



Energy Security Project

SUMMARY OF THE RESPONSIBILITIES OF THE ELECTRICITY AND GAS OPERATORS UNDER REMIT

2021

THIRD ENERGY PACKAGE & GENERAL PRACTICES

REMIT

- DATA COLLECTION & DETECTING MARKET ABUSE
- MEASURES TO BE TAKEN BY OPERATORS
- PUBLISHING INSIDE INFORMATION
- FINAL RELECTIONS

THIRD ENERGY PACKAGE & GENERAL PRACTICES (I)

WHAT THE OPERATORS USUALLY MONITOR

- Observance of trading rules by participants, abnormal, inappropriate, anticompetitive market participants behaviour.
- Administered markets competitiveness (structure & concentration indicators).
- Prices evolution & Markets liquidity.

WHAT THE OPERATORS DO

- Record, evaluate, publish, report to NRA market data in regular basis (and ad-hoc)
- Establish market monitoring indicators (Energy Exchanges & Market Operators define and publish price indices), follow their evolution in time, compare them with similar indicators in international market.
- Conduct any necessary analysis, identify and analyse situations presenting a risk of market abuse, report suspicions to competent authorities.

THIRD ENERGY PACKAGE & GENERAL PRACTICES (2)

CONCLUSIONS ON ELECTRICITY TSO

- Compliant transposition of 543/2013.
- But incomplete publishing of transparency data on ENTSO-E platform.

CONCLUSIONS ON ELECTRICITY MO

- The internal regulation on structural unit is compliant with requirements in DAM/IDM rules.
- The information published on website is compliant with requirements in DAM/IDM rules, but more information in English language should be provided.

COMMON RECOMMENDATIONS:

- At least the following procedures are needed to both TSO and MO:
 - Data management (including storage and security), information disclosure, reporting data to NRA
 - Market monitoring and surveillance procedure
- Extent of provisions regarding monitoring activities in the Market Rules and in DAM/IDM Market Rules should be harmonised. Rules applying to TSO are less elaborated than rules applying to MO.

REMIT. DATA COLLECTION IN UKRAINE (I)

- *Market participants (MP) and TSOs in Ukraine should be obliged to report data to NEURC, according to adapted REMIT conditions, but observing data collection as in REMIT art.8, CIR 1348, MoP & TRUM*

REPORTING OF ELECTRICITY AND NATURAL GAS TRANSACTION DATA

REMIT, CIR 1348, TRUM, MoP

- Electricity & Natural Gas Supply contracts concluded at an OMP, reported by MP through RRM(s) (based OMP service contract)
- Electricity & Gas Transportation contracts
 - primary allocation, reported by TSOs, through RRM(s), secondary market reported by MPs through RRM(s)
- Electricity & Gas Supply & Transportation contracts concluded outside OMPs, reported by MPs through RRM(s)
- Contracts reportable at request of regulator

REPORTING OF ELECTRICITY AND NATURAL GAS FUNDAMENTAL DATA

Regulations 714/2009 & 543/2013, 715/2009

- Data provided by primary owners to TSOs, which further delivers them to the ENTSO-E, ENTSG

