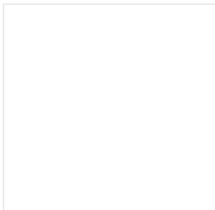




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2013 ENERGY
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AWARD

EUROPEAN ENERGY MARKETS TRANSPARENCY REPORT - 2013 EDITION

Overview of progress in Europe

Adeline Lassoire - Florence School of Regulation



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Setting the scene

For more than a decade, energy market participants and European regulatory authorities have committed to improving market transparency and liquidity, with the ultimate goal of creating a single European market in electricity and gas. As a result of these efforts, successful electricity markets have been established in a number of European regions and progress has been made towards the development of functioning gas markets across Europe.

Why is transparency needed? How is it implemented in the EU?

The liberalisation process in the EU aims to create an internal energy market, with the full unbundling of monopoly activities (transmission and distribution) and the introduction of competition at wholesale and retail level. This will require greater coordination and greater availability of information for every stage of the value chain: production, transmission, distribution, supply and consumption.

In competitive markets, prices are largely driven by the economic concept of supply and demand. The supply and demand for electricity and gas are physical fundamentals which reflect the physical realities of how markets produce and deliver energy to consumers, and how they set prices. Many physical changes can impact on a variety of drivers: the level of production of gas and electricity; the prices of various input used to produce electricity; the level of demand; weather conditions; economic activity and growth; and also environmental concerns and energy efficiency. All of these can have an effect on the market outcomes. To ensure that the prices emerging on the wholesale market reflect all these physical realities, markets participants need to have access to all relevant information on production and consumption in a non-discriminatory manner.

In Europe¹, wholesale energy markets² are organised across national boundaries to allow lower cost energy, which is produced or imported in one region, to be moved into a neighbouring higher-priced region. This can multiply the benefits of purely wholesale trading arrangements. Cross border exchanges occur via national and cross border infrastructures. Information is therefore needed on the conditions and prices to access to transmission infrastructures, the available capacities of interconnections and the conditions to access to these interconnections between Member States.

Demand on gas and electricity markets is ultimately determined at a retail level. Retail use is relatively unresponsive to price changes in the short term, apart from large customers. Consumers are often unable to store energy and they have few possible substitutes for gas and electricity. Unlike most other products, gas and electricity are everyday necessities and consumers have only a limited ability to reduce consumption.

¹ Note that in the U.S., the market liberalisation approach is different. It combines wholesale competitive markets and even regional competitive markets and some markets under administrative processes based on the cost of providing the service.

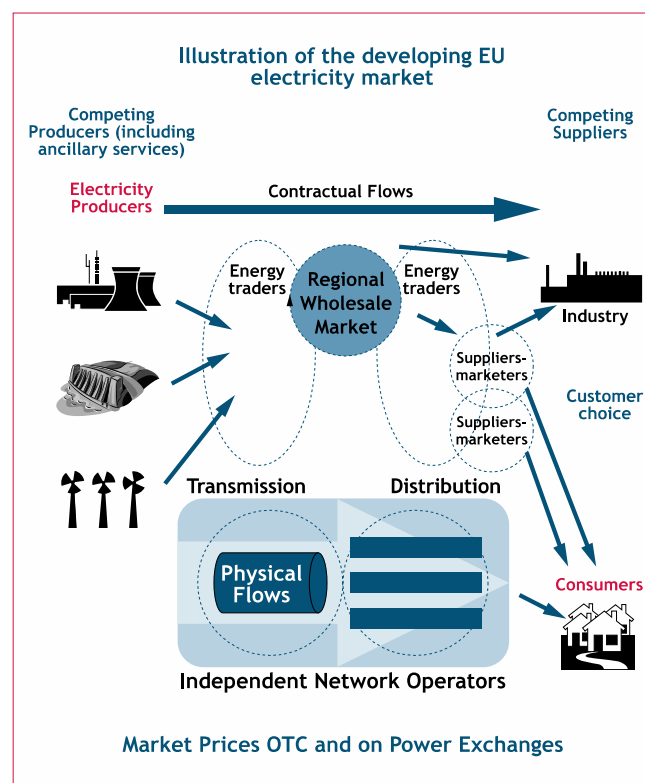
² See E. Michetti (2011) and Meeus (2011) for an overview of Over-the-counter (OTC) markets and organised (power exchanges type) wholesale markets in Europe.

At the retail level, transparency is also needed to enable consumers to better manage their choice of supplier³ as well as their energy consumption. In Europe, the legislative package plans various dispositions for consumer rights, but the focus is currently more on transparency at a wholesale level.

An electricity market has unique characteristics due to the difficulty in storing electricity and the need to satisfy variable demand. Large regional and national differences are apparent when examining market designs and the extent of liberalisation. In Europe, regional markets have evolved and are becoming increasingly integrated. Trading happens in spot and in futures form on a range of exchange-based platforms⁴.

The diagram below illustrates the level of information needed when trading electricity.

Box 1: European electricity market functioning



Source: EFET (2012)

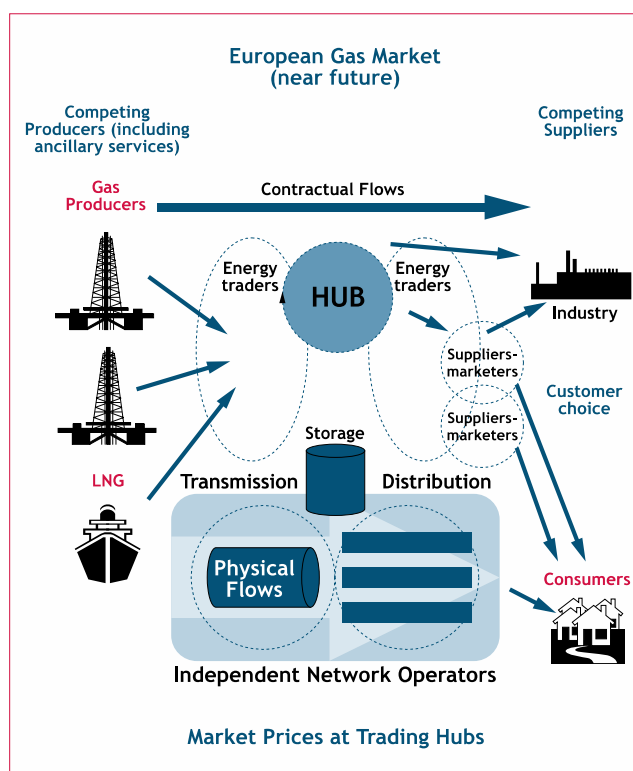
Historically, gas markets are regional and gas is sold on long-terms contracts. Increasingly, however, gas is traded in spot and futures market as well. An energy mix is becoming more and more important due to the 'dash for gas' in liberalised markets and given it is the cleanest of the conventional fossil fuels.

The diagram below (box 2) illustrates the level of information needed when trading gas.

³ The retail market is not within the scope of the report. See on-going work of CEER to improve information for consumers on transparency at retail level.

⁴ On wholesale markets, products offered could be either physical (with energy delivery) or financial and propose for different timeframes (such as on a yearly, monthly or daily basis).

Box 2: European gas market functioning



Source: EFET (2012)

Energy trading is at the heart of Europe's liberalised energy markets. Competitive, liquid, sustainable and transparent wholesale energy markets are essential for delivering secure low-cost supplies to Europe's energy consumers. They also help energy producers, suppliers, intermediaries and large consumers to reduce risk-management costs. Transparent pricing not only generates confidence among investors, but also should reassure policymakers, regulators and consumers.

Transparency is a very important issue for the energy markets. A lack of transparency in the market puts new entrants at a disadvantage relative to large incumbents and hinders competition. A lack of transparency can also have serious consequences on the functioning of the market, and also on security of supply.

When analysing national markets, especially for reserve capacity markets and balancing systems in European member states, only insiders know where to gather the appropriate market information and data. This data has to be collected from different sources and if possible, combined. The different databases are not always in the same formats and data analyses are time-consuming and can rarely be done satisfactorily.

Only a few Member States have so far succeeded in organising the monitoring of the wholesale energy markets within their own borders. Important trading venues have no clear prohibition of market abuse. Most transactions are not reported and fundamental data is not accessible to regulators. The European Union has therefore judged it essential to set up a dedicated framework

for market integrity and transparency for the gas and electricity wholesale markets, with an EU-wide monitoring scheme.

The third energy package is speeding up the process towards European-wide gas and electricity markets by defining binding rules for transparency. The package has been complemented by the regulation of wholesale energy market integrity and transparency, which places ACER and regulators in a market monitoring role. For this regulation to be effective, ACER and national regulators need to have the appropriate powers and resources, with relevant expertise. In this respect, the US Federal Energy Regulatory Commission's (FERC) development of a sophisticated Market Monitoring Unit and Office of Enforcement from 2000 onwards could be considered a useful benchmark⁵.

This is an important new task for ACER as market integrity and transparency are essential for well-functioning energy markets and to boost the confidence of market participants and end consumers. This task is challenging as it deals with complex traded products and markets. In addition, it requires a certain level of delicacy as monitoring should be conducted in a vigilant manner, however without unduly interfering with the workings of energy markets.

