


**ACER**

 Agency for the Cooperation  
of Energy Regulators

*Public*

# Market monitoring of wholesale gas markets

***Martin Godfried***

*Head of the Market Surveillance  
and Conduct Department*

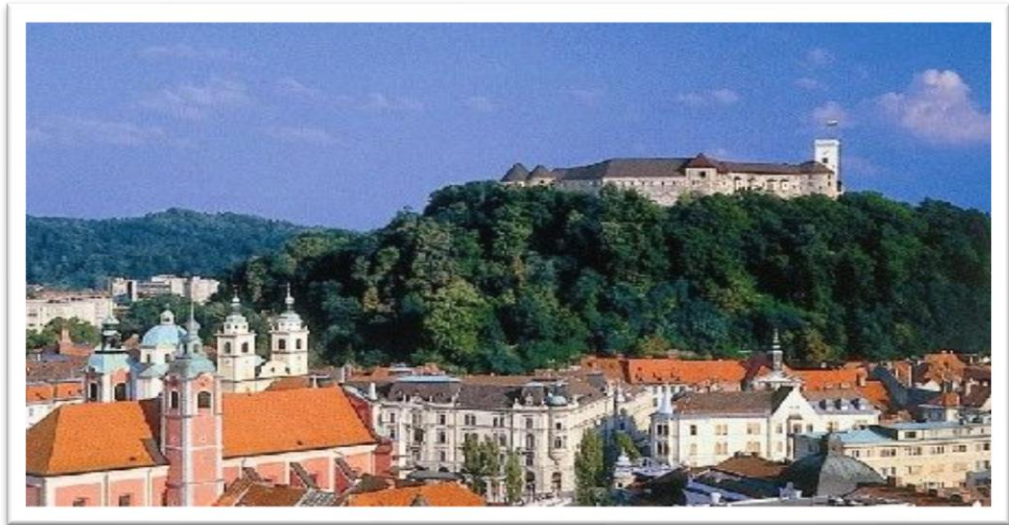
**Flame – Regulation & Competition – Session 1**

**Amsterdam, 13 May 2019**

## Disclaimer

- The views expressed in this presentation are the views of the speaker and do not necessarily reflect the views of the Director, or of the Agency for the Cooperation of Energy Regulators, or of any of its Boards.
- The Agency for the Cooperation of Energy Regulators does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use.

- **ACER** - The Agency for the Cooperation of Energy Regulators
- Established as part of the new institutional framework of the **Internal Energy Market** defined by the **Third Package**
- Based in **Ljubljana** since **2011**
- **86 staff members + 4 SNEs** (1 November 2018)
- **19 different nationalities**



*"The purpose of the Agency shall be to **assist** the [NRAs] in exercising, at [Union] level, the regulatory tasks performed in the Member States and, where necessary, to **coordinate** their action". - Article 1(2) of Regulation (EC) No 713/2009.*

## Transparency

**Obligations** for market participants to disclose inside information

## Integrity

Explicit **prohibitions** of abusive practices in wholesale energy markets

## Monitoring

A sector-specific, comprehensive and effective **monitoring framework** with a **central reporting point** for wholesale energy markets