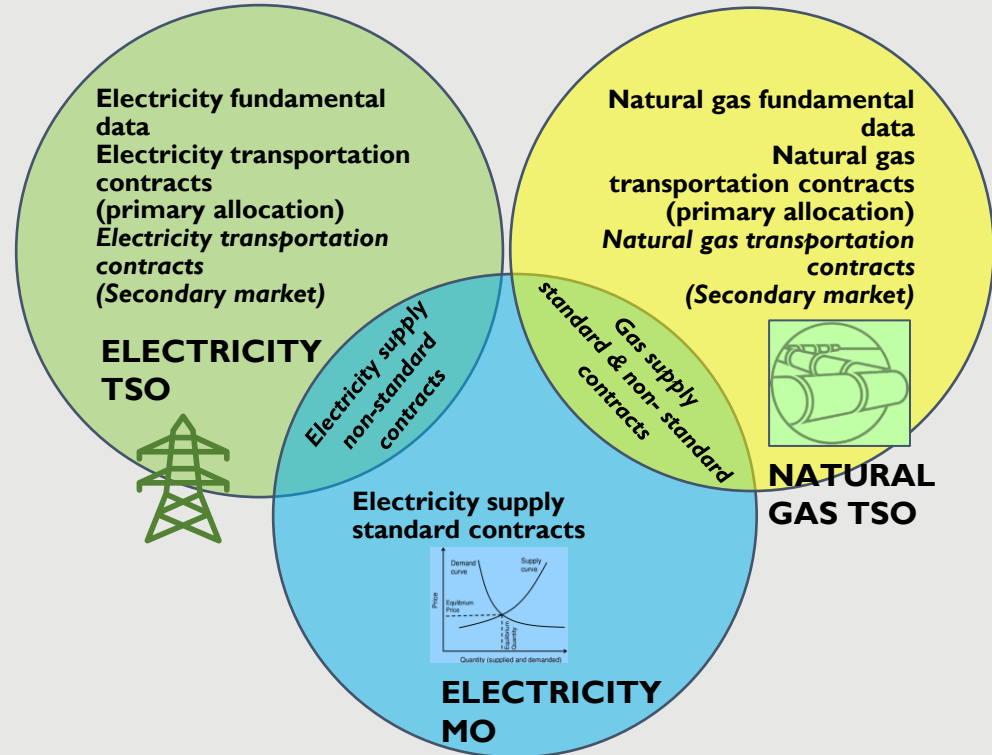
REMIT, CIR 1348, MoP

- NEURC access 714/2009 / 543/2013 data through ENTSO-E platform & 715 data through ENTSG platform.
- TSOs report electricity final nominations/gas day-ahead nominations & final re-nominations through RRM(s) to NEURC.
- Gas TSO, (LNG SO & MP or LNG SO), Storage SO & MP or Storage SO on their behalf report through RRM(s) to NEURC.

REMIT. DATA COLLECTION IN UKRAINE (2)

➤ *Market participants (MP) and TSOs in Ukraine should be obliged to report data to NEURC, according to adapted REMIT conditions, but observing data collection as in REMIT art.8, CIR 1348, MoP & TRUM*

- How much the scope of each operator reporting may overlap?
- May regulation and competition coexist in the scope of RRM services?



REMIT. PPATs MEASURES TO REPORT.

- **TSO** should be ready to report transportation contracts (primary allocation) and final nominations (electricity) / day-ahead nominations and final re-nominations (gas) as RRM or may delegate responsibility to an established RRM.
- **Storage SO** should be ready to report data on gas storage.
- **MO (and other OMPs)** should be ready to offer to their participants a service contract to report transactions executed at OMP.
- *If not specifically obliged by law to become RRM, they shall either ensure compliance with RRM requirements or may delegate responsibility to an established RRM.*
- *Becoming RRM gives to TSO and MO the opportunity to offer additional reporting services (trades at another OMP, “OTC”, transportation contracts from secondary market). Reporting such data is sensitive and MP should not be left alone.*

REMIT. SUSPICIOUS TRANSACTIONS REPORTS.

- **The suspected breach could be:**
 - Insider Trading (Art 3 of REMIT)
 - Market Manipulation (Art 5 of REMIT)
- **The reporting party could be:**
 - A market participant
 - A PPAT
 - Another competent authority
 - Another party
- **NEURC should:**
 - Adopt the template 1 “*Submission of information by a regulator to ECRB on the suspected breach in the Contracting Party*” (ECRB Procedural Act 01/2020”)
 - Adopt the template 3 “*Reporting potential breaches of the REMIT Regulation to regulators and/or ECRB* (ECB Procedural Act 01/2020).
 - Develop a Notification Platform similar as purposes with that of ACER.

REMIT. PPATs MEASURES TO DETECT MARKET ABUSE.

