

REMIT Quarterly

ACER guidance on the application of REMIT and transaction reporting

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Market surveillance of electricity intraday markets and relevant data collection under REMIT following the implementation of XBID

Introduction

REMIT¹ has introduced a new and unprecedented sector-specific monitoring framework for the detection and prevention of market abuse in European wholesale energy markets. The Agency has been tasked with performing efficient and effective market monitoring of trading activity in wholesale energy products in order to detect and prevent trading based on inside information and market manipulation (i.e. to perform market surveillance). For this purpose, the Agency collects relevant data so that it can assess and monitor wholesale energy markets.

As REMIT covers legislative and technical aspects for which there is little experience worldwide, its implementation has posed a formidable challenge to the Agency. The challenge is an ongoing one, as market surveillance and data collection activities under REMIT require keeping track of market design changes and market developments.

An example of such developments is the implementation of the single intraday coupling solution XBID² on 12/13 June 2018. This article aims to explain the effects of XBID on market surveillance and data collection under REMIT, as well as to highlight some lessons learnt.

Intraday (ID) continuous markets

ID markets are important, since they offer market participants a last chance for portfolio optimisation before being exposed to the balancing market. Real-time optimisation has become increasingly important due to an increase in renewables and the need to have a price formation that reflects the fundamentals closer to delivery. This has led to an increased liquidity of ID markets and, in particular, for continuous trading (see Figures 1 and 2), as more and more market participants shift their trading closer to real time. It is therefore essential that price formation in ID markets reflects demand and supply.

With XBID, seamless trading across a large number of bidding zones (implicit allocation of ID cross-border capacity) and across competing organised market places (OMPs) is possible. As a result, the Agency expects that the trend of increased liquidity and the importance of these markets will likely continue in the near future.

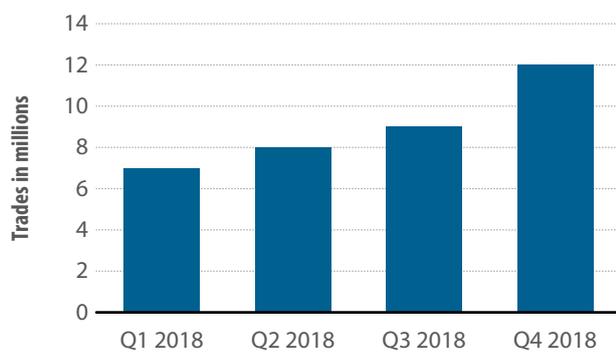
Consequences of XBID implementation on surveillance and data collection activities

From the perspective of REMIT, the implementation of XBID has presented new challenges for the Agency with regard to both market surveillance as well as data collection activities.

¹ Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (OJ L 326, 8.12.2011, p. 1).

² XBID stands for the Cross-border intraday initiative. The initiative was started in 2012 by four power exchanges, which were joined by 11 transmission system operators (TSOs) in 2013, in order to create a joint integrated intraday cross-border market. XBID currently includes 14 countries and is planned to expand into seven additional countries in Q4 of 2019.

Figure 1: Number of ID continuous trades



Source: ACER, ARIS (2019)

The Agency performs market surveillance using a range of alerts that filter REMIT data to detect potentially abusive behaviour among market participants. Analysts screen triggered alerts and report instances of suspicious behaviour to national regulatory authorities (NRAs) on a monthly basis. Several of these bespoke alerts trigger on continuous ID markets.

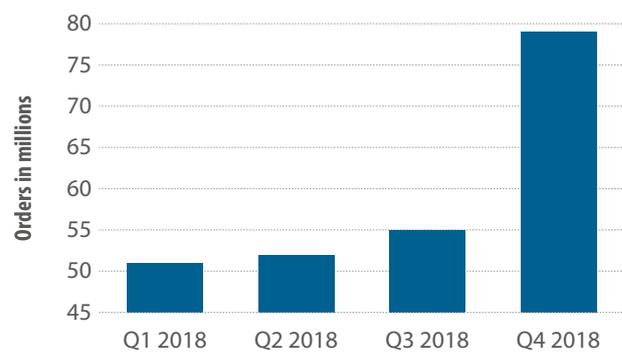
Currently, the Agency's market surveillance relies on the Unique Transaction Identifier (UTI), which uniquely identifies any transaction executed in the wholesale energy market. Before the first go-live wave of XBID, the Agency coordinated with the OMPs for the reporting of XBID UTIs. Thanks to this coordination, the Agency is able to match trades executed by market participants across OMPs through XBID. The Agency's REMIT guidance on reporting transaction data, such as the FAQs document and Annex II of the Transaction Reporting User Manual (TRUM), were amended accordingly. Nevertheless, several technical glitches on the side of the reporting parties affected data collection when XBID went live.