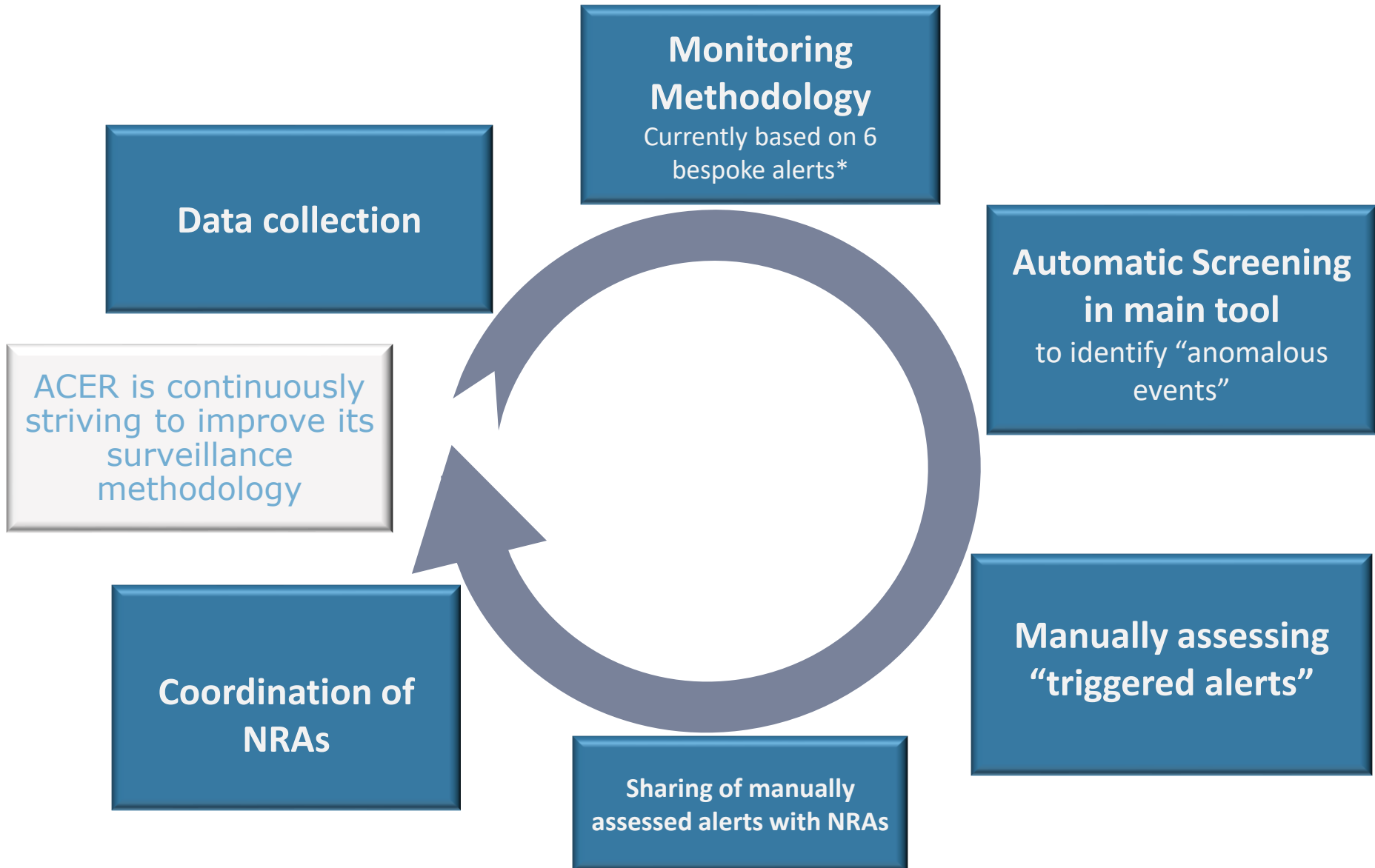
## Cooperation

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

*"The Agency shall **monitor trading activity** in wholesale energy products to detect and prevent trading based on inside information and market manipulation. It shall **collect the data for assessing and monitoring wholesale energy markets** as provided for in Article 8."*

