



REMIT Quarterly

ACER guidance on the application of REMIT and transaction reporting

Issue No. 3 / Q3 2015

Contents

1. Countdown to REMIT reporting p.1
2. Results of the Public Consultation p.2
3. Update of the REMIT Reporting User Package p. 3
4. RRM registration process p. 4
5. Statistics p. 5
6. REMIT Timeline p.6

Countdown to REMIT reporting as of 7 October 2015

On 7 October 2015, data reporting under Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT) will start and reporting parties will have to provide records of wholesale energy market transactions, including orders to trade, executed at organised market places to the Agency for the Cooperation of Energy Regulators. The Agency will collect the data for assessing and monitoring wholesale energy markets in order to detect and prevent trading based on inside information and market manipulation.

The detailed REMIT reporting rules and data fields entered into force on 7 January 2015 and triggered the deadlines for data reporting under REMIT. Market participants and third parties reporting on their behalf will have to:

- report transactions in wholesale energy contracts admitted to trading at Organised Market Places and fundamental data from the ENTSOs central information transparency platforms within nine months, i.e. by 7 October 2015, and
- report transactions in the remaining wholesale energy contracts (OTC standard and non-standard supply contracts; transportation contracts) and reportable fundamental data from TSOs, LSOs and SSOs within fifteen months, i.e. by 7 April 2016.

The next deadline is on 7 April 2016 when additional records of transactions and fundamental data will have to be provided to the Agency.

Despite the formidable challenge of applying a legislation, on which there is still little experience worldwide, ACER has been

working steadily, with National Regulatory Authorities and energy stakeholders, on the implementation of REMIT, since it entered into force in December 2011.

In June 2014, the Agency already opened the platform to support the Centralised European Register of Market Participants (CEREMP) to National Regulatory Authorities for the national registration of market participants.

On 8 January 2015, the Agency's new REMIT Portal went live and became a central point of entry to the Agency's REMIT Information System (ARIS). The REMIT Portal allowed reporting parties to start registering themselves as Registered Reporting Mechanisms (RRMs).

The registration of Registered Reporting Mechanisms (RRMs) began already earlier in 2015. Currently 27 third party reporting parties for the first phase of reporting are registered and nine additional third party RRM are pre-registered in the system and ready to start to report data to the Agency.

The Agency has provided a REMIT Reporting User Package. The purpose of the package is to help reporting parties to understand the REMIT transaction reporting regime and to provide them with sufficient guidance to make informed decisions about their transaction reporting obligations. It is accompanied by a REMIT Q&A paper and FAQs on REMIT transaction reporting which are updated on a regular basis.

Specific information about the data reporting requirements can be found on the REMIT Portal https://www.acer-remit.eu/portal/custom-category/acer_remit_reporting_user_package.

RRM in Numbers

27 Approved RRM to date

36 RRM applications from third parties by 30/9/2015

511 RRM applications from market participants by 30/9/2015

547 Total number of RRM applications by 30/9/2015

Results of public consultation: Data fields and electronic formats for reporting of inside information to be published.

The Agency has reviewed the responses to its public consultation on common schema for the reporting of inside information through web feeds. The responses were collected 27 May - 30 June 2015.

In total, 45 stakeholders from more than ten countries replied to the public consultation. Most responses came from market participants and industry associations. Also TSOs/DSOs and energy exchanges participated and provided their feedback.

Based on the feedback, the Agency is going to publish data fields and electronic formats for the reporting of inside information as new chapters in the Manual of Procedures on transaction and fundamental data reporting.

This will enable market participants to provide disclosed inside information through web feeds in a consistent manner allowing the Agency to collect it efficiently. This information is an important source for the detection of market abuse and hence this exercise contributes to the Agency's ef-

forts to further increase the transparency and integrity of wholesale energy markets.

Market participants are required to disclose inside information publicly. According to the Implementing Regulation, market participants are also obliged to report inside information. Even though the overall reporting obligation remains with the market participant, the market participant can use third party service providers for this purpose.