PPATs should follow the ACER high-level guidance on Organisational Arrangements

a) Governance (alternative governance structures that can mitigate conflict of interests)

Market Monitoring Unit		Market Monitoring Department					Market Monitoring Committee	
Independent Body		Independent Body					Independent Body	
MMU	Management Team	Management Team					Management Team	
	Exchange	MM Department	Operations	Finance	Commercial	Etc.	Market Committee	Commercial
		Exchange					Exchange	

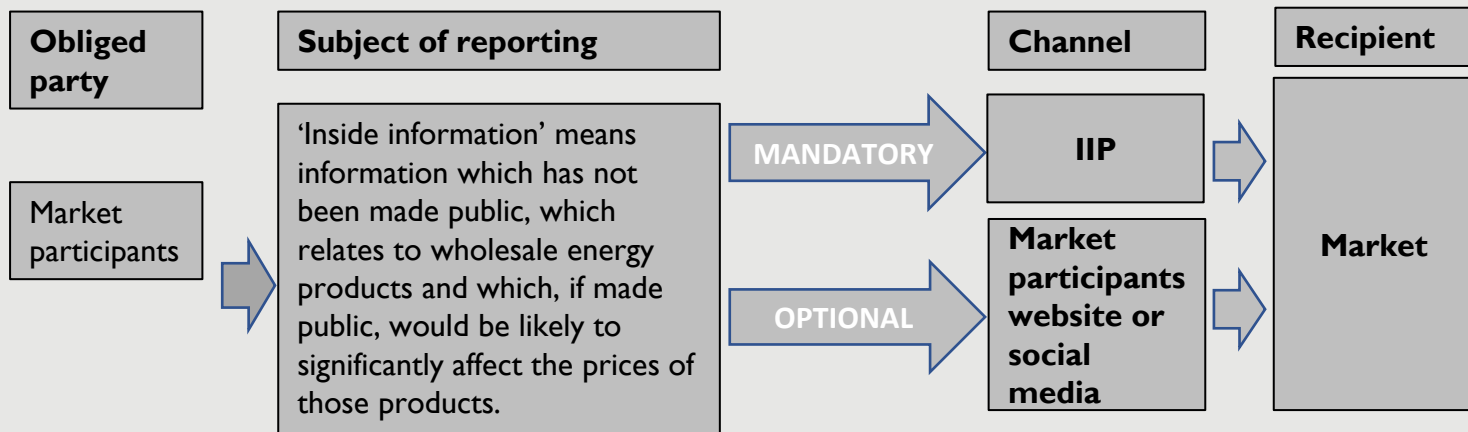
b) Organisational setup

Adequacy of resources	Fundamental resources (human resources, analytical tools, data/information) available
Human resources policy	Management of conflicts of interest
Market surveillance team	Relevant skills, able to devote required time, to operate in a timely manner; appropriate segregation measures
Communication with other units	Keep regular contact with other functions within the PPAT, to get access to the information needed
Confidentiality	Information collected during investigations shall be confidential; systems restricting access shall be implemented.

REMIT. PUBLISHING THE INSIDE INFORMATION.

Regulation 1227/2011 (and Guidance on the application of REMIT and MoP)

- Inside information to be published by MP (article 4 REMIT), on Inside Information Platforms (IIP) (art. 7.2 of Guidance and art. 7 MoP).



“The Agency believes that, in order to achieve effective disclosure according to Article 4 of REMIT, the information shall be disclosed using a platform for the disclosure of inside information”

Guidance on the application of Regulation (EU) No 1227/2011

➤ *In Ukraine should be implemented the ACER view expressed in the Guidance.*

REMIT. FINAL REFLECTIONS.