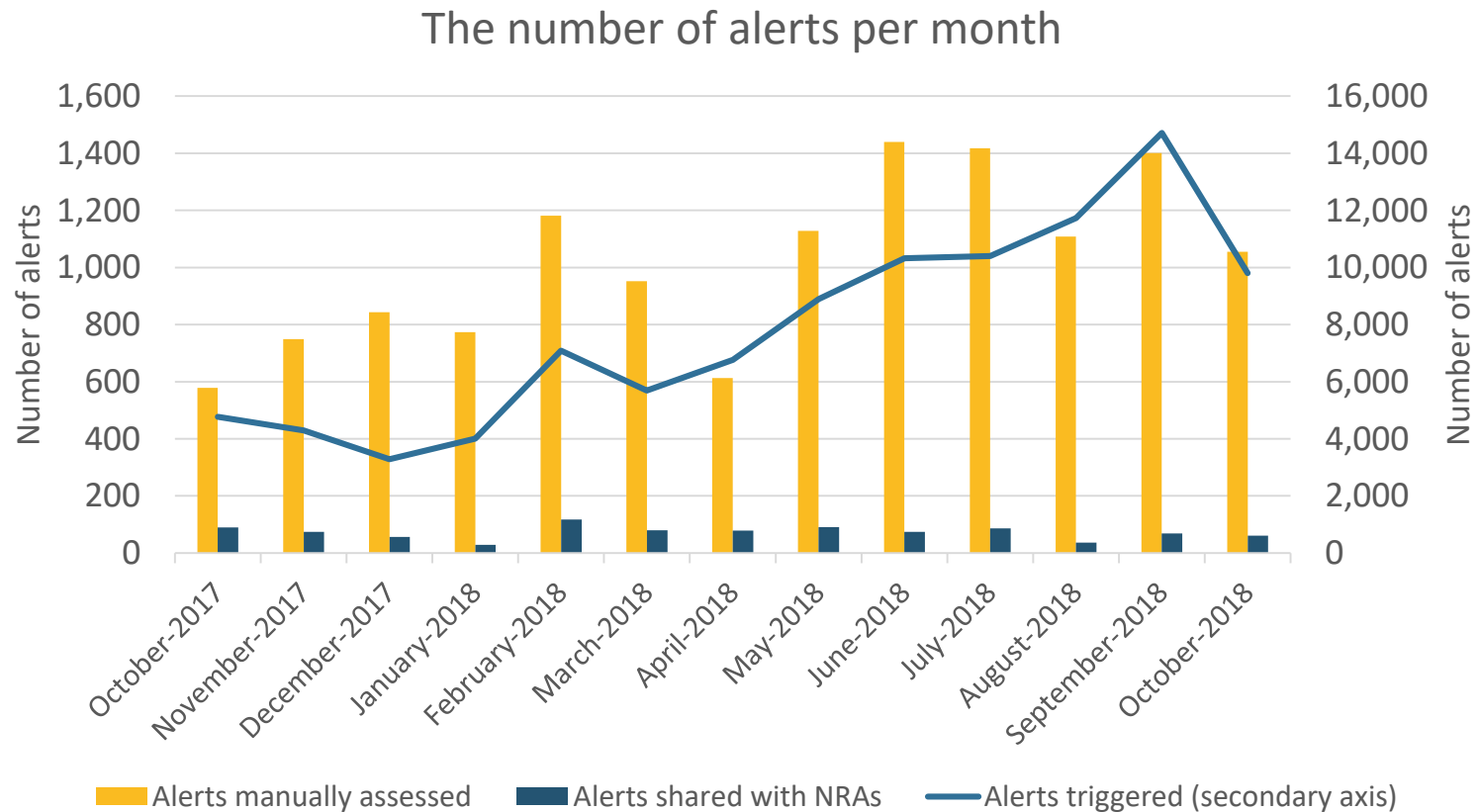
**Table 1: Overview of information processed by ACER on average per month in 2018**

Type	Value (per month)
Reported orders and trades	73 million
Triggered alerts*	8,000
Manually assessed alerts*	1,000
Shared alerts with NRAs*	70



*\*An alert is a set of conditions coded in the alert logic that define the trading behaviour. If these conditions are met the alert triggers.*

**Figure 1: Absolute number of alerts shared with NRAs per trading month**  
**In 2018 approximately a fifth of these alerts were wholesale gas market related**





**Through the Agency and PPAT's Market Surveillance activities the following types of uneconomic trading and/or behaviour are detected (examples)**

- Cross-Border transmission capacity hoarding
- Wash trading
- Marking the close
- Insider trading
- Capacity withholding in electricity markets
- Layering/Spoofing and other order based manipulation