More specifically, several OMPs implemented changes to the way they reported XBID data to the Agency in order to better align REMIT reporting requirements with 'XBID technical standards'. The OMPs implemented reporting changes autonomously and without prior notification to the Agency. The changes were not fully in line with the TRUM and led to inconsistencies in the XBID data collected by the Agency. Consequently, the Agency's surveillance teams detected a sharp drop in the number of triggered alerts, which inadvertently affected the Agency's ability to perform its market surveillance activities.

The Agency strongly believes that it is in the OMPs' best interest to coordinate with the Agency and notify it of any important changes in a timely manner. This should help OMPs avoid any unnecessary expenses related to the implementation of technical changes motivated by market design developments, and the potential subsequent corrections of such changes for REMIT reporting purposes.

The Agency has so far been very cooperative on this matter and has for the time being only requested that the relevant OMPs correct their reporting behaviour going forward. The Agency may still consider requesting that all past erroneous files be re-submitted as well. However, should reporting parties continue to disregard the Agency's guidance to notify and consult it well before the implementation of any reporting changes, the Agency may not only consider asking for the resubmission of all past erroneously reported files, but may also consider characterising

Figure 2: Number of ID continuous orders



the implementation of reporting changes without prior notification as failures in the accuracy of data reporting, which are a breach of the reporting obligation of Article 8 of REMIT and of Article 11(2) of the REMIT Implementing Regulation (REMIT IR).

The Agency therefore recommends that reporting parties consult the Agency prior to implementing any changes in their reporting in order to assess whether the changes are compliant with the Agency's guidance on data reporting. By doing so, the reporting parties could avoid unnecessary costs related to reverting the implemented reporting changes in order to comply with the REMIT reporting guidance, as well as other risks associated with potential non-compliance with Article 8 of REMIT and Article 11(2) of the REMIT IR.

The Agency is currently in the process of establishing whether the reporting of trades and orders conducted through XBID is fully compliant with the REMIT IR, and whether it is aligned across all reporting parties. So far, the Agency has already determined that partial information available to single OMPs on cross-OMP orders and trades turned out to be inaccurate with respect to several reporting fields as defined in the TRUM. The Agency will follow up on this issue with the relevant parties.

The Agency is also preparing for the second wave of XBID implementation and has already consulted with the relevant parties on potential changes in the data reporting related to the next release of XBID.

Conclusion

XBID further integrates the internal energy market and thereby brings important efficiency gains for European energy consumers. The latter also benefit from an effective and efficient market oversight and the prevention of market abuse, for which high quality data is a prerequisite. For this purpose, the Agency remains committed to facilitating the data collection process and providing clear guidance for reporting parties.

The recent experience with XBID can be used as an example of how efficiency gains can be achieved if reporting parties ensure compliance with REMIT by notifying the Agency of the intention to implement changes to data reporting well in advance. Ultimately, the implementation of a cross-border initiative, such as XBID, confirms and re-emphasises the Agency's responsibility as the uniquely positioned central surveillance entity at Union level with a cross-bidding and cross-OMP view of the European wholesale energy market.

ACER Energy Market Integrity and Transparency Forum 2019

**Cankarjev Dom/Cultural Centre,
Prešernova cesta 10,
1000 Ljubljana - Slovenia**

From Thursday, 5 September 2019 from 13:45 to 18:15,
to Friday, 6 September 2019 from 9:00 to 14:00.

The first day will focus on REMIT strategy topics: Applying REMIT in an evolving regulatory landscape and Enforcing REMIT. The discussion will touch on cases, ambition, strategy and coordination.