Background

The purpose of this public consultation was to collect views from all interested parties of the REMIT implementation related to the proposed common schema of the web feeds. For this reason the Agency published a consultation paper with definitions for the web feeds that would enable the Agency to collect disclosed inside information efficiently. The Paper proposed a common minimum standard in order to ensure fair, effective and transparent reporting of inside information.

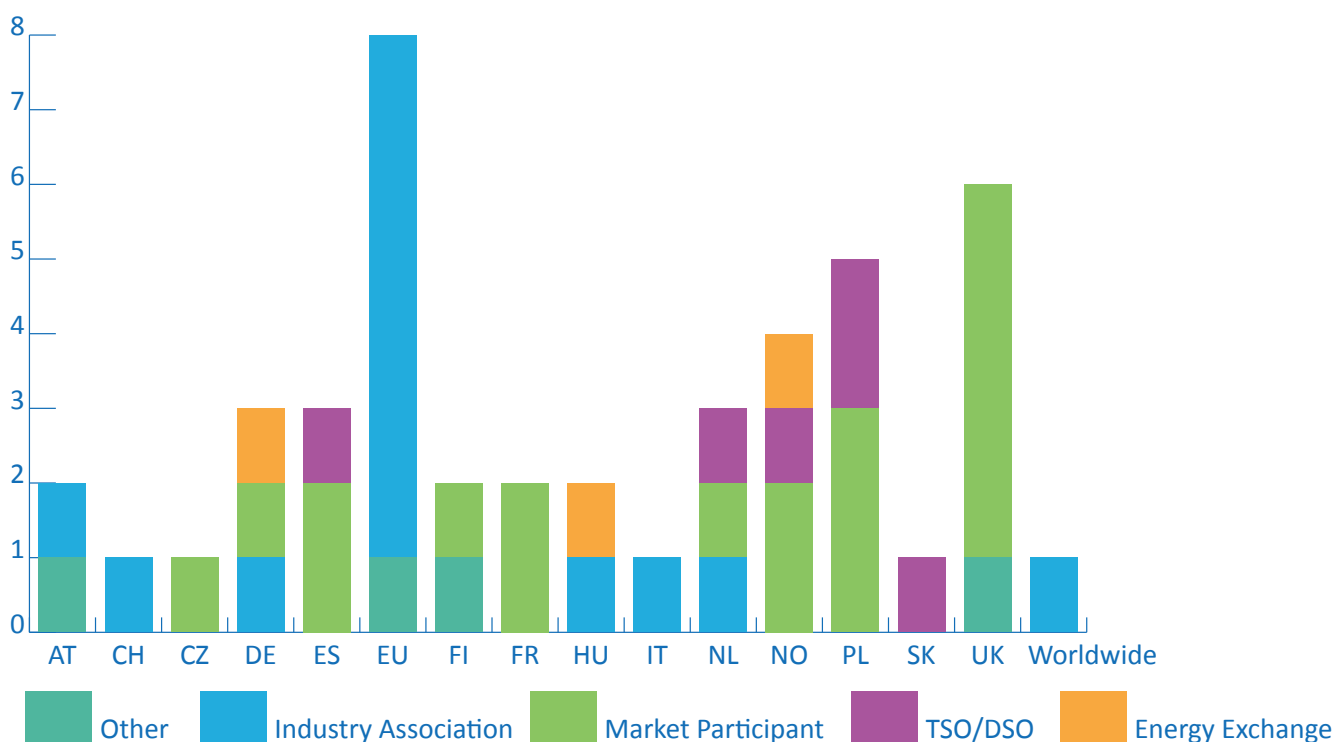
The Agency asked stakeholders to comment on the overall standard presented in the consultation paper and also posed specific questions for which it sought feedback. The Agency inquired if respondents would add, remove or change any fields presented in the Public Consultation Paper. The Agency also inquired if respondents agreed to use RSS or ATOM feeds in order to fulfil their obligations. Respondents were asked to explain their reasoning and suggest any industry standards in support of their proposal.