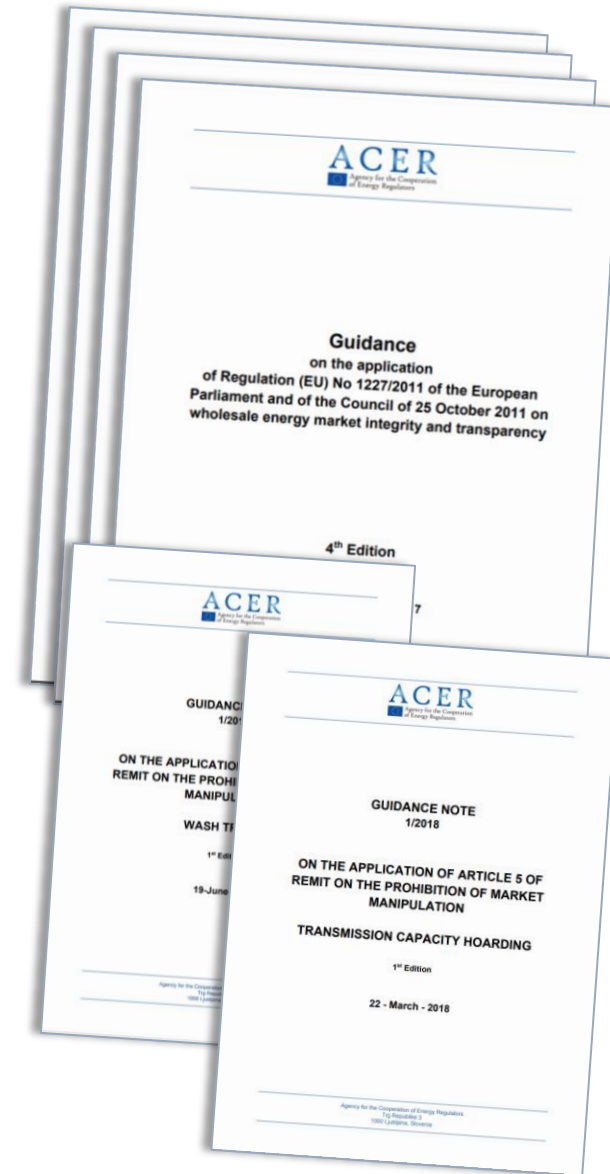
# Overview of market abuse Decisions (breaches of Articles 3 and 5) imposing sanctions under REMIT

Decision date	NRA, Member State	Market Participant	Type of REMI	Fine	Status	Source
24 November 2015	CNMC (ES)	Iberdrola Generación S.A.U.	Article 5	EUR 25,000,000	Under appeal	<a href="#">Link</a>
05 October 2018	CRE (FR)	VITOL S.A.	Article 5	EUR 5,000,000	Under appeal	<a href="#">Link</a>
30 October 2018	Prosecutor/DUR (DK)	Energi Danmark A/S	Article 5	DKK 1,104,000 (app. EUR 147,000)*	Final	<a href="#">Link</a>
28 November 2018	CNMC (ES)	Galp Gas Natural, S.A.	Article 5	EUR 80,000	Under appeal	<a href="#">Link</a>
28 November 2018	CNMC (ES)	Multienergía Verde, S.L.U.	Article 5	EUR 120,000	Under appeal	<a href="#">Link</a>
21 December 2019	Prosecutor/DUR (DK)	Neas Energy A/S	Article 5	153,000 DKK (app. EUR 20,400)*	Final	<a href="#">Link</a>
20 February 2019	BNetzA (DE)	Uniper Global Commodities SE + Two traders	Article 5	EUR 150,000 and fines of EUR 1,500 and EUR 2,000 for each trader.	Final	<a href="#">Link</a>