The second day will focus on REMIT technical/operational topics in the fields of surveillance, market conduct, data collection and data quality. The Forum will also include a session on the future of REMIT.

The Forum is organised with the support of the Slovenian Ministry of Foreign Affairs.

More information is available [here](#).

The Agency's work and progress on data quality

As part of the Agency's data quality framework, it assesses the completeness, accuracy and timeliness of the data received under REMIT and Commission Implementing Regulation (EU) No 1348/2014 on data reporting under REMIT (REMIT IR). Such data quality assessments are performed regularly on different data sets, covering transactions executed either at different organised market places or bilaterally (Table 1 and Table 2 data of the REMIT IR).

The current level of data quality has allowed the Agency to perform its surveillance activities by implementing an automatic screening process for transactions of energy products traded on European wholesale markets. The ongoing data quality assessments reveal that the data quality of transactions reported under REMIT has improved, however, continuous efforts are required in order to improve the quality further. Improvements are required not only to assure compliance with the TRUM but also to assure consistent reporting of the same types of transactions across different organised market places and by various reporting parties.

The detected inconsistencies in reporting are most commonly related, but not limited to, the reporting of orders to trade and their lifecycle events. At the moment, such inconsistencies mostly present an inconvenience for data analysts, however, the alignment of different reporting styles is becoming increasingly important in light of recent market developments, such as

the development of intraday market coupling in the electricity wholesale market (XBID).

In the process of identifying and rectifying wrong and inconsistent reporting, the Agency has also contacted several organised market places and registered reporting mechanisms (RRMs) and informed them about the outcomes of the analyses performed on records of transactions that were executed at a particular organised market place or reported by a particular RRM. Such communication proved to be fruitful, resulting in improved reporting as well as increased awareness of data quality issues and aspects.

Through communication with reporting parties, the Agency has also been able to identify the reporting fields and types of contracts for which an even more precise guidance than the one provided so far will be needed.

The Agency published the 3rd edition of the Open letter on data quality on 26 July 2019. As usual, the Letter highlighted why reporting parties should read the letter, what the Agency is doing and why, what reporting parties may expect from the Agency and vice versa, and what actions the Agency will take next. This edition also describes the fields that are most commonly misreported and summarises the key areas for improvement, as revealed by the recent data quality assessments.

How does the Agency analyse REMIT data and share it with NRAs?

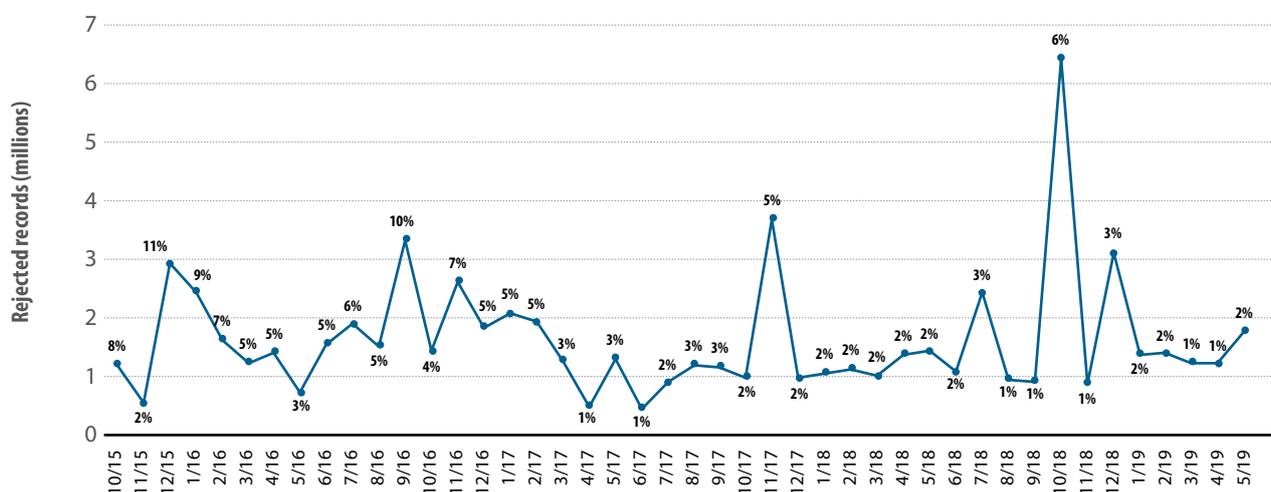
The Agency gathers the details of transactions executed on wholesale energy markets in the European Union under Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT). These transactions are reported to the Agency through more than 100 RRM; as of mid-2019, the Agency receives, on average, more than 3 million records of transactions a day.