Despite the considerable progress made over the past decade, many challenges remain in achieving a transparent single European energy market.

Previous *Energy Transparency Reports* by Florence School of Regulation have analysed the development of transparency, in particular as shown by the multi-level governance in the EU. Private companies have played an important role, although self-regulation has not been able to produce binding and tailor-made regulation for energy trading. REMIT is therefore a powerful tool for ensuring a well-functioning market, and it has already begun to be implemented. Many issues, however, still need to be addressed, such as the registration process, the format of disclosure, what data should be reported, adequate enforcement and penalty power, and the harmonisation of national regulatory authorities' (NRAs) powers.

Aims of the report

This report presents the main initiatives taken to promote and enhance the transparency of European wholesale energy markets from 2012 until 1 October 2013, in terms of both public governance and private operators' actions.

The first section of this report looks at what progress has been made towards a common European approach for transparency and market integrity. After summarising the main steps of REMIT implementation, this section examines what has been achieved and what still needs to be done. Section two presents the progress made in setting up a European transparency platform to publish fundamental data considered a prerequisite for efficient market functioning in gas and electricity sectors.

The final section discusses the level of transparency in the EU and good practices at national level and across national borders particularly concerning common allocation and transparency platforms for gas and electricity cross-border capacity.

⁵ The market liberalisation process is different in the U.S. (see note 1). Many steps were needed to grant the Federal Energy Regulatory Commission with efficient anti-manipulation powers, the accompanying penalties and the enforcement staff.

1. REMIT: still in the implementation phase

The abuse of energy markets is a major concern in energy regulation. Energy markets in Europe are more and more interlinked and market abuse in one Member State will now affect the price of energy in another. Two main examples are insider dealing and market manipulation, which are both addressed by a specific regulation No 1227/2011 REMIT⁶ on wholesale energy market integrity and transparency.

Only a few Member States have so far succeeded in organising the monitoring of wholesale energy markets within their own borders. This market monitoring now needs to be extended across borders and across markets.

Since the entry into force of REMIT, companies in the energy business are obliged to publish insider information, and actual or attempted market abuses are explicitly prohibited. This objective is ambitious and its implementation will be a long process as many steps and much coordination are needed. Items that have to be specified are the definition and collection of data, the structure and the format of databases, market models and the software to do proper market monitoring to detect breaches.

REMIT impacts on the day to day life of many different market players. Where are we with the implementation of REMIT? Do we have proper market oversight in place? These questions will be addressed in this section.

1.1 REMIT in short

REMIT introduces a consistent EU-wide framework and is built on three pillars:

- defining market abuse, in the form of market manipulation, attempted market manipulation and insider trading, in wholesale energy markets and introducing the explicit prohibition of market manipulation, attempted market manipulation and insider trading in wholesale energy markets
- establishing a new framework for the monitoring of wholesale energy markets to detect and deter market manipulation and insider trading
- providing the enforcement of the above prohibitions and the sanctioning of breaches of market abuse rules at national level

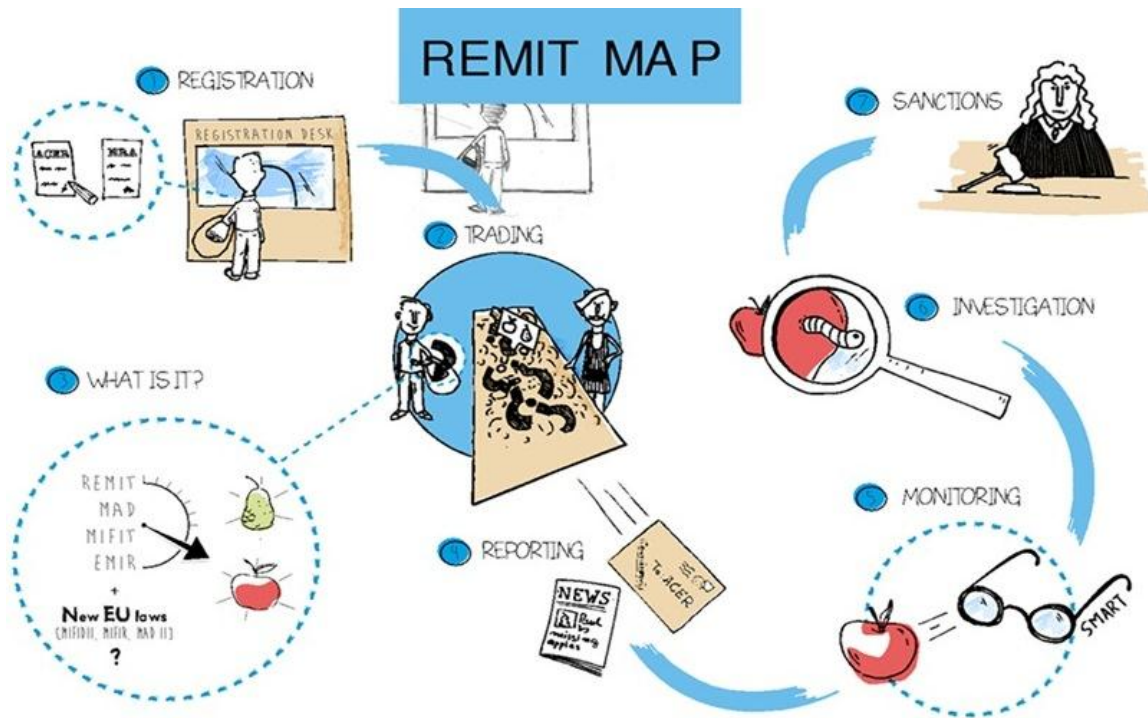
The diagram below (box 3) illustrates what steps are required to implement this framework.

Before trading can take place, market participants have to be registered according to the template defined by ACER⁷. NRAs and ACER together collect data on trading and other relevant information for monitoring purposes. The monitoring of the transactions will be carried out by ACER. In the case that ACER detects suspicious transactions, the relevant NRA, as determined by where the market participant is registered, will launch further investigation. If a breach is proven, the market participant will be penalised according to the national penalties in place.

⁶ REMIT is Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency. It was published in the Official Journal of the European Union on 8 December 2011 and entered into force 20 days following its publication, i.e. on 28 December 2011.

⁷ See ACER website and decision of 26 June 2012.

Box 3: REMIT in short



Source: FSR - Training course on REMIT for regulators (2013)

Timeline for REMIT implementation

REMIT was published along with a timetable for the entry into force of the REMIT provisions (see the timeline below in box 4). In the first phase (marked with the green arrows in box 4), ACER had to publish guidance on the determination and data format for the registration of market participants within 6 months (i.e. by June 2013)⁸. Then, within 18 months (i.e. by June 2013), Member States have to assign investigatory and sanctioning powers to national regulatory authorities⁹. The second phase (marked with the red arrows in box 4) and the entry into force of the remaining provisions of REMIT depends on the timing of the adoption by the European Commission of the implementing acts of REMIT following a comitology procedure. This process can take up to 18 months. At most three months after the Implementing Acts enter into force, national regulatory authorities shall establish national registers of market participants which they shall keep up to date. Another three months are expected before the data collection for monitoring purposes begins.

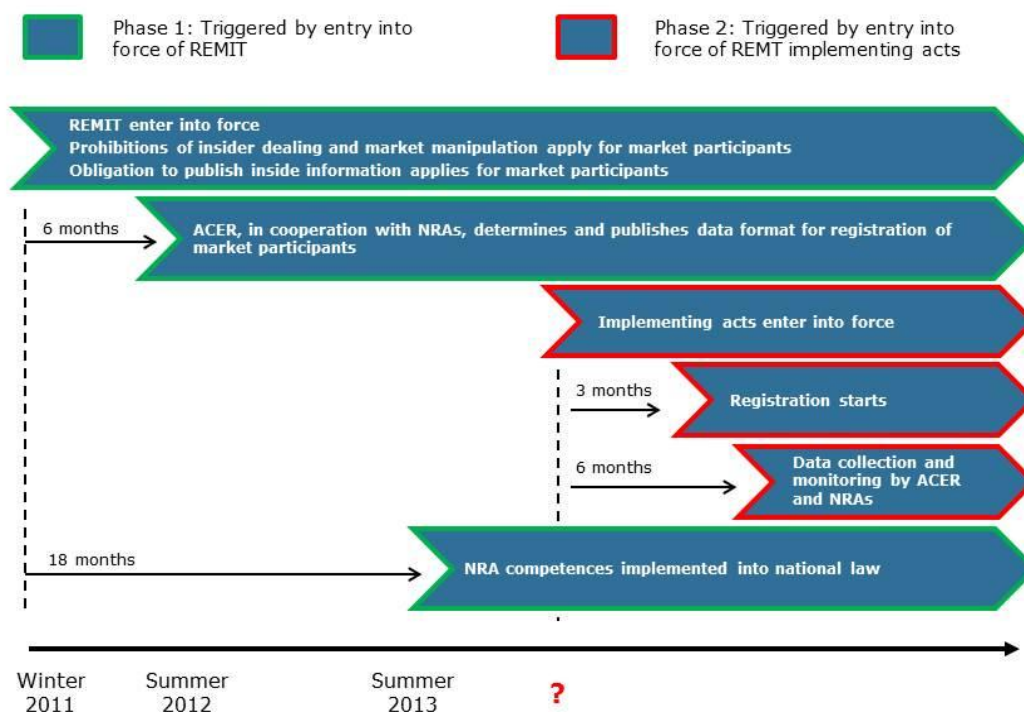
⁸ The registration step has been achieved on 26 June 2012, with the publication of ACER Decision determining the registration format to be used for the establishment of the future European register of market participants. Market participants have to register and update the information they provide to NRAs, NRAs have to set up the national registers of market participants established in their own Member State, as well as the non-EU market participants active in the market of their own Member State, The Agency has to set up and keep up-to-date over time the centralized European register of wholesale energy market participants (CEREMP).

