

## REMIT: TRANSPARENCY ON THE ENERGY MARKETS

Following the financial crisis of 2008, the need to ensure increased market transparency have become of high importance and a tendency to reconsider the existing rules, regulations in a number of fields began to evolve. In addition to the capital market, new regulations were adopted to the energy market as well.

Energy market wholesalers provide key indications for producers and consumers, and create a base for investment decisions in production, transmission and distribution infrastructure. Thus, it is crucial that these pricing quotes reflect a fair and neutral interaction between supply and demand, and no profit is realized by market abuse. Increased transparency of wholesale energy markets decreases the risk of market manipulation and the deformation of price indications. Transparency creates equal chances for market players: it plays a significant role in guaranteeing that consumers pay a fair price for the gas and electricity they use.

With the primary objective to hinder insider trading and market manipulation, and ensure the transparency and stability of the European energy markets, at the end of 2011 REMIT - Regulation on Wholesale Energy Market Integrity and Transparency - was introduced. By the regulation a new framework was set up for monitoring trading activity on wholesale energy markets. This effort is of huge importance in terms of market stability as wholesale energy markets are connected within the European Union to the level that market abuse in one country could have an effect on energy prices in other states as well.

Trade monitoring through transaction reporting and access to fundamental data are the main tools applied by REMIT to ensure a more transparent market environment. ACER, the Agency for the Cooperation of Energy Regulators shall be primarily responsible for enforcing REMIT and operating CEREMP (Centralized European Register for Market Participants), the centralized register for the data collection.

According to REMIT's enforcement regulation, which was accepted in December 2014 and entered into force on 7<sup>th</sup> January 2015, reporting obligations on transactions traded on Organized Market Places shall become effective on 7<sup>th</sup> October 2015, while reporting of OTC transactions conducted outside of the Organised Market Places will follow suit as of April 2016. Market participants, in order to be entitled to report transactions to ACER shall have become a so called Registered Reporting Mechanism (RRM) by initiating a registration procedure directly with the Agency. During the registration procedure and on an ongoing basis even after the RRM license is obtained, the market participant must fulfil strict IT related and organizational requirements.

In order to act as a reporting agent, KELER has initiated the formal procedure with ACER to become a RRM under REMIT, the status which will enable us to report directly to the Agency on behalf of our clients. KELER has already obtained a pre-RRM status, which means the application procedure is close to completion and the service could be contracted by our clients even as of September 2015.