Overall, the respondents recognised the need to rationalise and harmonise the procedures for the collection of inside information by the Agency. They also proposed specific measures to improve the standards for the web feeds.

More details:

http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2015_R_03.aspx

Public Consultation Results



Transaction Reporting User Manual (TRUM) updated

The Agency has worked intensively with transaction reporting matters while preparing for the upcoming start of the first phase of reporting i.e. the reporting of standard contracts admitted to trading at Organised Market Places as of 7 of October 2015.

Firstly, the Agency adopted on 30 September 2015 an update of the Transaction Reporting User Manual (TRUM) and its Annexes. The update concerns editorial changes and contains additional clarifications, guidance and examples. The update will make it easier for the stakeholders to understand the REMIT transaction reporting regime and to comply with their reporting obligations.

Secondly, the Agency has lately prioritised questions received from its stakeholders concerning the first phase of transaction reporting. In order to further help the stakeholders, the Agency published a specific FAQ on transaction reporting on the Agency's REMIT Portal on 8 September 2015. The FAQ addresses several questions raised by the Registered Reporting Mechanisms (RRMs) and Organised Market Places. It will be updated on a regular basis.

The next step in REMIT implementation will be the second phase of data collection when the reporting of standard and non-standard contracts concluded outside Organised Market Places as well as transportation contracts, and additional fundamental data, starts on 7 April 2016.

Stakeholders with specific questions on transaction reporting are invited to consult the FAQ on REMIT transaction reporting as well as the Agency's Q&A on REMIT, available on the REMIT Portal: https://www.acer-remit.eu/portal/custom-category/remit_questions

Stakeholders can also send their questions to: transaction.reporting@acer.europa.eu for queries related to the documentation available at <https://www.acer-remit.eu/portal/data-submission>.

For any other REMIT-related topics, please contact remit@acer.europa.eu.

Establishing a new OMP – How to be compliant with REMIT

If you want to establish a new OMP these are the steps to take:

- Contact OMPlists@acer.europa.eu well in advance of the intended start date of operation
- Read through the concise information on ACER's REMIT portal REMIT <https://www.acer-remit.eu/portal/organised-market-places>
- Fill out the ACER OMP registration form
- Provide at least one of the following codes: LEI code, MIC
- Provide a list of standard contracts admitted to be traded on your market place. More information is available on: <https://www.acer-remit.eu/portal/standardised-contract>
- Provide a third party Registered Reporting Mechanism (RRM), which reports transactions on your behalf or apply to become an RRM yourself (note: the procedure to become an RRM can take at least three and up to six months). List of RRMs: <https://www.acer-remit.eu/portal/list-of-rrm>

Update of the List of Organised Market Places and List of Standard Contracts

The Agency updated the List of Organised Market Places (OMP) and the List of Standard Contracts on 30 September 2015. In future, the Agency will update minor changes on a monthly interval and a general update including the listing of new OMPs will be done on a quarterly interval. The total number of OMPs is now 64, compared to 65 in the July list. There are five new OMPs listed that registered with the Agency. Six entities, which were previously listed as OMPs have now been taken out of the list. All delisted entities have been consulted and the delisting was done with the agreement of the respective entity.

The List of Standard Contracts was updated accordingly. For new standard contracts OMPs have to provide the necessary information and an expected start date of the respective product to the Agency. The Agency is confident that all OMPs are ready to report from 7 October 2015 onwards.

Manual of Procedures on Data Reporting updated

The third updated version of the Manual of Procedures (MoP) on data reporting was published on the REMIT Portal on the 30 September 2015. The new version of the document contains new sections where the web feeds for the reporting of inside information are described.

Lessons learned from the RRM registration process in the first phase of REMIT reporting

Lessons learned for RRM applicants

While processing the RRM applications, the Agency noticed some frequent problems and listed them here as lessons learned for future RRM applicants.