⁹ See section 1.4.1 of the report for example.

Box 4: Timeline for REMIT implementation



Timeline for REMIT implementation



Source: ACER

The implementing acts have not yet been adopted by the European Commission so the REMIT implementation is still in phase 1. The European Commission shall use the implementing acts to draw up a list of the contracts and derivatives which should be reported, including orders to trade and appropriate *de minimis* thresholds. The implementing acts shall also contain standards the form in which that data should be reported as well as timelines for reporting.

1.2 What has been done so far?

The REMIT implementation requires a huge amount of coordination between different market players. Extensive work has already been carried out by ACER and is still on-going. ACER must cooperate with not only energy regulators, financial supervisory authorities in the Member States, national competition authorities and the European Securities and Markets Authority (ESMA)¹⁰, but also with power exchanges and market actors. ACER has established different working group with NRAs to work on but also with stakeholders¹¹.

¹⁰ ACER has currently concluded Memorandum of Understanding (MoU) with NRAs and another one with ESMA to define the scope and practical terms of implementing the cooperation foreseen in REMIT.

¹¹ ACER has established three ad hoc expert groups (EG) for REMIT implementation: EG on REMIT implementation measures; EG on wholesale energy market surveillance; IT Expert Group (see ACER website).

ACER's non-binding guidance on the application of the definitions set out in Article 2 of REMIT is aimed at NRAs to ensure the required coordination and consistency in their monitoring activities under REMIT. It has deliberately been drafted in non-legal terms as it does not aim to provide an interpretation of the definitions set out in Article 2 of REMIT. The guidance has been made public for transparency purposes only. It is expected that the non-binding guidance will be updated from time to time to reflect changing market conditions¹² and feedback from NRAs and ACER in the implementation of REMIT, including feedback from market participants and other stakeholders.

ACER publishes recommendations on the records of wholesale energy market transactions to the European Commission

Data collection under REMIT, including the records of transactions to be provided by market participants to ACER, will have to be defined by the Commission through the implementing acts. According to REMIT, ACER may make recommendations to the European Commission on the data which it considers necessary to effectively and efficiently monitor wholesale energy markets under REMIT. It is important that ACER makes its recommendations to the Commission as it will be the primary user of the data and will be responsible for managing the reporting framework.

These recommendations were provided to the Commission on 23 October 2012 and have been complemented by further recommendations on the records of transactions for balancing market contracts and transportation contracts on 26 March 2013.

ACER recommendations on trade data reporting:

- Records of wholesale energy transactions, including orders to trade, to be reported from organised market places (see Annex II.1 of ACER Recommendations)
- Records of transactions in standardised energy commodity contracts including derivatives to be reported from trade repositories, trade matching and trade reporting systems (see Annex II.2 of ACER Recommendations)
- Records of transactions in non-standardised energy commodity contracts ("short form reporting") to be reported by one party of the contract (see Annex II.3 of ACER Recommendations)
- Scheduling and nomination data to be reported by TSOs

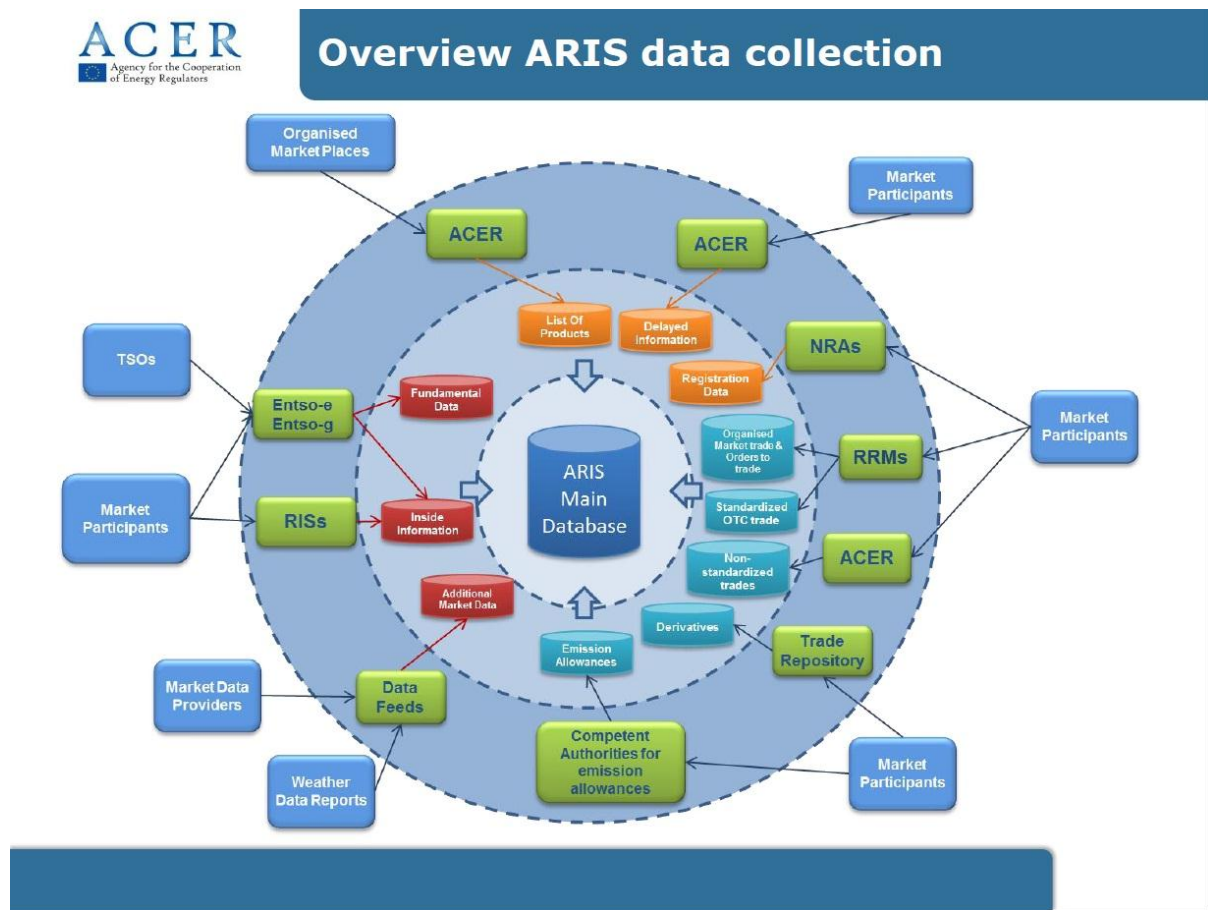
¹² ACER guidance on the implementation of REMIT. 2nd Edition has been revised on 26/03/2013.

In addition to trade data reporting, ACER provided recommendations on fundamental data reporting:

- Transparency Information (Regulation (EC) No 714/2009 and (EC) No 715/2009, including applicable guidelines and network codes) through ENTSO-E and ENTSGO transparency platforms
- Individual non-aggregated Transparency Information (Regulation (EC) No 714/2009 and (EC) No 715/2009, including applicable guidelines and network codes) through TSO transparency platforms or third parties acting on their behalf.

Regarding balancing, ACER recommends postponing the data collection of records of balancing market contracts until the relevant network codes apply. In the meantime, the monitoring of balancing is still done at a national level.

Box 5: Overview of data collection following ACER recommendations



Source: ACER – Workshop on REMIT – 11 July 2013

1.3 Is there efficient disclosure of inside information?

As mentioned in the previous section, since the end of December 2011, companies in the energy business are obliged to publish insider information¹³ according to REMIT regulation Article 4 (EU No. 1227/2011). There is currently no platform available to publish such information in a centralised manner. ACER believes it would be preferable to publish information on centralised platforms rather than on the individual websites of energy companies. In the future, national regulatory authorities are likely to strengthen the requirement of centralised publication rather than on other websites. Market participants are also obliged to publish inside information and to notify ACER and the relevant NRA in case of delayed publication. The prohibition of market abuse, trading on inside information, market manipulation and attempted market manipulation has also come into effect since the entry into force of REMIT.

ACER has developed a standard notification template, based on experience in financial markets. It recommends its adoption by all NRAs to assist market participants who are obliged to report on the delayed publication of inside information¹⁴.