- *Data reporting should start with a period after implementing legislation enters in force and the process organisation shall be **stepwise** (as EU did).*
- ***Back loading** is the reporting of contracts which were concluded before the date on which the reporting obligation becomes applicable and remain outstanding on that date (7.6 CIR 1348: reporting 90 days after obligation in force).*
- *To provide full data for supply non-standard contracts and secondary market transportation contracts is the obligation of **participants** regardless who is the chosen RRM. For such contracts (as well as for back loading) REMIT sets no obligation on operators.*
- *Market participants shall provide continuously the regulator (through RRM) with information about any changes to the underlying data due to **lifecycle events**.*

THANK YOU

DISCLAIMER

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COMPLIANCE WITH INTERNATIONAL OBLIGATIONS

EU – UKRAINE ASSOCIATION AGREEMENT (AA) ENERGY COMMUNITY TREATY (ECT)

EU ENERGY LAW

- EU DIRECTIVES: Electricity 72/2009 & Gas 73/2009
 - Network Codes
- EU REGULATIONS: Electricity 714/2009 (+543/2013) & Gas 715/2009

MARKET INTEGRITY & TRANSPARENCY

- Regulation 1227/2011 on wholesale energy market integrity and transparency (REMIT)
- “*USER MANUALS developed by ACER*” (art.7 REMIT acc. D/2018/10/MC-EnC) following CIR 1348/2014
 - ACER Transaction Reporting User Manual (TRUM)
 - Manual of Procedures on data reporting (MoP)

REMIT. LEGISLATION IN EU & CONTRACTING PARTIES.

In European Union	In Contracting Parties of EnC
<p>REMIT - Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency</p>	<p><u>ADAPTED REMIT</u> (D/2018/10/MC-EnC: implementing REMIT)</p>
<p>COMMISSION IMPLEMENTING REGULATION (EU) No 1348/2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 (CIR 1348)</p>	<p><u>ECRB PROCEDURAL ACT 1/2020</u> 2020/01 ECRB-EnC: Decision of the ECRB on cooperation and coordination of Contracting Parties' national regulatory authorities under Regulation 1227/2011</p>
<p>GUIDANCE on the Application of Regulation (EU) No 1227/2011 GUIDANCE NOTES on the application of Art. 5 REMIT: 1/2017 - Wash trades 1/2018 - Transmission capacity hoarding 1/2019 - Layering and spoofing GUIDANCE NOTE 1/2015 The concept of PPATs Guidelines for the registration of RRM and for the registration of RIS</p>	
<p>TRUM - Transaction Reporting User Manual</p>	
<p>MoP - Manual of Procedures on transaction data, fundamental data and inside information reporting</p>	
<p>ACER Decision 01/2012 relating to the Registration Format</p>	

REMIT. MEASURES TO DETECT MARKET ABUSE (2)

PPATs should follow the ACER high-level guidance ...

- On **Procedural Arrangements**

Market monitoring strategy	PPAT shall have a market monitoring strategy based on a risk assessment. It should prescribe actions to be performed to assess the anomalous events.
Human resources related procedures	Market surveillance team (MST) should be covered by HR policies and procedures, which should safeguard the independence and integrity of the team members.
Communication related procedures	Communication between MST and anyone involved in a potential breach should be carefully considered. Once STR has been submitted MST should not make contact with member in relation to that incident unless agreed with NRA. MST shouldn't make it aware on submission.
Traceability related procedures	All work carried out by the MST should be recorded whether in a dedicated case management system, a shared folder or in traceable email records, for a period of at least five years.
Compliance advocacy	NRA shall enforce PPATs compliance with Article 15, by using "Systems and Controls Questionnaires" relating to Art. 15 processes, conducting visits to PPAT's MST etc

REMIT. START OF REPORTING & FREQUENCY OF REPORTING.