Handling such a large amount of data requires an organised approach to monitoring and the detection of suspicious activity.

First, the received data is automatically checked when uploaded to the system. Only the data reported using the appropriate

format and naming convention is processed and promoted to the staging area of the Agency's REMIT Information System (ARIS). There, the data is checked against validation rules, which focus mainly on the validity of the individual reported fields, the uniqueness of the transactions, and the consistency between the different reported fields. Once the data is validated, the system marks the reported transactions as either valid or erroneous. It also explains the reasoning behind the errors and provides feedback to RRM in the form of a receipt. Consequently, RRM are able to track which transactions were submitted successfully and which were rejected and why. All validation rules and error codes are published online on the REMIT Portal at <https://documents.acer-remit.eu/remit-reporting-user-package/>.

Figure 3: Share of records rejected by ARIS validation rules compared to all records received



Source: ACER, ARIS (2019)

The Agency uses various tools for monitoring. For ad hoc analyses, the Agency mainly relies on SQL queries and R, while periodic checks (continuous monitoring) and reports are implemented using the Oracle Business Intelligence tool (OBIEE). The majority of the checks and reports focus on the completeness, accuracy, and timeliness of the reported data. The OBIEE tool allows an easy overview of data, mainly through its agile visual analytics and self-service discovery elements. OBIEE uses the latest available information, since data is imported to OBIEE overnight. The tool can be used to customise the overall look and feel of the reported data (amount, quality, etc.) and to generate basic business reports grouped by the reportable data types (REMIT Tables 1, 2, 3, 4, Inside information, etc.). The tool is used by the Agency on a daily basis. In April of 2019, the Agency also started issuing a selection of reports created in OBIEE, called Briefing books. Briefing books are shared with all NRAs in the 28 Member States and provide a valuable insight into REMIT information, such as market participant activity and reporting patterns.

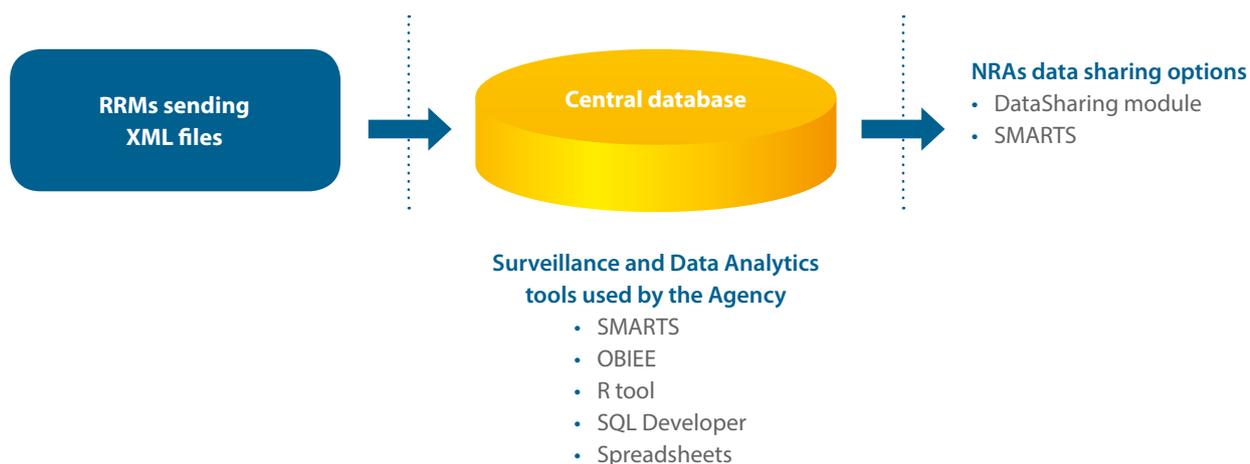
For an assessment of the data in a business context and for the detection of suspicious activity, the Agency uses SMARTS,

a specialised market monitoring tool provided by NASDAQ. SMARTS allows the experts to detect suspicious activity through its standard and custom-built alerts.