Platforms for the disclosure of inside information already exist such as platforms operated by some transmission system operators (TSOs), e.g. the RTE-UFE transparency initiative; the energy exchanges, Nord Pool Spot and EEX Transparency platform; and those which have been developed for the purposes of REMIT purpose (see box 6).

Box 6: CEGH - A REMIT platform for the publication of insider information.

The Central European Gas Hub (CEGH), the operator of Central Europe's biggest gas trading platform, decided to create a web-based REMIT platform for the regional market in Central and Eastern Europe for market participants to publish insider information on a centralized platform. The CEGH REMIT platform is supported and endorsed by the Austrian energy regulator Energy-Control Austria (E-Control), and is in operation since 10 September 2012. The aim is to support an efficient and transparent energy market and to offer market participants a central platform to publish and research inside information regarding natural gas in Central and Eastern Europe in an effective manner.

The use of the CEGH REMIT platform is free of charge and open access. To publish data relating to REMIT, the gas market participants first go through a quick registration process where they only need to enclose an extract from the companies' register and to accept the CEGH terms of use. They are then authorised and are allowed to publish information on this platform. For CEGH members, the registration process is even simpler as they are already pre-registered and only have to nominate the individuals who will be authorised to publish. The publication of the data is secured by using TAN technology, which is the same as for online banking.

Source: CEGH website

¹³ See box 9 for explanation on inside information versus fundamental data.

¹⁴ See ACER website: <http://www.acer.europa.eu/remit/Pages/Important-information-for-market-participants.aspx>

1.4 Is there efficient market monitoring and detection of market abuse?

As the monitoring activities under REMIT are based on data collection according to Article 8 of REMIT and the relevant implementing acts, market monitoring in the interim phase – i.e. until the entry into force of the REMIT Implementing Acts - will rely on national regulatory authorities in application of their national laws, with a strong coordination role from ACER.

In the meantime, ACER launched the *REMIT Implementation Pilot Project* in July 2013. The main purpose of this is to gather valuable feedback from those involved in data collection under REMIT, including orders to trade, and/or fundamental data on behalf of multiple market participants such as the Registered Reporting Mechanism (RRM) or the Registered Information Service (RIS). Roundtable meetings with relevant stakeholders were organised in September 2013 to collect feedback from stakeholders and to invite attendees to comment on selected questions on data collection under REMIT. This pilot project should help to develop a working IT system prototype able to collect the data as well as to collect sufficient amount of data for initial testing and customisation of a Market Monitoring Solution. It should also help to gradually improve and upgrade the prototype to allow it to become a fully functional ARIS system and to identify any issues and problems in the early phase of ARIS implementation.

1.4.1 The empowerment of regulators

The investigation and prosecution of market abuse cases are the responsibility of national regulatory authorities. Member States had until 29 June 2013 (eighteen months from the date in which REMIT has entered into force) to adapt their legislation in order to give their national regulatory authorities the necessary powers to enforce REMIT.

Some regulators had already been granted with market surveillance monitoring power before REMIT entered into force, such as the French regulatory authority, CRE, or in the Iberian market, the Spanish (CNE) and Portuguese regulators (ERSE). It is difficult to assess how this measure of REMIT has been implemented by all Member States as the information is generally available only in national languages. However, some Members States have implemented such measures before the deadline (see box 7).

Box 7: Case study BNetzA: “Markttransparenzstellengesetz” (December 12, 2012)

Article 1 foresees that “A Market Transparency Office (MTO) for wholesale power and gas markets shall be established at BNetzA. The Market Transparency Office will be jointly operated in mutual agreement with German Competition Authority

Article 2 provides BNetzA with necessary investigatory and enforcement powers, (i.e. REMIT Art. 13 fulfilled). It will set penalties applicable to infringements of REMIT, (i.e. REMIT Art. 18 fulfilled).

BNetzA has the power to request different types of information to enforce REMIT provisions including the rights to enter the premises of companies, to summon people, to hire accountants and experts to support the investigations. If there is a reasonable suspicion of a criminal act, BNetzA hands over the case to the prosecution authority BNetzA may be an expert witness in court cases.

Regarding administrative offence, Penalties are imposed by BNetzA. A fine of up to one million Euro and up to three times the amount of any additional profits generated through a breach will be imposed on any person who engages in market manipulation or discloses inside information to any other person.

This is also valid for those who or do not fulfil obligations on publication and notification or who does not fulfil the data reporting obligation.

Regarding criminal offence, criminal cases will be investigated by prosecution authorities. Up to five years imprisonment or a fine may be imposed on any person who intentionally conducts market manipulation on energy wholesale markets and who influences the price of an energy wholesale market product using an insider information.

Source: BNetzA – Training course on REMIT for regulators (2013)

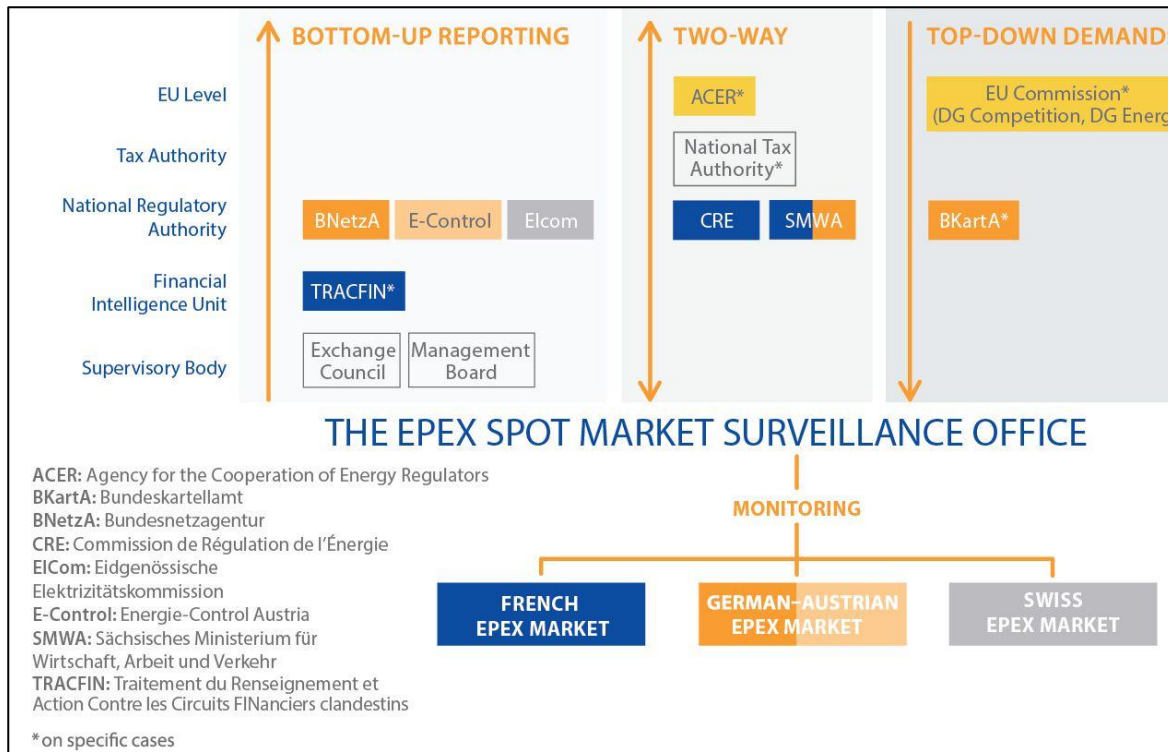
1.4.2 Persons professionally arranging transactions

Since the entry into force of REMIT, persons professionally arranging transactions such as energy exchanges and brokers are obliged to (1) establish effective arrangements to identify breaches; and (2) notify NRAs in case of reasonable suspicion of market abuse.

Box 8: the case of EPEX

The Market Surveillance Office is an independent body of the exchange reporting to the EPEX Spot board as well as to the Exchange Council of EPEX.

It ensures a continuous monitoring of the EPEX SPOT markets and checks that members comply with EPEX SPOT Market Rules and the Code of Conduct. The work is carried out with market indicators and completed by deeper investigations. In case of a suspected breach of market rules, the Market Surveillance is entitled to request information from the exchange members. In case of a proved breach of market rules, EPEX SPOT SE can decide on a sanctioning procedure (for example membership suspension). The Market Surveillance Office has further built up fruitful relations with the supervisory authorities and energy regulators in charge of monitoring the market.



Source: EPEX

1.5 Concluding remarks on the section

As has been discussed, REMIT is vital to ensuring that markets function well by introducing regulation for transparency and integrity in markets, although its implementation will be a lengthy process.

Data collection is key to the successful implementation of REMIT however the availability of the data is still an issue. Much of the time, even if the data does exist, it is published on multiple websites and is not always in the same format. Although progress has been made, REMIT implementation is still in phase I. It remains unclear what data will be collected by ACER for monitoring and it is clear that several implementing acts will be necessary.