Start of reporting	
<ul style="list-style-type: none"> Contracts executed at organized marketplaces, including matched and unmatched (standard contracts (CIR 6.1) ENTSO-E and ENTSOG fundamental data (CIR 8.1, 9.1). 	<i>Nine months following the entry into force of the implementing legislation in UA*) (CIR 12)</i>
<ul style="list-style-type: none"> Contracts concluded outside an OMP (non-standard contracts) Transportation contracts from primary explicit allocation (CIR 3.1.b.i, 6.2) Other fundamental data (CIR 6(2), 6(3), 8(3), 9(2), 9(3), 9(5), 9(7) and 9(9)) 	<i>Fifteen months following the entry into force of the implementing legislation in UA*) (CIR 12)</i>
BACK LOADING. Contracts which were concluded before the date on which the reporting obligation becomes applicable and remain outstanding on that date (less orders and execution).	<i>90 days after the reporting obligation becomes applicable for those contracts*) (CIR 7.6)</i>

**) Suggested deadlines to start reporting in UA are borrowed from EU experience (reference there: entry into force of CIR 1348)*

Frequency of reporting	
Standard contracts	The working day following conclusion of contract or placement of order
Non-standard contracts including <ul style="list-style-type: none"> Any modification or the termination of the contract (the life cycle events) Execution 	<ul style="list-style-type: none"> One month following conclusion, modification, or termination of the contract One month following the invoice date
<ul style="list-style-type: none"> Transportation electricity or gas contracts as a result of a primary explicit capacity allocation Fundamental data 	<ul style="list-style-type: none"> Working day following the availability of the allocation results for transportation contracts, nominations and ENTSO-E fundamental data. As soon as become available for ENTSOG fundamental data.

REMIT. TRANSPARENCY & INSIDE INFORMATION RECAP.

REGULATION (EC) 714/2009

REGULATION (EC) 715/2009

REGULATION (EU) 543/2013

COMMISSION DECISION 2012/490/EU

amend transparency obligations

REGULATION (EU) 1227/2011

implements reporting obligations

REGULATION (EU) No 1348/2014

REGULATIONS (EC) 714/2009 SETS TRANSPARENCY OBLIGATIONS FOR PARTICIPANTS AND TSOs

- Electricity TSOs shall publish fundamental data. The market participants shall provide the TSOs with the relevant data.

REGULATION (EU) 543/2013 ENHANCES OBLIGATIONS, SETS CENTRAL TRANSPARENCY PLATFORM AT ENTSO-E

- 5.5 to 5.9 of Annex I to 714/2009 (information published by TSOs) replaced by provisions of 543/2013
- Central information transparency platform to be established by ENTSO-E, to publish data TSOs are required to submit to ENTSO-E.

REGULATIONS (EC) 715/2009 SETS TRANSPARENCY OBLIGATIONS FOR PARTICIPANTS AND TSOs AND (AMENDED) ANNEX I SETS UNION-WIDE CENTRAL PLATFORM AT ENTSOG

- Gas TSOs shall publish fundamental data. The market participants shall provide the TSOs with the relevant data.
- Union-wide central platform to be established by ENTSO-E, to publish data TSOs are required to submit to ENTSOG.

REGULATION (EU) No 1227/2011(8) SETS MARKET PARTICIPANTS TRANSPARENCY OBLIGATIONS (TO BE MINIMISED)

- Market participants shall provide ACER and NRAs with information related fundamental data.
- The reporting obligations on market participants shall be minimised by collecting information from existing sources.

REGULATION (EU) No 1348/2014(8) TRANSFERS LARGE PART OF PARTICIPANTS' OBLIGATIONS TO ENTSO-E & TSOs

- ENTSO-E and ENTSOG shall, on behalf of market participants, report information to ACER.
- Information shall be reported through the ENTSO-E central information transparency platform and ENTSOG union-wide platform.
- TSOs or third parties on their behalf shall report to ACER and, at their request, to NRAs the nominations.

REMIT. TRANSPARENCY & INSIDE INFORMATION PLATFORMS.

REGULATION (EC) 714/2009

REGULATION (EC) 715/2009

REGULATION (EU) 543/2013

COMMISSION DECISION 2012/490/EU

Fundamental data

REGULATION (EU) 1227/2011

Fundamental data & Inside information

REGULATION (EU) No 1348/2014

INSIDE INFORMATION PLATFORMS

- REMIT: market participants shall publicly disclose inside information (businesses or facilities).
- In 2020 ACER starts registration of Inside Information Platforms compliant with minimum quality requirements.