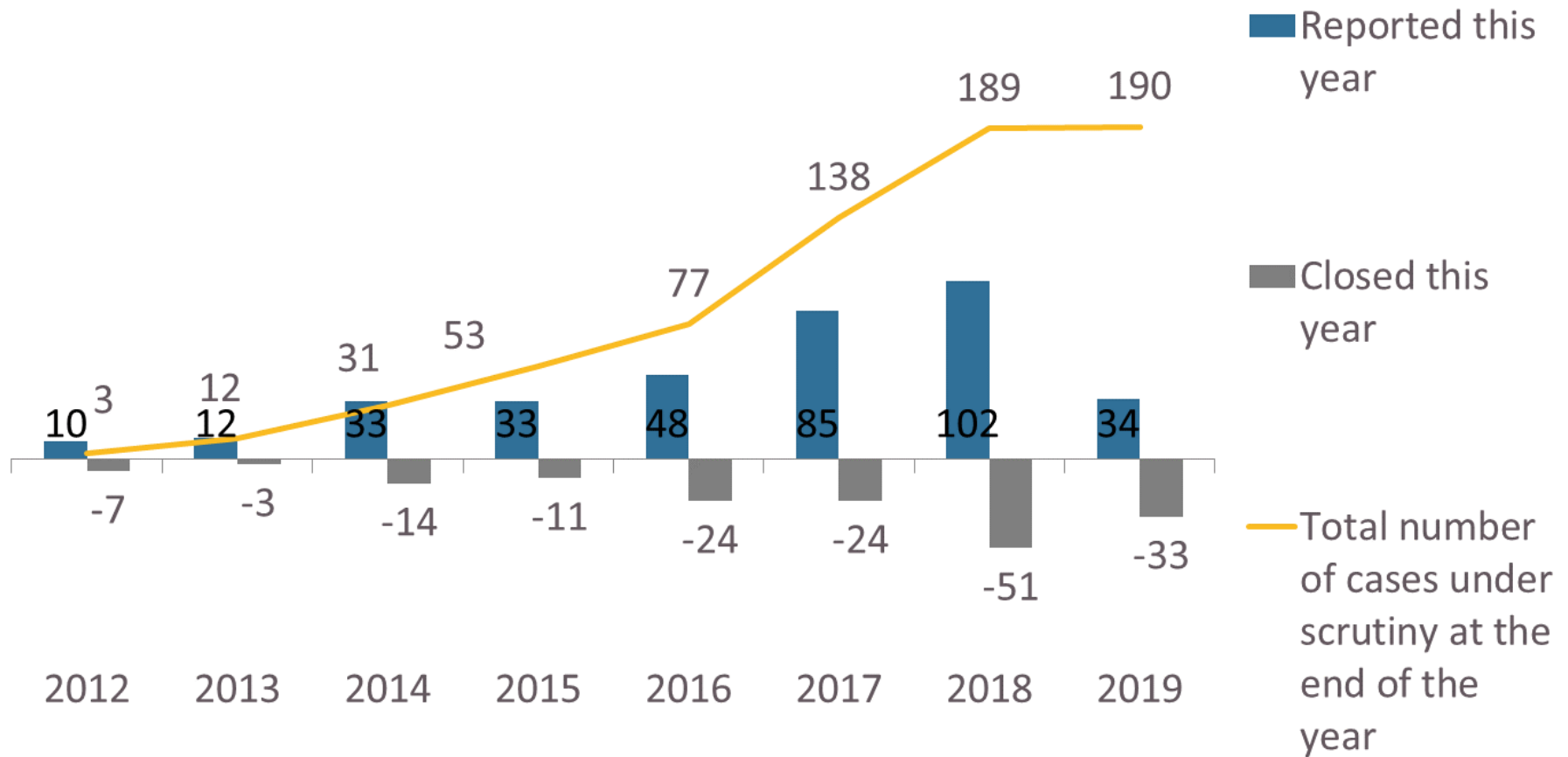
Source: ACER (2019). Note: Please consult the sources for the status of the proceedings and more information on the Decisions. \* This amount includes both the (i) fine and (ii) confiscated profit.

***"The Agency shall aim to ensure that NRAs carry out their tasks under REMIT in a coordinated and consistent way" (Article 16(1) of REMIT)***