Data collection is rendered difficult due to difference in national markets. Differences in balancing market design have led ACER to recommend that the data collection of records of balancing market contract be postpone until the related network codes on the harmonisation of products on the balancing markets apply. An additional concern on data collection stems from the on-going negotiations on Mifid II. If it defines physically settled forward products as financial transactions, this may lead to negative consequences on energy trading markets, if these products are not included in the scope of REMIT.

Box 9: 'Transparency information' v. 'inside information' – ACER Guidance

'Transparency information' should contain all data to be published under the transparency obligation of Regulations (EC) No 714/2009 and (EC) No 715/2009, including applicable guidelines and network codes. 'Inside information' includes transparency information that is likely to have a significant impact on the prices of wholesale energy products, and also any other information that a reasonable market participant would use for decision making for transactions relating to a wholesale energy product, including issuing an order to trade, if this information is likely to have a significant impact on the prices of wholesale energy products.

Transparency information is therefore periodic, structured data subject to Regulations (EC) No 714/2009 and (EC) No 715/2009 including applicable guidelines and network codes. Inside information, on the other hand, should be considered as an ad hoc, structured data that is likely to have a significant impact on price that has not been disclosed to the market. Such a requirement goes beyond the periodic and regular publication of data under the above regulations and may highlight or pre-empt certain transparency data.

Inside information may relate to any item of information that is within the scope of the above regulations as well as the following further information insofar as this information is likely to have a significant effect on the prices of wholesale energy products:

- Information relating to the capacity and use of facilities for production of electricity or natural gas, including planned and unplanned unavailability of these facilities
- Information relating to the capacity and use of facilities for storage of electricity or natural gas, including planned and unplanned availability of these facilities
- Information relating to the capacity and use of facilities for consumption of electricity or natural gas, including planned and unplanned unavailability of these facilities
- Information relating to the capacity and use of facilities for transmission, including planned or unplanned unavailability of these facilities
- Information relating to the capacity and use of LNG facilities, including planned and unplanned unavailability of these facilities
- Information required to be issued in accordance with legal or regulatory provisions at EU, or national level
- Information required to be issued in accordance with market rules
- Information required to be issued in accordance with contracts
- Information required to be issued in accordance with customs on the markets
- other information that a reasonable market participant would be likely to use as part of the basis of its decision to enter into a transaction relating to, or to issue an order to trade in, a wholesale energy product

Source: ACER Guidance - 2012

2. Progress towards a European platform for fundamental data

As stressed in the introduction, transparency is needed along the entire supply chain from production to consumption in both wholesale and retail markets, for both transmission and distribution. This section focuses mainly on transparency in the transmission network, which is an important part of the reform in Europe.

It is important to distinguish two key aspects of the information which would be required to gauge transparency in the transmission infrastructure. The first are the physical characteristics of the electrical lines as well as the nature and location of a TSO's assets. For a long time, TSOs were reluctant to publish this kind of information claiming it was commercially sensitive. However, TSOs do not work in competitive areas and as such they are regulated entities and the transmission business should be transparent. Much progress has been made and now TSOs are only allowed to not disclose the asset concerned and specify its location if the information has been classified as being sensitive information relating to critical infrastructure protection¹⁵. Another important step has also been made by TSOs in order to improve the coordinated operation of the systems in Europe. TSOs have developed a common coordination centre where they share data on intraday and real time use of the transmission grid¹⁶.

The second aspect is information on the commercial use of the TSO's infrastructure. In this regard, TSOs act as a market facilitator by providing information to the market on the use and availability of the infrastructure and the price of access. The planned objective for a while has been to have all fundamental data, at least on transmission networks, available free of charge on one common platform to ease comparisons and quantitative analysis for all market participants for free has been foreseen for a while. Common understanding has been an important prerequisite to the launch of such a platform. Regulators, the European Commission in cooperation with TSOs, and with consultation of market participants worked to define whether further transparency requirements were needed in addition to the one contained in legislation and how the information should be published.

Increasing transparency is a lengthy process. Why is it so difficult to have transparency? What are the dynamics of the transparency agenda? Who is leading transparency agenda? This section presents the progress made driven by public governance in developing a common platform both the electricity and gas sector.

¹⁵ cf. point (d) of Article 2 of Council Directive 2008/114/EC: *sensitive critical infrastructure protection related information* means information about a critical infrastructure which, if disclosed, could be used to plan and act with a view to cause disruption or the destruction of critical infrastructure installation.

¹⁶ See for instance CORESO or TSC (TSO System Cooperation).

2.1 A planned central information transparency platform for electricity

In the electricity sector, the ENTSO-E's existing transparency platform, operational since 2006, publishes on a daily basis many data items of interest to electricity stakeholders (ENTSO-E-net platform¹⁷). Even if many improvements have been made, the information is not always accurate or easy to compare. This platform will soon be further improved by the entry into force of the Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets. It will become mandatory for each TSO to submit fundamental information not only on transmission but also relating to generation, load, and electricity balancing, which ENTSO-E will publish on a new central information transparency platform.

This new regulation (No 543/2013 of 14 June 2013) aims to establish the common minimum set of data relating to generation, transportation and consumption of electricity that is necessary for the efficient functioning of wholesale electricity markets. It is also needed for developing a central information platform to enable all market participants to have a coherent and consistent view of the European wholesale electricity market. The regulation specifies the data to be published on the availability of the networks, capacities of cross-borders interconnectors and generation, load and network outages. It also specifies when the data should be published and, where relevant, identifies who the primary owners of the data are. It provides detailed and precise definitions and clear rules for procedures for centralised data publication. It also imposes rules on the timing of data publication (see box 10).

This regulation will replace points 5.5 to 5.9 of the Congestion Management Guidelines (i.e., Annex I to Regulation no. 714/2009), from 18 months after entry into force.

¹⁷ The current transparency platform of ENTSO-E : <http://www.entsoe.net/default.aspx>

Box 10: Example of improvements provided by the regulation on information to be published

Current provision - Art. 15 of Reg. 714/2009	New provision
<p>Article 15 of Reg. 714/2009</p> <p><i>Transmission system operators shall publish relevant data on [...] availability and actual use of generation and load assets [...]. For availability and actual use of small generation and load units, aggregated estimate data may be used.</i></p> <p>Point 5.5(i) of Annex I of Reg. 714/2009</p> <p>5.5. TSOs shall publish [...]:</p> <p>(i) <i>ex-ante information on planned outages and ex-post information for the previous day on planned and unplanned outages of generation units larger than 100 MW.</i></p>	<p>Article 15 of the regulation No 543/2013</p> <p><i>"1. For their control areas, TSOs shall provide the following information to the ENTSO for Electricity:</i></p> <p><i>(a) the planned unavailability of 100 MW or more of a generation unit including changes of 100 MW or more in the planned unavailability of that generation unit, expected to last for at least one market time unit up to three years ahead, specifying:</i></p> <ul style="list-style-type: none"><i>– the name of the production unit,</i><i>– the name of the generation unit,</i><i>– location,</i><i>– bidding zone,</i><i>– installed generation capacity (MW),</i><i>– the production type,</i><i>– available capacity during the event,</i><i>– reason for the unavailability,</i><i>– start date and estimated end date (day, hour) of the change in availability;</i> <p><i>(b) changes of 100 MW or more in actual availability of a generation unit, expected to last for at least one market time unit, specifying:</i></p> <ul style="list-style-type: none"><i>– the name of the production unit,</i><i>– the name of the generation unit,</i><i>– location,</i><i>– bidding zone,</i><i>– installed generation capacity (MW),</i><i>– the production type,</i><i>– available capacity during the event,</i><i>– reason for the unavailability and</i><i>– start date and estimated end date (day, hour) of the change in availability;"</i>

ENTSO-E will be responsible for ensuring that a central information transparency platform is established (Art. 3 of the regulation). The platform has to be available to the public free of charge with data available for at least 5 years¹⁸ and should be developed within the 18 months following the entry into force of the regulation. The planned central information transparency platform will be operational from the beginning of January 2015.