- The person indicated in the application form should be the same as the person empowered in the Power of Attorney (PoA). In case of inconsistency the Agency will ask for clarification and, if necessary, correction.
- The applicants are recommended to use the templates available on the REMIT Portal. However, if this is not possible, the same information as requested in the templates, is to be provided.
- The application form needs to be signed either by the legal representative of the company or by the appointed RRM Administrator. In cases of inconsistency, the Agency will ask for correction.
- In case of a joint venture applying for RRM registration, it must be clear from both companies' PoAs and application forms who is acting on behalf of whom.

Conformance testing

As described in the Agency's RRM Requirements document, all RRM applicants

are required to perform a minimum of two weeks of conformance testing. The purpose of the conformance testing is to determine whether an RRM applicant complies with the requirements for data reporting under REMIT. The test environment should not be used for load or stress tests.

The credentials for accessing testing and production environments must be separate, including the digital certificates/keys. RRM applicants should carefully select the interfaces and data types during the registration process as testing of each selected interface and data type is mandatory before approval of the RRM registration.

The conformance testing is explained in detail in the box. The Agency expects for point 4 that a valid data upload, while not necessarily being real data, should be similar in size and in content to the real data that will be provided by the RRM after the start of data collection. The same applies for the provision of a continuous data set according to point 6. The purpose of this test is to verify the day-to-day operations of the data submission process e.g. cancellations, re-submissions, duplications. The Agency expects that the data submitted is also accepted by the system and that the rejection rate is reasonably low.

Conformance testing of RRM covers the following areas:

1. Connectivity: perform connectivity and resiliency checks for the subscribed interfaces.
2. Data Upload: perform upload of data based on a prescribed data set through the subscribed interfaces.
3. Data Download: perform download of data-receipts based on a prescribed data set through the subscribed interfaces.
4. Valid Data Upload: upload a set of data produced from own data source through the subscribed interfaces.
5. Valid Data Receipt: download a produced set of data-receipts based on the data uploads through the subscribed interfaces.
6. Continual Delivery: provide a continuous set of data for a period of not less than 5 days, up to maximum of 10 days, through the subscribed interfaces.

More information: the Agency's RRM Requirements document on the REMIT Portal https://www.acer-remit.eu/portal/custom-category/acer_remit_reporting_user_package

Some Myths and Facts about RRM registration

Myth 1: Data validation rules are turned off in the RRM testing phase. FALSE

Data validation rules are turned on in the RRM registration phase in order to allow the Agency to perform a realistic assessment of data reporting capacity of RRM applicants. However, in favour of the RRM applicants, the Agency switched off those data validation rules for which RRM applicants may not have all the information available for their testing in order not to reject too many files. This particularly concerns the data validation rule for the Market Participant ID as not all Market Participants having to report by 7 October 2015 may have been registered so far.

Myth 2: ACER is constantly updating the RRM technical specification document. FALSE

The Agency has updated the RRM technical

specification document once since RRM registration started. The update was necessary to provide further clarifications, based on the feedback of RRM applicants, for the first phase of REMIT reporting and added technical specifications for the second phase of reporting. The Agency aims at limiting the amendments of its REMIT Reporting User Package as much as possible. We produced the documents forming part of the REMIT Reporting User Package on the basis of various stakeholder interactions and would like to thank everyone involved for their willingness to engage with us and for their valuable assistance.

Myth 3: ACER established new requirements for testing during the RRM registration. FALSE

In case RRM applicants do not comply with the testing requirements estab-

lished in the RRM requirements, RRM applicants will be reminded of these RRM requirements. However, this does not establish new requirements for testing, it is simply a request to comply with the established RRM requirements.