TRANSPARENCY PLATFORMS

- ENTSO-E & ENTSOG (providing central transparency platforms) invited to adhere to minimum quality requirements. Only ENTSOG applied until now.
- Several TSO transparency platforms applied to be considered as IIPs for inside information disclosure.

FUNDAMENTAL DATA VS. INSIDE INFORMATION

- Inside information should have impact on prices.
- 543/2013 thresholds: 100 MW(load, generation, transmission), 200 MW(production) for fundamental data.
- REMIT does not set thresholds for inside information urgent market messages.

IN UKRAINE

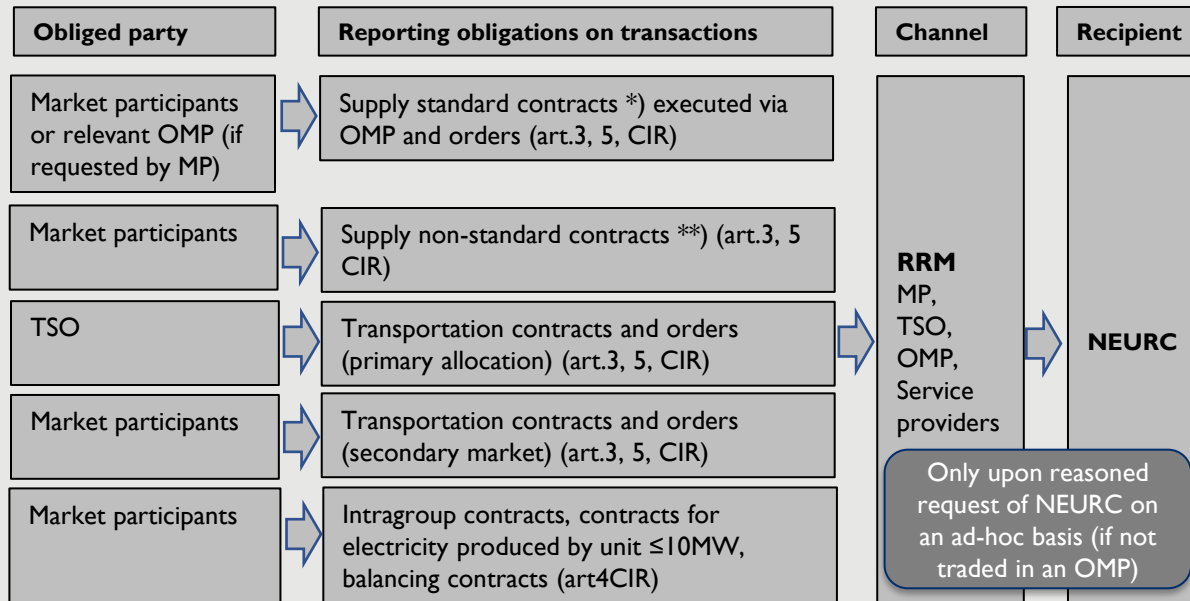
- *For a more transparent market and an effective REMIT, to establish, by law or commitment, at the beginning of REMIT at least one transparency platform with enhanced purposes as IIP.*

REMIT. DATA COLLECTION IN UKRAINE (I)

- Market participants (MP) and TSO in Ukraine should be obliged to report data to NEURC, according to adapted REMIT conditions, but observing data collection as in REMIT art.8, CIR 1348, MoP & TRUM

REPORTING OF TRANSACTION DATA

- Electricity & Gas Supply contracts concluded at an OMP, reported by MP
- Electricity & Gas Transportation contracts
 - primary allocation, reported by TSO,
 - secondary market reported by MP
- Electricity & Gas Supply & Transportation contracts concluded outside OMP, reported by MP
- Contracts reportable at request of regulator