In addition, ENTSO-E shall put together a 'manual of procedures' (Art. 5) specifying:

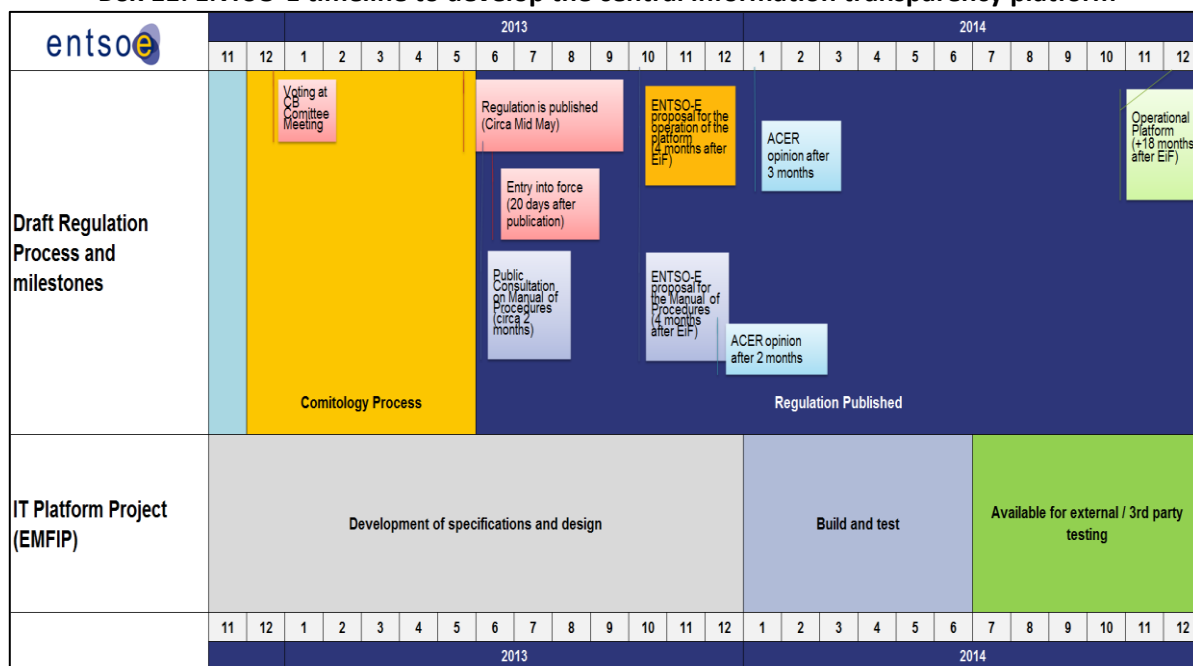
- (a) details and format of the submission of data
- (b) standardised ways and formats of data communication and exchange between primary owners of data, TSOs, data providers and ENTSO-E
- (c) technical and operational criteria which data providers would need to fulfil when providing data to the central information transparency platform
- (d) appropriate classification of production types

Four months after the entry into force of the new regulation, ENTSO-E will submit a proposal for the operation of the platform and draft manual of procedures to ACER, who will then provide feedback within two months. This process will also apply for any update to the manual. The transparency regulation does not expressly define on which criteria ACER should provide its opinion. However, the transparency regulation does set certain requirements for the manual of procedures. This manual will be written following open and transparent consultation with stakeholders and will be available to the public.

Except when stated otherwise, TSOs are considered the primary owners of data. Primary owners of data should ensure that the data is complete, of the required quality and provided in a manner that allows processing and delivery of the data to ENTSO-E in sufficient time. In addition to this, the publication of data on TSOs or other parties' websites is still permissible.

¹⁸ Note that unfortunately, no access to historical data will be available. Data will be collected once the platform goes live.

Box 11: ENTSO-E timeline to develop the central information transparency platform



The ENTSO-E Stakeholder transparency expert group (TSEG)

Considerable work is required to collect a large amount of data from many different participants every day and in real time, accurately and in a standardised format. On 31 January 2013, ENTSO-E launched a Stakeholder Expert Group whose aim is to advise ENTSO-E on the progress and content of the manual of procedures.

The manual of procedures

The manual of procedures contains three documents: a detailed description of data, the business requirements specification and implementation guides.

In addition to the definitions contained in the regulation, the ‘detailed data description’ document provides the business meaning of the data required by the Transparency Regulation as well as clarifies what kind of bodies submit the data (TSO, Auction Office, etc.). It also suggests how the data provider could calculate the value to be submitted and specifies how the platform shall process the submitted data. Other documents describe how data should be submitted, processed and consulted on the central information transparency platform.

ENTSO-E has gathered more than 100 comments on the detailed data description, received during TSEG consultation. Although the regulation contains clearer definitions of the information to be published, there are still different possible interpretations of the definitions of the data or on how it should be computed. For instance, for production, should the published values be net or gross? The need might differ from one participant to another.

On the balancing definition, the differences in market design of such markets or mechanisms, and the current development of related network codes prevent common definitions from being published on the platform.

Classification of production type

There is currently huge diversity in the classification of production types used by TSOs. This complicates comparison, especially when aggregated data has to be published. Even when integrated wholesale market exists at a regional level, such as in the Central-West region, TSOs in the region publish individual generation data according to different classifications.

An example of production data published by Elia and Rte in the Centre-West region

Rte	Elia
nuclear	nuclear
coal	coal
gas	natural gas
fuel and oil plus peak	liquid fuel
lake hydro	wind
hydro	water
other	

The classification of production types was widely discussed in the ENTSO-E working group¹⁹. First it was discussed whether there should be a distinction between technology type and fuel type, and also on what exactly should be on this list in terms of content. The proposed list of 20 production types has been submitted for public consultation by ENTSO-E (see box 12).

¹⁹ See the minutes of the expert group meetings, published on ENTSO-E website.

Box 12: Classification of production types

Production Types			
Type Number	Class	Sub-Class	Complete Term
1	Biomass		Biomass
2	Fossil	Brown coal/Lignite	Fossil Brown coal/Lignite
3	Fossil	Coal-derived gas	Fossil Coal-derived gas
4	Fossil	Gas	Fossil Gas
5	Fossil	Hard coal	Fossil Hard coal
6	Fossil	Oil	Fossil Oil
7	Fossil	Oil shale	Fossil Oil shale
8	Fossil	Peat	Fossil Peat
9	Geothermal		Geothermal
10	Hydro	Pumped Storage	Hydro Pumped Storage
11	Hydro	Run-of-river	Hydro Run-of-river and poundage
12	Hydro	Water Reservoir	Hydro Water Reservoir
13	Marine		Marine
14	Solar		Solar
15	Waste		Waste
16	Nuclear		Nuclear
17	Wind	Offshore	Wind Offshore
18	Wind	Onshore	Wind Onshore
19	Other renewable		Other renewable
20	Other		Other

Source: ENTSO-E (2013)

Conclusion

The new regulation, which entered into force in July 2013, determines that the central information transparency platform must be operational by the beginning of 2015. Once fully operational, the increased level of transparency, which has been planned from the outset, will finally be reached (starting with the first guidelines on transparency from ERGEG, 2006). The platform will also ease ACER wholesale market monitoring.

The on-going work is challenging: the timing is tight and a huge amount of basic information has to be included which comes from multiple sources of information. Once operational, the platform and the manual of procedures will still have to evolve to meet the demands of the technical network codes which are under development.

2.2 For gas transmission: a platform in place by 1 October 2013

For the gas sector, a similar approach has been adopted. A common platform by ENTSG was launched in 2009 with participation on a voluntary basis. The Commission's decision of 24 August 2012, amending Annex I to Regulation (EC) No 715/2009, decrees that *(h) all data shall be made available as of 1 October 2013 on one Union-wide central platform, established by ENTSG on a cost-efficient basis*. Here, all gas TSOs can make their relevant data publicly available and it will become mandatory for them to publish relevant data on the common platform.

Information available on the platform

The ENTSOG transparency platform is based on information that is already published by individual TSOs on their websites. From 1 October 2013, 41 TSOs will use the platform (www.gas-roads.eu) to upload the necessary data and information to make it available to all market participants. The platform contains the technical and commercial information needed by all the users of gas networks, made available through tables and maps.

The ENTSOG transparency platform also offers users the ability to search for routes across the European gas transmission networks, by selecting only the entry/exit points. A route summary can be generated which gives users an overview of monthly capacities available along the route and other useful information such as available contracts, applicable tariffs, balancing rules, capacity allocation mechanisms as well as dynamic data such as flows, nominations, re-nominations and interruptions (see box 13). Once registered, platform users can save their favourite points and routes.

The homepage of the platform provides general information and displays REMIT messages, TSO maintenance publications, planned or unplanned outages, platform news, terms and conditions and ENTSOG contact details. The platform can show historical data for a period of up to 36 months, including the current one.

Box 13: Point data available on the platform - ENTSOG Manual of users

General point information: The 'Point Information' section displays the point information of the selected point or the P2P- connection from/to the selected point, depending on the network model of the TSOs involved (Entry-Exit / Point-to-Point) as well as capacity data, this include:

- The operating TSO
- Capacities
- Balancing rules
- Tariffs
- Nominations and Flows
- Interruptions (detailed information on interrupted capacity)
- Available contracts
- Conversion factors
- Congestion Management Procedures

Further development of the platform for efficient market functioning and market integration

Regulatory bodies in cooperation with market participants have assessed whether the current transparency requirements for gas adequate. The regulation EC No 715/2009 (art. 8.6 (i)), will put into place network codes that will define transparency rules to be developed. Rather than a dedicated network code for transparency requirements, the additional requirements will be part of more general network codes dealing with specifics themes such as the harmonisation of tariffs and

balancing. As a result, the recent network code on Capacity Allocation Mechanisms²⁰ specifies the additional transparency information that should be published.

Further development on storage and LNG transparency are conducted by Gas Infrastructure Europe (GIE) to fulfil the requirements of Storage System Operators (SSOs) concerning storage facilities. The requirements of LNG System Operators (LSOs) concerning LNG facilities already exist under regulation EC 715/2009. The current work consists of developing 'Transparency Templates'²¹, promoting access to this information in a harmonised way.