Myth 4: Organised Market Places will have to temporarily close trading markets in order to report on 7 October 2015. FALSE

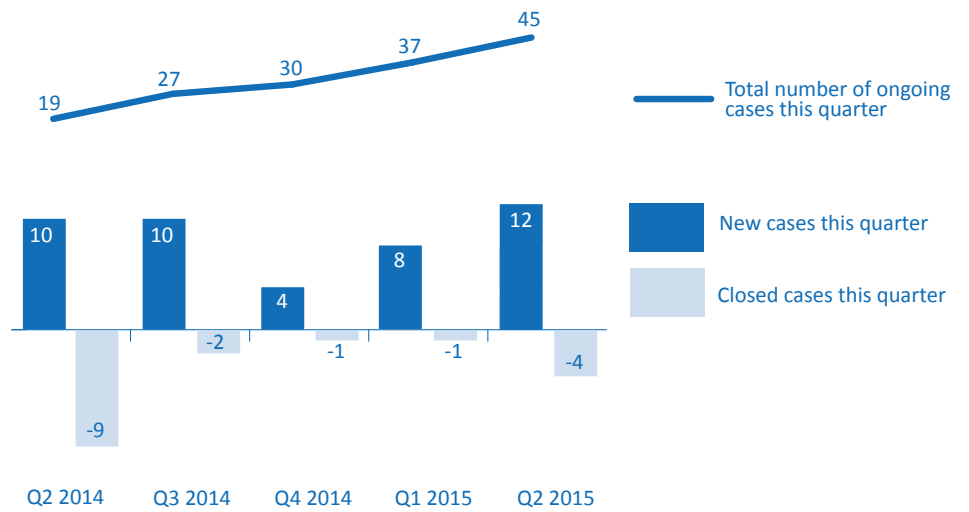
The Agency will properly align some data validation rules to allow RRM applicants to start reporting trade data on 7 October 2015. There is therefore no need for Organised Market Places to temporarily close trading markets for reporting purposes.

Case statistics

REMIT cases are potential breaches of REMIT that are either notified to the Agency by external entities or discovered 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.

The table to the right shows the number of cases that were under review by the Agency in the last five quarters.

The Agency is responsible for monitoring the wholesale energy markets and shall aim at ensuring that NRAs carry out their tasks in a coordinated and consistent way, but it is not responsible for the investigation of potential breaches of REMIT. The EU Member States have the obligation to ensure that their National Regulatory Authorities have the required investigatory and enforcement powers to accomplish this.



The REMIT Q&A contains now 128 questions and answers

The Agency publishes the REMIT Q&A normally every month on the REMIT Portal. The REMIT Q&A is one of the Agency's main tools to respond to queries addressed by stakeholders.

The first edition of the REMIT Q&A was published in December 2011 containing 23 questions and answers. The second edition was published in November 2013 with a total of 27 questions and answers. In January 2015, the Agency decided to further

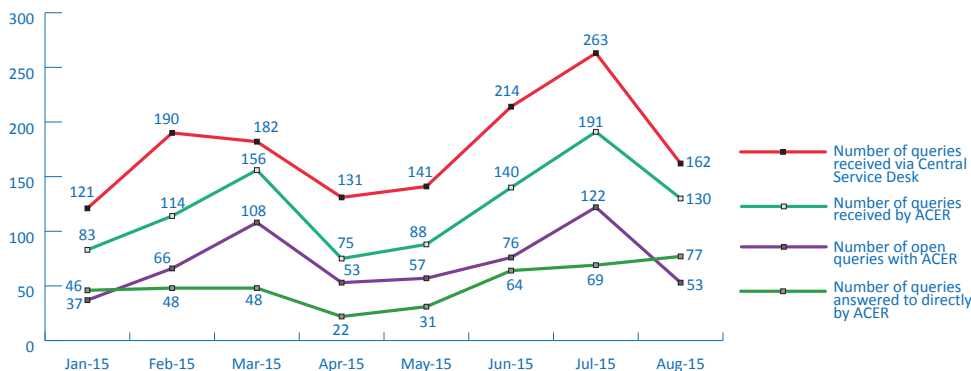
improve its communication with its stakeholders and began to publish an updated edition every month. This has resulted in eight new editions of the REMIT Q&A by 30 September 2015.

The number of questions has significantly increased since the first publication. When the third edition of the Q&A was published in 2014 it contained only 33 questions. In the latest edition, August 2015, it contained already 123 questions i.e. a percentage increase of 273%. Naturally, this increase of published questions only reflects the strong increase of incoming questions to the Agency.

