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of Energy Regulators

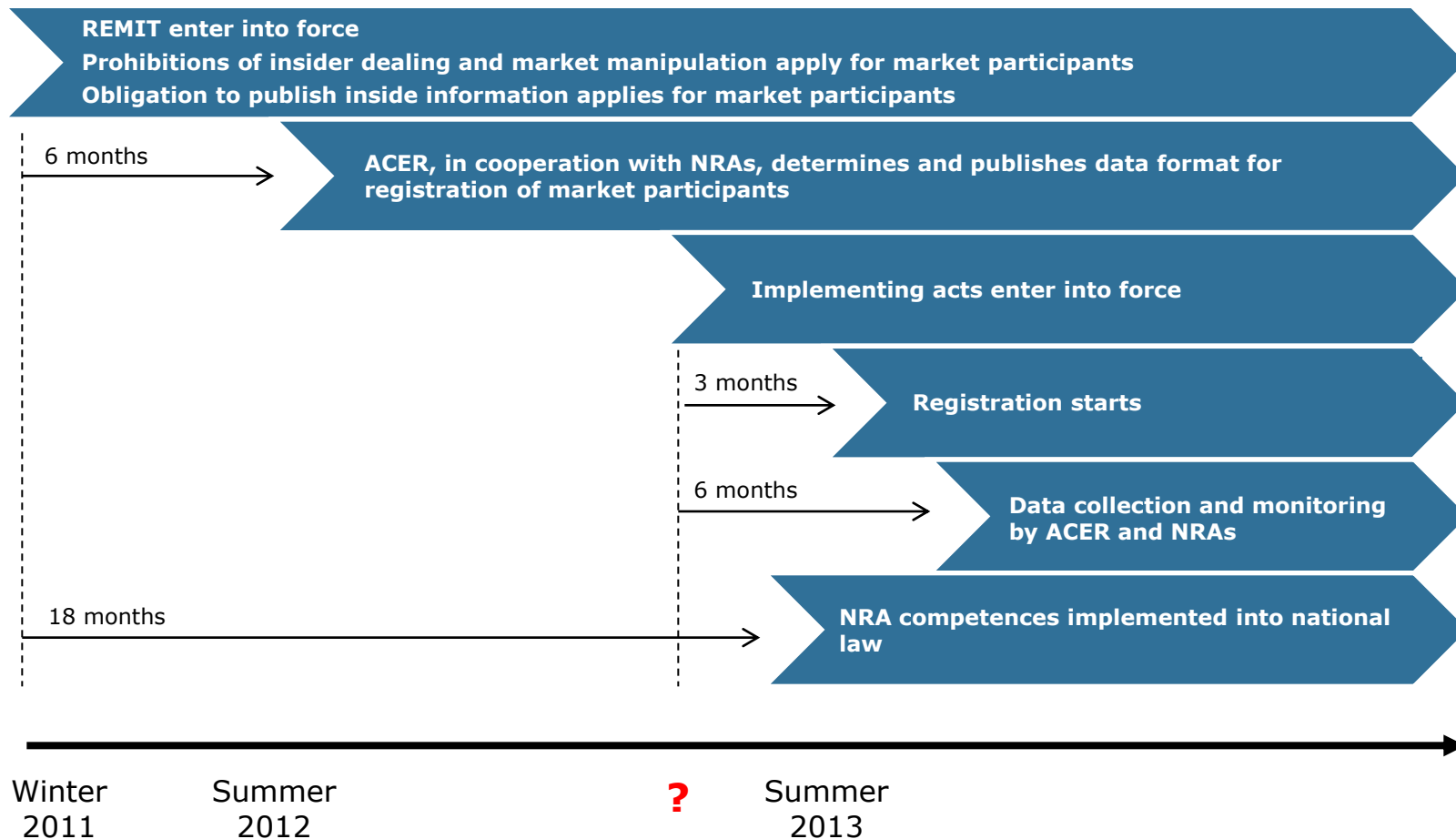
REMIT Implementation

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Timeline of REMIT implementation



Implementation Priorities for H2 2012

- Notifications and transparency
- 2nd edition of ACER Guidance
- Recommendations on Record of Transactions and Implementing Acts
- Stakeholder engagement (e.g. expert groups, workshops)

2nd edition of the ACER Guidance on the application of REMIT – Scope

- According to REMIT, ACER shall:
 - » “aim to ensure that national regulatory authorities carry out their tasks under [REMIT] in a coordinated and consistent way”
 - » “publish non-binding guidance on the application of the definitions set out in Article 2 [of REMIT], as appropriate”
- The 2nd edition of the Guidance, published on 28 September, covers both aspects