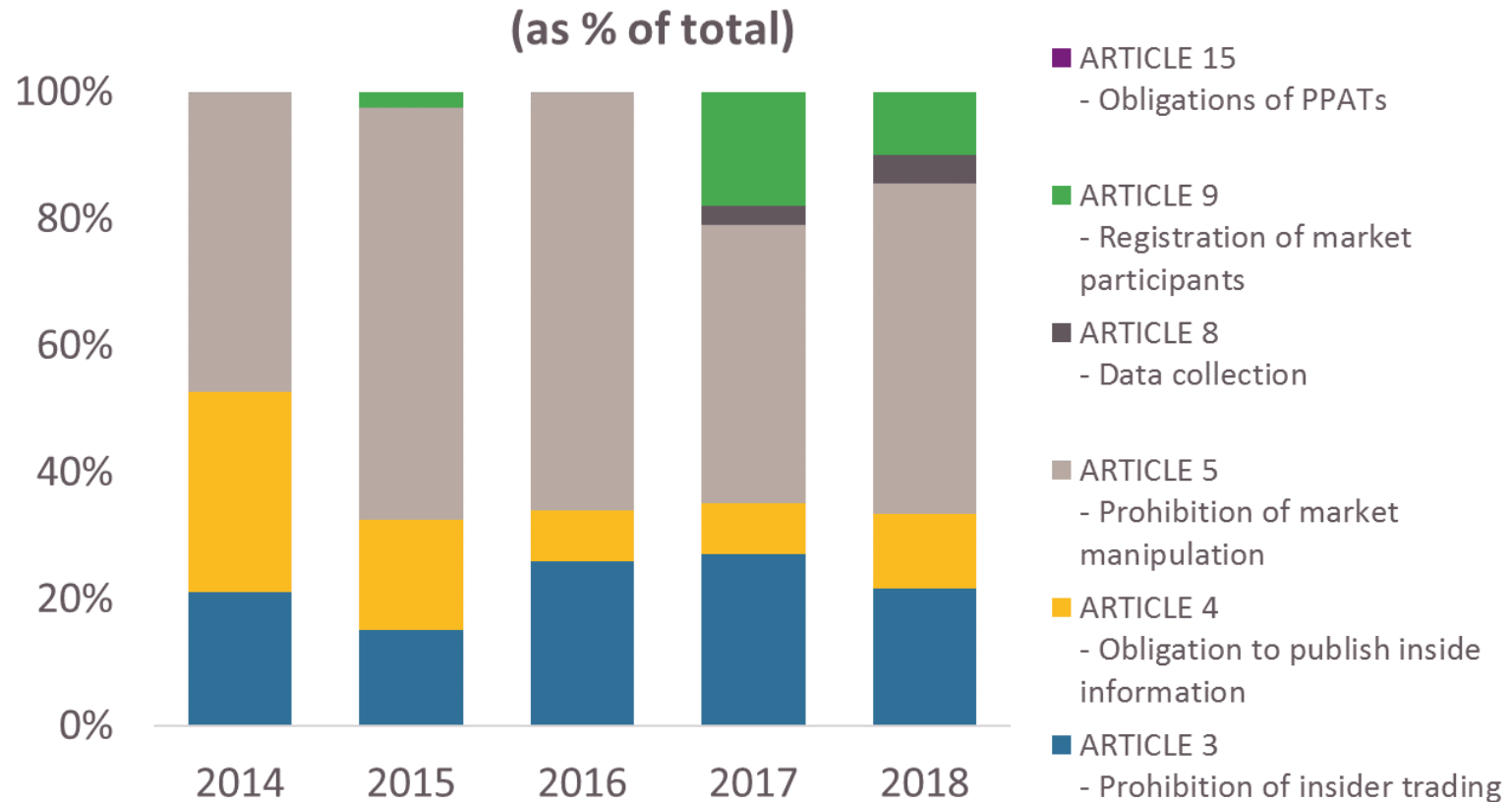
- ACER Guidance and Guidance Notes
- Coordination meetings with in-depth topical presentations
- Cross notification obligations
- Request NRAs any information related to the suspected breach
- Request NRAs to commence an investigation of the suspected breach, and to take appropriate action to remedy any breach found - decision as regards appropriate action is an NRA responsibility
- To establish and coordinate an investigatory group



**Figure 3. Number of potential REMIT breach cases**



**Figure 2: Type of REMIT breaches reported to/by the Agency**



*Note: Includes all notifications received/sent by the Agency in the course of the year. Includes all potential breaches of Articles 3, 4, 5, 8, 9 and 15 of REMIT. Some cases include the potential breach of several REMIT provisions. Source: Case Management Tool (CMT).*