2.3 Concluding remarks on section 3

Progress has been made towards establishing a common transparency platform, where fundamental data necessary to trade efficiently in gas and power wholesale market will be published. Once fully implemented, both central information transparency platforms will need to evolve to meet any additional requirements coming from the network codes.

Attention should be focused on the availability and quality of data which will be published on these platforms. It is up to the data owner to upload data correctly, consistently and in a timely manner. However, mistakes can happen and it takes time to rectify them. This could severely impact upon market outcomes. A key question is how to deal with these situations before mistakes are rectified.

Some examples of good practice already exist. The EEX Transparency platform has, from the beginning, implemented an incident procedure which immediately contacts and challenges the reporting company should data be missing or if it discovered to be incorrect, and users are informed on the status of the data.

²⁰ Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council

²¹ See on GIE website: <http://www.gie.eu.com/index.php/maps-data/gse-transparency-template>

3. Case studies – assessment of the level of transparency

Previous sections of this report provide updates on the transparency and integrity framework in the EU. It has been shown that while much progress has been made towards greater transparency and integrity, the framework is still in the process of being fully implemented. In this context, it is worth assessing the current functioning of markets and the current level of transparency.

Besides the legislative initiative of the European institutions to create a tailor-made and dedicated regulatory framework, a number of noticeable pro-transparency actions have been undertaken by other entities.

This section focuses first on the general level of transparency in the EU gas and electricity markets, and then presents the initiatives which go beyond the scope of national borders. It concludes with examples of good practice developed by private initiatives.

3.1 Compliance and monitoring: ACER and CEER assessment

Monitoring is essential to be able to indicate how energy markets actually operate, both at the wholesale and retail level, and also to highlight where possible improvements are needed.

Previously, regulators, under ERGEG, assessed compliance with electricity transparency requirements through the publication of compliance monitoring reports²². ERGEG carefully interpreted each chapter and article of the regulation, and Congestion Management Guidelines broke these down into a set of questions and criteria aimed at measuring compliance. On the basis of these criteria, a questionnaire was developed to gather data from the NRAs to ensure the best capture of compliance or non-compliance according to the criteria. These reports highlighted many shortcomings.

More recently, in April 2013, ACER published a monitoring report of gas transparency requirements. ACER concluded that remarkable improvements have been made by TSOs, although full compliance has not yet achieved.

ACER²³ and CEER now publish a monitoring report assessing the internal markets for energy and gas, focusing in particular on retail prices (including compliance with consumer rights as mentioned in the Third Energy Legislative Package), network access (including grid access for renewable energy sources), and on any barriers to the Internal Energy Market (IEM). The first version was published in November 2012. The aim is to provide as complete an assessment as possible of the progress towards the implementation of the third package, including the completion of the wholesale internal energy market by 2014 which is a target set by the Council of Europe. The report aims to compare market competition in different markets across the EU, with a view to identifying instances of best practice which improve market performance.

²² The third version was published in 2010, before the entry into force of the third energy package.

²³ The Third Energy Legislative Package tasks the Agency with monitoring the internal markets for electricity and gas. To this purpose, the Agency shall prepare an annual market monitoring report in close cooperation with the European Commission, National Regulatory Authorities, and other relevant organisations. The legal basis for the Agency's market monitoring duties is in Article 11 of Regulation (EC) No. 713/2009.

The data used for compiling this report has been collected and provided by national regulatory authorities for energy, the European Commission, and the ENTSOs for electricity and gas.

What are the main findings regarding wholesale markets in gas and electricity and transparency?

For both wholesale electricity and gas markets, two indicators are used to assess the degree of market integration and the well-functioning of the markets: the convergence of wholesale price and market liquidity²⁴.

In 2011, the wholesale electricity price significantly converged following market coupling. In the Central West Europe (CWE) electricity region, for instance, the number of hours during which prices were identical to those across the German-Dutch border noticeably increased from 12% in 2010 to 87% in 2011. However, there remains significant scope for further market integration between regions across Europe. The differences in price convergence could be explained by differences in wholesale market design, the mechanisms for allocating cross-border capacities, and also the result of differences in the generation mix across European countries.

In terms of liquidity, the situation in Europe is quite diverse for wholesale electricity markets. Although bilateral electricity trading still represents the majority of trade in a number of countries, there is an upward trend in market liquidity. The report shows that the market volume German Power Exchange traded increased from 11% to 40% between 2004 and 2010. The traded volume versus domestic demand recorded by the European Power Exchanges is at nearly 40% but there are significant national differences.

For gas, the report signals that hub price convergence is increasing in North West Europe, although price decoupling still occurs in winter. However, convergence was lower elsewhere in continental Europe in 2011. In Southern Europe, 2011 prices were still decoupled from North West European prices. In terms of liquidity, the report highlights that continental hubs, excepting Benelux-based hubs, are still lagging behind the GB market which is the most liquid hub in Europe. Hub liquidity can vary even within a single country. For instance, in France, PEG Nord is a more liquid hub than other hubs in France.

For both electricity and gas markets, the report agrees on the necessity to implement the electricity and gas target models in order to ensure greater convergence of EU wholesale prices and to remove barriers to trade. This can be achieved by formal processes (Framework Guidelines and Network Codes) and informal processes (Regional Initiatives).

The report recommends that the full implementation and practical application of the third package provisions is important in achieving the IEM as well as an early implementation of the target models,

²⁴ Liquidity is also an important feature of a well-functioning market. A liquid wholesale market facilitates the buying and the selling of a desired commodity or financial instrument quickly, without causing a significant change in its price and without incurring significant transaction costs. A liquid market is less prone to market manipulation, and contribute to sound and transparent prices. The latter increases confidence for market participants when they make decisions, for instance on investments, risk management and potential market entry.

in order to ensure that the 2014 target for the completion of the internal electricity and gas market is met, even though the network codes are still being drafted.

Regarding transparency

The ACER and CEER report concluded that transparency in electricity network access should be improved. This should apply not only to connection procedures and access regimes themselves, but also to the data made available to the ACER, NRAs and stakeholders, including network users, so that investment decisions are made on an informed basis and so that they can fulfil their monitoring obligation.

For gas, a more recent monitoring report of ACER observed improvements in the gas sector while full compliance has not been reached by TSOs. As discussed in the previous section, since the publication of the ACER/CEER monitoring report, there have been improvements with the development of common transparency platforms.

Concluding remarks on the ACER and CEER report

The approach used by ACER, working with the NRAs, or the EC (through the Quarterly Report on European Gas and Electricity Markets²⁵) is to concentrate on quantitative analysis using statistical data to assess the outcomes of the gas and electricity markets. This approach allows recommendations to be made on what should be done to improve European market integration. However, the report did not provide additional non-quantitative analyses of the behaviour of market participants.

3.2 Progress towards transparency above national markets

The ACER and CEER report recommends the early implementation of the target models with the overall aim being to facilitate the development of gas and electricity markets and to remove barriers to trade and competition.

A common capacity allocation platform or auction office would facilitate the cross-border congestion management process for market participants by creating a single point of contact, using the same IT-tools and aiming for harmonised rules. Within the regional initiatives process, such a platform has already been developed on a voluntary basis and constitutes a step towards market integration. It also allows market participants in several countries to have access to the same information on network access. Examples of good practice in the gas and electricity sectors are presented below.

²⁵ The Energy Market Observatory's series of Quarterly Reports on European Markets analyses the main drivers behind price and volume evolutions, on the European markets across Europe.

For electricity: http://ec.europa.eu/energy/observatory/electricity/electricity_en.htm

For gas: http://ec.europa.eu/energy/observatory/gas/gas_en.htm

3.2.1 The development of common allocation platforms for electricity

Capacity Allocation System Company (CASC.EU)

CASC.EU is the central auction office for cross-border transmission capacity for Central Western Europe (CWE)²⁶, the borders of Italy, Northern Switzerland and parts of Scandinavia. CASC.EU facilitates the purchasing and selling of transmission capacity by providing a single auction platform and point of contact.

CASC-CWE was initially created through a Memorandum of Understanding signed by the governments, regulators, TSOs, power exchanges and representatives of the market participants of the 5 CWE countries. CASC-CWE became CASC.EU, when the TSOs from Switzerland and the Central-South region joined in 2010. The geographical scope of the platform has been further extended recently to include the borders between the Nordic area and the Central-West region.

Today, common coordinated congestion management methods and common procedures for the allocation of transmission capacity i.e. the explicit auctioning of transmission capacity, at different timeframe²⁷ (long-term, day-ahead and intraday) are applied on borders of all involved countries (see box 14).

Box 14: Map showing the coverage of CASC.EU



²⁶ The Central-West region is composed of Benelux, France and Germany.

²⁷ Note that the target model for electricity foresees the development of a European platform with common rules for the allocation of **long-term** electricity cross-border capacities.

The Central Allocation Office GmbH (CAO)

The Central Allocation Office GmbH (CAO) is the joint auction office allocating cross-border electricity transmission capacity for borders between Austria, the Czech Republic, Germany, Hungary, Poland, Slovakia and Slovenia. Since November 2009, CAO has provided electricity market participants active in the Central and Eastern Europe region²⁸ with a single point of registration for capacity auctions in this region. It also took over the role of the auction offices for the 5 TSOs in the CEE region.

