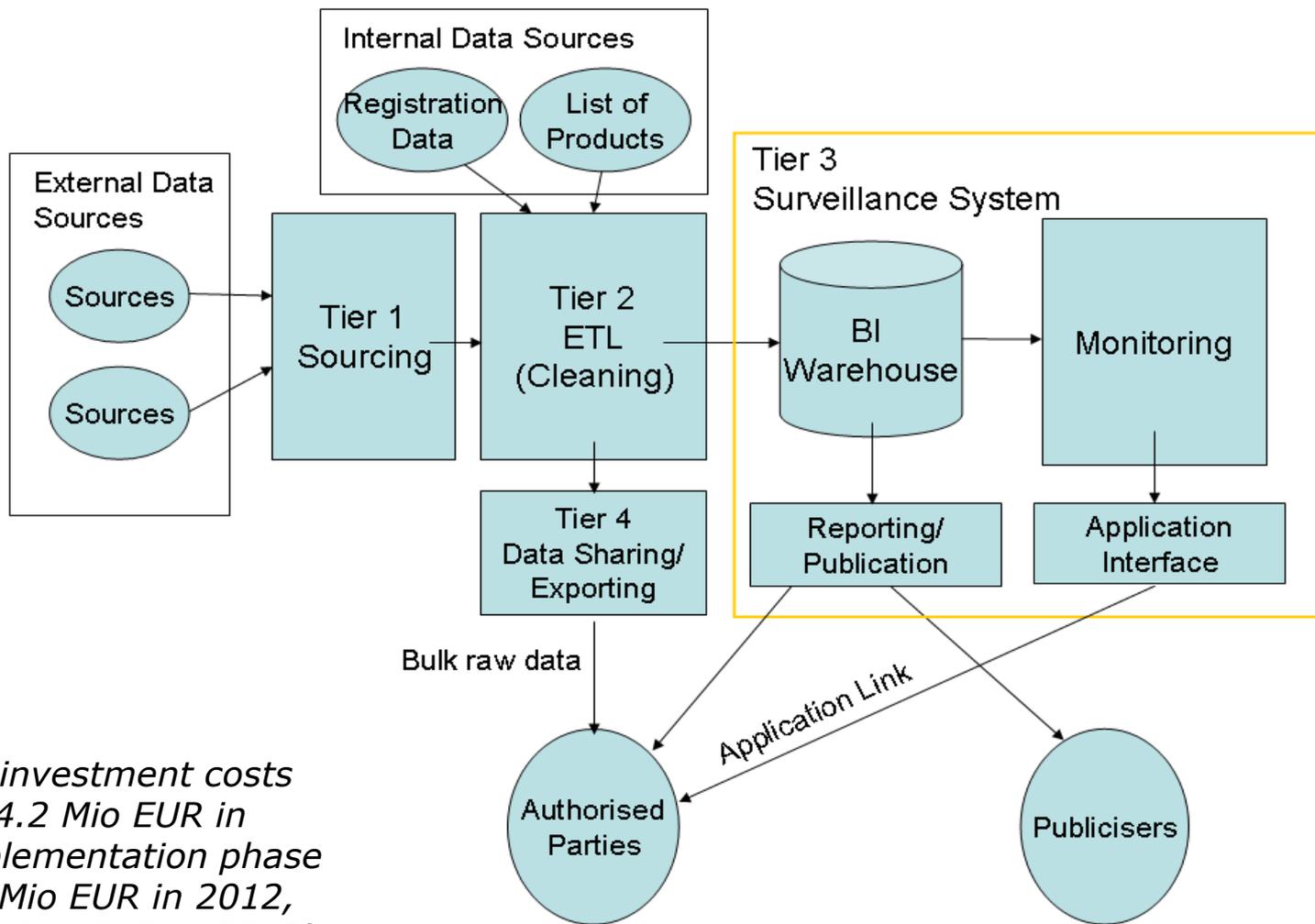


Reporting of fundamental data and transaction data, including orders to trade



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- Market Monitoring Department established in October 2012
- Responsible for implementing and operating REMIT
- Staff assigned to the MM Depot:
 - » Currently: 6 FTEs
 - » By end-2013: 15 FTEs
- Additional staff required for operating REMIT (from 2014)
 - » ACER has requested 35 additional FTEs
 - Horizontal desks
 - Regional desks
 - Market data management



Estimated investment costs of around 4.2 Mio EUR in REMIT implementation phase (around 1 Mio EUR in 2012, around 3.2 Mio EUR in 2013)

Thank you for your attention!

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