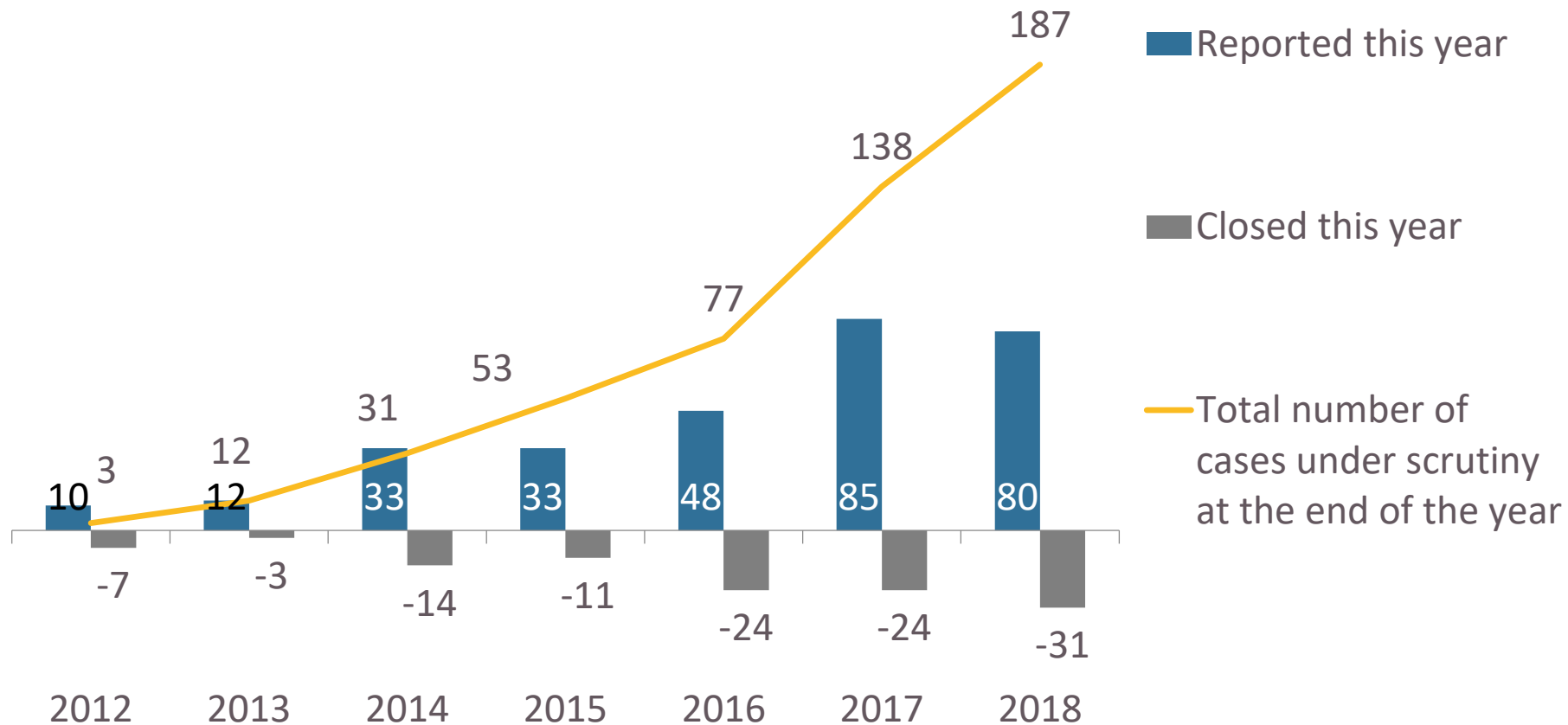
- 2018 marks a **first full year of market monitoring** by the Agency with a focus on cross-border trading behaviour
- **Algorithmic trading** and high frequency trading are increasingly employed in wholesale energy trading and in particular in continuous markets, such as the intraday electricity market
- **Data quality** is a key priority for the Agency and several steps are being taken with several stakeholders to address the most priority issues
- **Market developments** such as XBID require constant challenges for effective and efficient EU wide market monitoring
- The issue of **lack of resources** has not been properly addressed yet
  - ❑ Six analysts for EU wide surveillance and six for conduct coordination of NRAs
  - ❑ Business continuity at stake due to insufficient budget

Thank you for your attention!



**[www.acer.europa.eu](http://www.acer.europa.eu)**

**Figure 3. Number of potential REMIT breach cases**





1. Introduction
2. Market Monitoring
3. Cooperation and coordination
4. Final Remarks

1. ACER's mission and role under REMIT
2. Market Monitoring
3. Cooperation and coordination
4. Final Remarks

1. ACER's mission and role under REMIT
2. Market Monitoring
3. Cooperation and coordination
4. Final Remarks

1. ACER's mission and role under REMIT
2. Market Monitoring
3. Cooperation and coordination
4. Final Remarks

## Do you have any suspicion on a breach of REMIT?

You can notify the Agency and the relevant NRA(s) through the **Notification Platform: <https://www.acer-remit.eu/np/home>**

**ACER** Agency for the Cooperation of Energy Regulators

**ARIS** ACER REMIT Information System

European Register of Market Participants | List of Organised Market Places | List of Standard Contracts | List of RRM's | List of Inside Information Platforms | ARIS Applications | Documents

Home » Search

**Welcome to the REMIT Portal**

The REMIT Portal is a single entry point to a compilation of information and all applications that ACER has made available to market participants and other stakeholders in order to implement Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT) and its implementing acts provided in Commission Implementing Regulation (EU) No 1348/2014 (REMIT Implementing Regulation).

More information about the Agency's work in relation to REMIT: <http://www.acer.europa.eu/remit/>

In case of a problem using the applications accessible via this portal, please contact the ARIS Central Service Desk (CSD) [servicedesk@support.acer-remit.eu](mailto:servicedesk@support.acer-remit.eu)