The approaches and solutions mentioned above describe the tools and processes at the Agency. However, the data is also shared with respective NRAs, which can currently choose between two different options of retrieving and viewing the data gathered by the Agency.

The first option is called DataSharing and refers to a module designed to share plain ACER XML files with NRAs. Records of transactions are extracted from ARIS and uploaded to a common location, where they can be accessed by NRAs (by default, NRAs may access only the data sets related to their markets or market participants). From there on, NRAs import the data sets into their respective surveillance databases for further analysis. The sharing is done continuously (daily for the previous day), as well as ad hoc, in case there is missing data or if the already received data is repopulated. In addition, the NRAs may also choose the second option, which is to use analytical tools hosted by the Agency.

Figure 4: How the Agency analyses REMIT data and shares it with NRAs



Source: ACER, ARIS (2019)

Work on guidance revision

The Agency is currently working on updating the TRUM and the Frequently Asked Questions (FAQs), which explain the details of reportable information related to records of transactions and their lifecycle events.

The update was initiated as a result of a data quality analysis, feedback from the Agency's surveillance analysts and NRAs, and frequently asked questions submitted by the reporting parties. The activity consisted of reviewing every single FAQ published so far, adding new FAQs, and aligning the documents, as well as simultaneously improving the content of the TRUM. The purpose of the exercise was to provide clearer guidance and more user-friendly documentation by revising and improving the existing guidance. No changes were or will be made to the

existing guidance without consulting the reporting parties first. For some specific cases, such as new examples driven by market developments, additional explanations may be included in order to provide more clarity for the reporting parties and users of REMIT data.

The Agency intends to publish the updated documentation in the course of 2019.

[Pursuant to REMIT and the REMIT Implementing Acts, the Agency provides its REMIT Reporting User Package, which is published here: <https://documents.acer-remit.eu/category/remit-reporting-user-package/>]

Communication on the implementation of changes to electronic formats for REMIT reporting in 2019

Communication on the implementation of changes to electronic formats for REMIT reporting in 2019

The Agency informed stakeholders in the Evaluation paper following the [Public consultation on the revision of electronic formats for the reporting of transaction data, fundamental data and inside information](#) that it will provide and communicate a detailed implementation plan in early 2019. On this occasion, the Agency would like to announce that no changes to electronic formats will be implemented in Q4 2019 and that the implementation has been postponed until further notice.

The delay is a result of the Agency's insufficient resources. The Agency started its work on the format revision in 2019 and will continue in the coming months. The stakeholders will be regularly updated on the progress.