In November 2010, CAO took over the entire organisation of the auction process and capacity calculation coordination in the CEE region. Available capacities are determined by applying an enhanced coordinated NTC assessment method, based on a multilayer coordination of offered capacities. Coordinated capacity allocation process uses auction algorithms based on the maximisation of social welfare. Since November 2012, CAO provides a coordinated auction process also for borders beyond the initial scope of the region, between Croatia and Hungary, and Croatia and Slovenia.

Other initiatives: common information platforms

In December 2012, in the South-West region, including the TSOs of Spain, Portugal, France and Morocco launched the IESOE platform²⁹ which is a public transparency website. The platform provides information on the capacities and use of interconnections in the region.

A similar approach has been developed in the region of France, the United Kingdom and Ireland. The FUI portal (www.fui-portal.eu) provides information on the cross-border capacity auctions and scheduled flows on the electricity interconnectors. This includes auction schedules, capacity information and auction results for all electricity market participants involved and the transmission system operators.

Although these platforms do not provide a single point of reference for the allocation of capacity, it provides benefits to market participants across Europe by proposing a harmonised transparency platform beyond the general obligations for data publication.

3.2.2 Platforms in gas

In order to facilitate gas transport and trading across the EU, the Framework Guidelines and the associated Network Code on Capacity Allocation Mechanisms (FG and NC CAM) aim to promote and define harmonised capacity allocation mechanisms, i.e. auction procedures, and a small set of standardised bundled cross-border capacity products at interconnection points between entry-exit zones. The code, which takes into account general commercial and technical rules relating to capacity allocation, also specifies how adjacent transmission system operators should cooperate to facilitate the sale and usage of bundled capacity.

²⁸ The Central East region is composed of Austria, the Czech Republic, Germany, Hungary, Poland, Slovakia and Slovenia.

²⁹ See the website: www.iesoe.eu

On 15 April 2013, the 'Committee on the implementation of common rules on the transport, distribution, supply and storage of natural gas' delivered a positive vote on the CAM Network Code, which was published as Regulation (EU) No 984/2013 in the Official Journal of the European Union on 15 October 2013. Most provisions of the CAM Network Code will apply from 1 November 2015.

Prisma European capacity platform: the early implementation of the CAM NC and cross-regional approach.

In April 2012, sixteen European TSOs from 5 countries³⁰ took the initiative to work together and share experience in the field of capacity booking platforms. The aim was to move towards a joint European capacity platform, which would be able to handle different capacity products, offer auction mechanisms and serve different TSO backend systems. It would also offer secondary market services.

A Memorandum of Understanding was signed in March 2012, defining the form of this new capacity platform to ensure it meet future European market rules (Network codes). Over the summer of 2012, the process and functional specifications were defined. In the last quarter of 2012, TSOs worked on the ICT specifications of the platform and the brand of the joint company, PRISMA (primary and secondary market). Four more TSOs from Italy and Austria joined the platform at the end of 2012.

During the first quarter of 2013, PRISMA was built and the products and functions of the platform were discussed with markets participants. The platform went live in April 2013. Day-ahead auctions began on 1 April and monthly auctions began on 15 April. At the end of May, 261 companies with 769 users were registered on the PRISMA platform³¹.

This project is currently being managed by 19 TSOs that are active in seven countries of the North-West and SSE regions. Other TSOs are also considering whether to participate. As Günther Oettinger, European Commissioner for Energy said, "this is a very promising step towards a single European internal gas market. The auctioning of bundled capacity is a key aspect of the network code, and I am pleased to see TSOs committed to making this work".

3.3 Energy Monitor platform

CISMO Clearing Integrated Services and Market Operations GmbH has established a unique transparency platform, Energy Monitor. Energy Monitor allows both experts and the general public to examine data free of charge from the energy market relating to the Austrian grid.

All relevant market data is available and can be downloaded from the platform. The data provided is combined from public data sources such as market operators AGCS and APCS, the system operator APG and the power exchanges EXAA and EEX. The data can be combined rapidly. Users can select the granularity of the data in terms of time, from 15 minutes to an hour, or even a year (by default

³⁰ It was founded by major European TSOs from Austria, Belgium, Denmark, Germany, France, Italy and the Netherlands with the aim to create a joint European capacity platform.

³¹ From the ACER Gas Regional Initiatives Quarterly Report, July 2013.

and in order to support comparisons between gas and electricity data, all data entries are quarter-hourly). It is also possible to customise the way in which the data is presented.

Energy Monitor gives access to a vast range of gas and electricity market data, all held in a single central database. This contains information on:

- power and gas output
- power and gas consumption
- power and gas imbalance volumes and balancing prices
- power exchange traded volumes and prices

The data is permanently updated and available for the whole period since getting fully into operation at beginning of 2012.

Energy Monitor is a unique platform providing all relevant market data about the Austrian electricity and gas market. Unfortunately, the platform currently only provides national information on the Austrian energy market. This is an example of good practice and it should be extended to other national markets or encourage similar development.

As discussed in the concluding remarks of section 3, as the data collected is from different sources, the availability of data may be subject to technical constraints beyond the control of Energy Monitor.

3.4 The expansion of the EEX transparency platform

The EEX transparency platform collates voluntary and mandatory fundamental data on generation and consumption, in order to further increase transparency on the wholesale market (see box 15).

After beginning in Germany, the platform has extended to Austria (July 2011), the Czech Republic (August 2012) and during 2013 to Bulgaria. It now covers a large part of the Central Europe Region's data for consumption and generation.

EEX and swisselectric have also recently agreed that swisselectric will use the EEX platform to report generation and storage data from Switzerland from the end of 2013.

Box 15: Energy Transparency Award 2012

EEX was the winner of the Energy Transparency Award held on 13 November 2012 in Brussels.

Following a call for nominations launched in June 2012, 10 nominations were received. They were evaluated according to criteria defined in the ETA rules: efficiency, reproducibility, innovation, simplicity of design and implementation, responsiveness to users' needs, leverage and contribution to market oversight.

The Selection Committee (Jorge Vasconcelos (Chair), Jean-Michel Glachant, Peter Kaderjak and Jan Moen) decided to award the prize to EEX in recognition of its contribution to the transparency of energy markets in particular through the development and management of a 'Transparency Platform'.

According to the Selection Committee:

"the European Energy Exchange's Transparency in Energy Markets Platform showed over the last three years how important this kind of systematic, well organised data dissemination is for the efficient functioning of energy markets. It also shows the potential and usefulness of more systemic and sophisticated EU-wide market monitoring. The pro-active role of EEX should also be emphasised in this context. Therefore, the Selection Committee decided to award the 2012 Energy Transparency Award to the European Energy Exchange Transparency Platform."

Concluding remarks of the report

The aim of the Energy Transparency Report 2013 was to present the most recent developments in transparency in the European wholesale market in the period from 2012 until 1 October 2013. The governance of transparency is still multi-level and combines top-down and bottom-up approaches.

It is still too costly and time consuming a task to have access to fundamental data in order to be able to trade efficiently on the gas and electricity markets. Participants in energy markets still have to gather data from many different sources in varying formats which does not facilitate cross-comparison and market trade.

An important step has been reached in the gas sector with the launch of a common transparency platform for transmission data on 1 October 2013, and further extension to other information to be published is possible. Similarly, for the electricity sector, a mandatory task for ENTSO-E is to develop a central information transparency platform containing fundamental data on transmission, production, consumption and balancing. The platform will be operational from the beginning of 2015.

The development of such common allocation platforms constitutes an important achievement for transparency. It increases efficiency in the energy market, helps market participants to understand market functioning and eases the collection of fundamental data in a harmonised format which allows ACER and regulators to fulfil their market monitoring tasks under the third package, and also under REMIT.

In the meantime, work being carried out by private operators continues to deliver interesting results. The EEX Transparency Platform has been extended to other countries and will still continue to expand soon. More recently, the Energy Monitor platform publishes a complete set of data (consumption, production, market prices and balancing data) for the Austrian electricity and gas markets. The transparent access to cross-border capacities has also been facilitated in electricity and now also in gas with the launch of common allocation platforms and auctions office in line with the CAM Network Code.

Regarding REMIT, although impressive work has been already been carried out, the implementation is still in phase I and it is not yet clear which data will be collected by ACER for the monitoring and it is quite clear that several implementing acts will be necessary. As was the case in the US, the EU is experiencing a long process to put proper market monitoring in place. Data collection is complicated by national market differences. For example, differences in balancing market design led ACER to recommend the postponement of the data collection of balancing market contract records until the related network codes are applied, which will introduce greater harmonisation in products on the balancing markets.

The report has highlighted several times that differences in market design hinder the implementation process of transparency and the integrity of the European framework. The objectives of the network codes for gas and electricity are to harmonise rules for the circulation of gas and electricity in order to achieve the integration of the energy market. Network codes become

legally binding once they have been adopted as a regulation by the European Commission, and any potential revision would be a long and difficult process. Specific attention should be paid to ensure that network codes deliver the level of harmonisation and information that is needed to efficient functioning of market.

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