Reporting to NEURC through RRM

*) 'standard contract' - a contract concerning a wholesale energy product admitted to trading at an OMP, irrespective of whether or not the transaction actually takes place on that market place

**) 'non-standard contract' - a contract concerning any wholesale energy product that is not a standard contract (CIR 1348)

REMIT. DATA COLLECTION IN UKRAINE (2)

REPORTING OF ELECTRICITY FUNDAMENTAL DATA

Obligated party

Subject of reporting

- Information on total load (art.6)
- Information relating to the unavailability of consumption units (art.7)
- Year-ahead forecast margin (art.8)
- Transmission infrastructure (art.9)
- Information relating to the unavailability of transmission infrastructure (art.10)
- Information relating to the estimation and offer of cross zonal capacities (art.11)
- Information relating to the use of cross zonal capacities (art.12)
- Information relating to congestion management measures (art.13)
- Forecast generation (art. 14)
- Information relating to the unavailability of generation and production units (art.15) ; the planned unavailability and changes.
- Actual generation (art.16)
- Balancing (art.17); rules, balancing reserves, prices of reserves, accepted aggregated offers, activated balancing energy, prices for activated reserves, imbalance prices and volumes, etc

Recipients

TSO

ENTSO-E

Data published

Regulations 714/2009 & 543/2013

Data provided by primary owners (generators, TSO, DSOs) to TSO, which further delivers them to the ENTSO-E

Primary owners of data

REMIT, CIR 1348, MoP

NEURC access 543/2013 data through ENTSO-E platform

TSO reports final nominations through RRM to NEURC.

Obligated party

ENTSO-E on behalf of MP, subject of agreement

TSO

Subject of reporting

capacity and use of facilities for production, consumption (*disaggregated*) and transmission of electricity including planned and unplanned unavailability of facilities as in.6-17 of 543/2013 (art. 8.5 REMIT, art.8. 1, CIR)

final nominations between bidding zones (art. 8.5 REMIT, art.8.3 CIR)

Channel

Central Information Platform (543/2013, 3)

RRM

Recipient

NEURC

NEURC

REMIT. DATA COLLECTION IN UKRAINE (3)