The Q&A contains questions and answers on different topics connected with the REMIT implementation and go-live of the Agency's REMIT Information System (ARIS). The majority of the questions refers to registration and reporting obliga-

tions as well as to the reporting through Registered Reporting Mechanisms (RRMs). The Q&A also contains the REMIT query form which should be used when asking a question from the Agency.

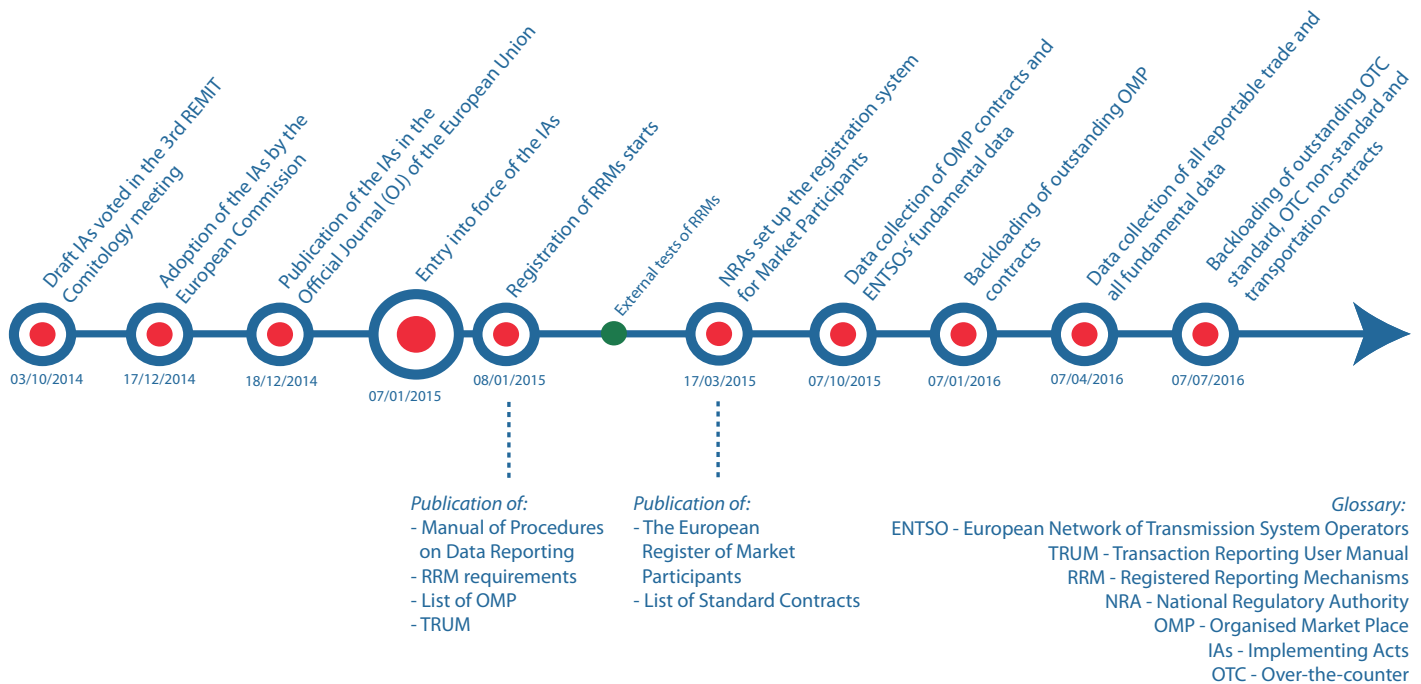
The Agency considers the Q&A as a continuous live interaction with its stakeholders, pointing them to the right direction. The Agency intends to maintain the REMIT Q&A also in the future as the main facilitator in the support towards REMIT stakeholders.



Timeline

Below is the current timeline for REMIT implementation:

REMIT IMPLEMENTATION TIMELINE



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