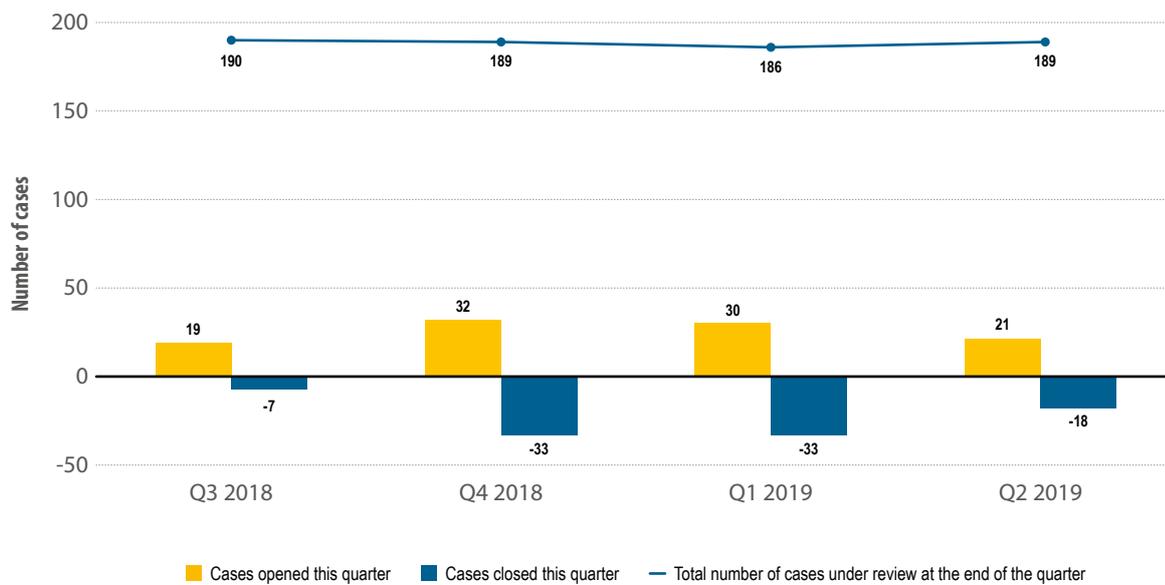
189 REMIT cases under review

The Agency had 189 REMIT cases under review at the end of Q2 2019. REMIT cases are potential breaches of REMIT that are either notified to the Agency by external entities or identified by the Agency through its surveillance activities.

A case could, after a thorough investigation by the relevant national authority, lead to sanctions. A case could also be closed without sanctions, for instance if the suspicions were unfounded.

Figure 5 shows the number of cases that were under review by the Agency in the last four quarters.

Figure 5: Potential REMIT Breach Cases - Quarterly Statistics



Source: ACER, Case Management Tool (2019)

Table 2 lists the cases where a Decision imposing a sanction was issued by the relevant NRA in the last four quarters. Some of these Decisions are currently under appeal. An overview of all market abuse Decisions (breaches of Articles 3 and 5) imposing sanctions can be found at <https://www.acer.europa.eu/en/remi/Pages/Overview-of-the-sanction-decisions.aspx>.

The Agency is responsible for the monitoring of wholesale energy markets and aims to ensure that NRAs carry out their tasks in a coordinated and consistent way, but it is not, however, responsible for the investigation of potential breaches of REMIT.

Table 2 - Overview of market abuse Decisions (breaches of Articles 3 and 5) imposing sanctions (Last 4 quarters)

Case ID (ACER ID)	Decision date	NRA, Member State	Market Participant	Type of REMIT breach	Fine	Status	Source
CP7/2016	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 respectively.	Final	Link
N25/2015	21 December 2018	Prosecutor/DUR (DK)	Neas Energy A/S	Article 5	153,000 DKK (approx. EUR 20,400)*	Final	Link
N55/2017	28 November 2018	CNMC (ES)	Multiennergía Verde, S.L.U.	Article 5	EUR 120,000	Under appeal	Link
N63/2017	28 November 2018	CNMC (ES)	Galp Gas Natural, S.A.	Article 5	EUR 80,000	Under appeal	Link
N16/2015	30 October 2018	Prosecutor/DUR (DK)	Energi Danmark A/S	Article 5	DKK 1,104,000 (approx. EUR 147,000)*	Final	Link
N8/2014	05 October 2018	CRE (FR)	VITOL S.A.	Article 5	EUR 5,000,000	Under appeal	Link

Note: Some of the decisions are under appeal. Please consult the sources for a better understanding of the status of the proceedings.

* This amount includes both (i) the fine and (ii) the confiscated profit. For more information, please see the link to the decision.

Queries to the Agency related to transaction reporting guidance

- If you would like to submit a query to the Agency about REMIT and REMIT transaction reporting, please use the [REMIT query form](#).
- For questions regarding market participants' registration with NRAs, the Centralised European Register of Market Participants (CEREMP) or any technical problems with CEREMP, please contact the relevant NRA. The list of European NRAs is available on the [REMIT Portal](#).
- If you are a registered RRM or an entity in the process of becoming an RRM, please contact the ARIS service desk at the email address provided to your administrator.
- If you are not a registered RRM, please contact the RRM that reports transactions on your behalf.
- If you would like to contact an RRM, a list of available registered RRMs is published at <https://www.acer-remit.eu/portal/list-of-rrm>.