REPORTING OF GAS FUNDAMENTAL DATA

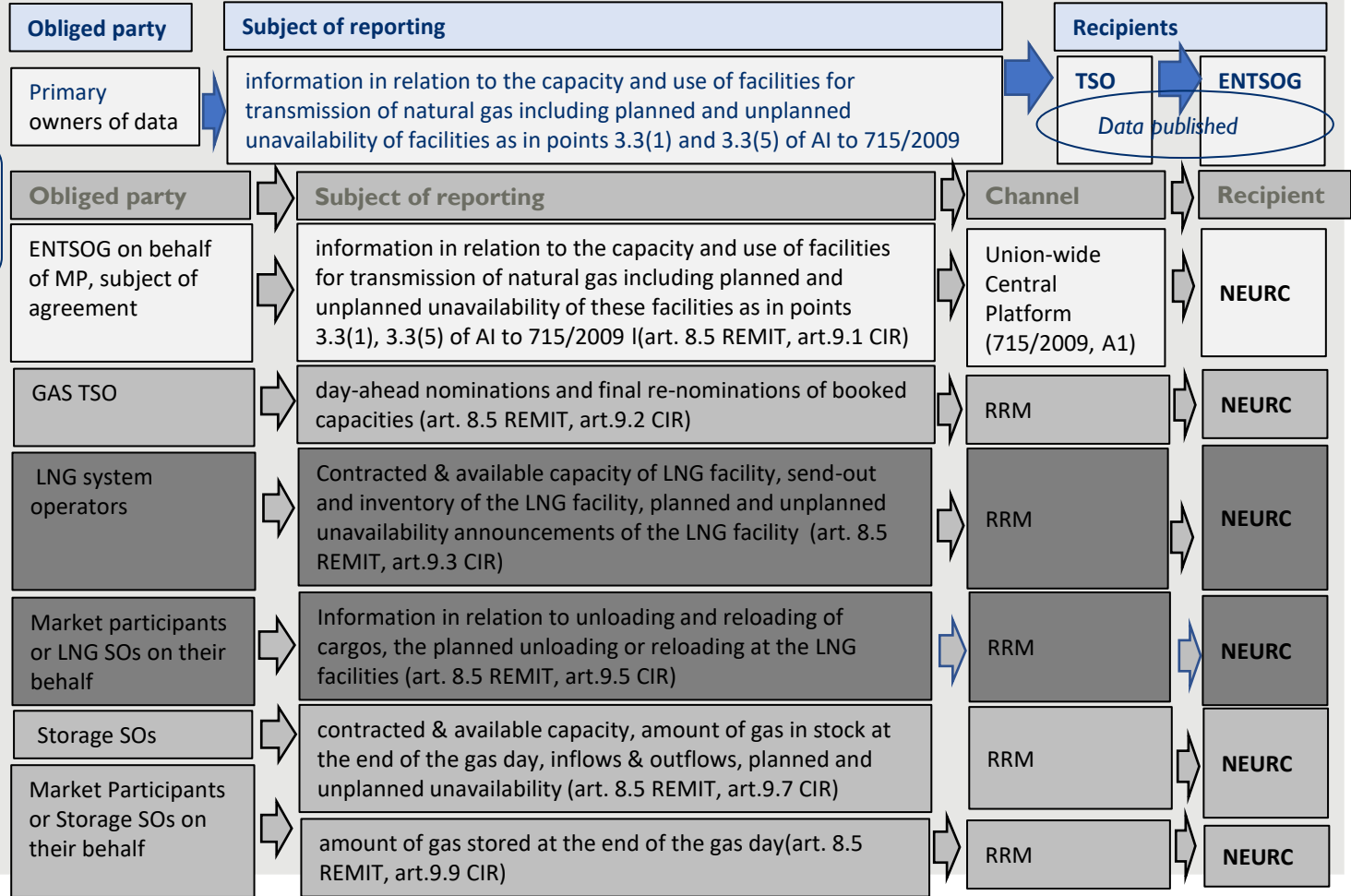
Regulation 715/2009

Data provided by primary owners to TSO which deliver them to ENTSOG

REMIT, CIR 1348, MoP

NEURC access gas fundamental data (Regulation 715) through ENTSOG platform

Gas TSO, LNG SO, MP or LNG SO, Storage SO and MP or Storage SO on their behalf report through RRM to NEURC.



REMIT. PUBLISHING THE INSIDE INFORMATION (2)

Manual of Procedures on transaction data, fundamental data and inside information reporting (MOP). DATA FIELDS.

- Two types of “inside information”:
- **unavailabilities of electricity and gas facilities**
 - **other market information** (business information)

Both types of information may impact the prices

Unavailabilities electricity facilities	Unavailabilities gas facilities	Other market information
1. Message ID	1. Message ID	1. Message ID
2. Event status	2. Event status	2. Event status
3. Type of Unavailability	3. Type of Unavailability	
4. Type of Event	4. Type of Event	
5. Publication date/time	5. Publication date/time	5. Publication date/time
6. Event Start	6. Event Start	6. Event Start
7. Event Stop	7. Event Stop	7. Event Stop
8. Unit of Measurement	8. Unit of Measurement	
9. Unavailable Capacity	9. Unavailable Capacity	
10. Available Capacity	10. Available Capacity	
11. a Installed Capacity	11. b Technical capacity	
12. Reason of the Unavailability	12. Reason of the Unavailability	
13. Remarks, additional information	13. Remarks, additional information	13. Remarks
14. Fuel type		
15. a Bidding Zone	15. b Balancing Zone	
16. Affected Asset or Unit	16. Affected Asset or Unit	
17. Affected Asset or Unit EIC Code	17. Affected Asset or Unit EIC Code	
18. Market participant	18. Market participant	18. Market participant
19. Market participant Code	19. Market participant Code	19. Market participant Code