2nd edition of the ACER Guidance on the application of REMIT – General overview

- The 2nd edition of the Guidance covers:
 - » the scope of REMIT in relation to financial regulation
 - » the application of definitions of wholesale energy market, wholesale energy product, market participant, inside information and market manipulation
 - » the application of the obligation to disclose inside information
 - » the application and implementation of the prohibitions against market abuse

2nd edition of the ACER Guidance on the application of REMIT – Gas specific issues

- Application of the definition of market participants to SSOs and LSOs
- Application of REMIT to market participants from non-EU and non-EEA Member States
- Examples of inside information in the gas sector, including a best practice example of Urgent Market Message (UMM) for the disclosure of inside information in the wholesale gas market
- Application of the Accepted Market Practices regime as a possibility for NRAs, in coordination with the Agency, to define indicative thresholds for the relevant gas market and to nominate inside information platforms at regional or national level
- Application of the exemption of Article 3(4)(b) of REMIT

Recommendations to the Commission on the Record of Transactions: Procedure (1)

- The Agency may make recommendations to the Commission as to the records of transactions, including orders to trade
- Scope of records of transactions depends on other specificities of the implementing acts, ACER Recommendations therefore also address other aspects of implementing acts
- Public consultation:
 - » held between 20 June and 6 August 2012
 - » 51 responses from 58 stakeholders
 - » public workshop held on 19 July 2012 in Ljubljana with around 100 participants

Recommendations to the Commission on the Record of Transactions: Procedure (2)

- Advice from REMIT Ad hoc expert groups with representatives from market participants and energy exchanges taken into account
- Recommendations accompany DG ENER's public consultation on the implementation of a data and transaction reporting framework for wholesale energy markets launched on 14.09.2012
- Recommendations will be published in the beginning of October 2012

Recommendations: Content (1)

- **Recommendations on Records of Transactions**
 - Proposing definitions of crucial terms for the data collection under REMIT to avoid ambiguity for the market participants subject to reporting obligations
 - Distinguishing between records of transactions in standardised and in non-standardised energy commodity contracts as regards the reporting channels, the details and the timing to report

Recommendations: Content (2)

● Recommendations on Records of Transactions

- Foreseeing Records of Transactions, including orders to trade at organised market places, for
 - » Records of Transactions, including orders to trade, in wholesale energy contracts executed, or placed, at Organised Market Places,
 - » Records of Transactions in standardised energy commodity contracts, including derivatives,
 - » Records of Transactions in non-standardised energy commodity contracts and
 - » Scheduling/Nomination data

Recommendation: Content (3)

- **Recommendations on a list of contracts and derivatives to be reported**
 - Application of definition of financial instruments of MiFID for derivatives to ensure compliance with EU financial market rules
 - Broad definition of energy commodity contracts to be reported in the implementing act, but
 - Establishment of an ACER list of reportable wholesale energy contracts
 - Phased approach of reporting of such contracts
 - Development of a product taxonomy for energy commodity contracts

Recommendation: Content (4)

- **Recommendations on de minimis**
 - List of contracts to be reported should already exclude contracts based on feed-in tariffs and at administratively-fixed prices
 - Consideration of a de minimis threshold for small producers having an installed capacity of up to 10 MW, trading only this capacity outside organised markets, and acting individually in the market, degressively falling to 5 MW and to 2 MW every two years of application

Recommendation: Content (5)

● Reporting of records of transactions, including orders to trade through the following reporting channels:

- Records of Transactions, including orders to trade, in wholesale energy contracts executed, or placed, at Organised Market Places ***through organised market places or third parties within one working day***,
- Confirmations of Records of Transactions in standardised Wholesale Energy Contracts, including Derivatives ***through trade repositories, trade reporting systems or clearing houses within one working day***,
- Confirmations of Records of Transactions in non-standardised energy commodity contracts ***through only one party of the contract within one month*** and
- Scheduling/Nomination data ***through TSOs or third parties on their behalf within one working day***.

Stakeholder involvement

- ACER works closely with NRAs, ESMA, financial supervisory authorities and competition authorities on topics related to the implementation of REMIT, such as data collection, IT and market surveillance
- The Agency has organised public workshops and launched a public consultation on its draft recommendations on the records of transactions in the beginning of summer 2012
- The extensive involvement of stakeholders has provided the Agency with important input on the implementation of REMIT and will be continued in the further REMIT implementation process

Thank you for your comments!



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