

## Information Note

**6 June 2013**

### **OFGEM CONSULTS ON NEW ENFORCEMENT POWERS**

Ofgem has today set out, for consultation, its proposed approach to the use of new enforcement powers relating to market abuse in wholesale energy markets, which were laid in Parliament today. The powers are due to come into effect later this month.

The European Union Regulation on Wholesale Energy Markets Integrity and Transparency (REMIT) prohibits market abuse in wholesale energy markets in the form of insider trading and attempted or actual market manipulation and imposes an obligation on market participants to disclose inside information.

Ofgem will be responsible for the enforcement of REMIT in Great Britain. The government has laid regulations in Parliament which provide Ofgem with the specific powers to enforce, and impose penalties for breaches of, REMIT.

In advance of receiving the powers, Ofgem is explaining how it proposes to use them to investigate potential breaches, its procedures for determining whether there has been a breach and its proposed approach to the setting of penalties for breaches of REMIT. Ahead of the full implementation of the new EU legislation to tackle market abuse, Ofgem has already stepped up our monitoring of the energy markets using information from a wide range of sources.

In a separate consultation, Ofgem is asking energy market stakeholders for their views on how they use price benchmarks produced by price reporting agencies. Ofgem wants to know whether they think current arrangements for providing price information and forming benchmark prices are fit for purpose.

-Ends-

1. Consultation on our proposed REMIT penalties statement and procedural guidelines:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=42&refer=About%20us/enforcement>

Pricing benchmarks in gas and electricity markets - a call for evidence:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=245&refer=Markets/WhlMkts/CompandEff>

2. **About REMIT:**

REMIT sets a number of explicit obligations on the energy companies and those arranging energy trading. One of these obligations requires energy companies to disclose price sensitive "inside information" for example, details about unplanned outages of power stations, gas production fields, energy transportation networks or storage facilities. The companies responsible for these facilities are required to promptly publish this information on their website or using other platforms – so

market participants are quickly made aware. More information is available here:  
<http://www.ofgem.gov.uk/Markets/WhIMkts/remit/Pages/index.aspx>

3. Stakeholders will have until 29 August to respond to the consultation on Ofgem's use of its new enforcement powers, and until 31 July to respond to the call for evidence on price benchmarks.

#### 4. **Allegations of abuse in the gas market**

Ofgem is reviewing information related to trading in the gas market. We take any allegations of market abuse very seriously. We continue to look at allegations regarding trading on 28 September 2012, working closely with the Financial Conduct Authority. We are also looking at the issue of price manipulation more broadly and the role of price reporting agencies in respect of the gas and electricity markets.

5. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity markets in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Union legislation. In this note, the functions of the Authority under all relevant legislation are, for simplicity, described as the functions of Ofgem.

**For further press information contact:**

**Mark Wiltsher: 020 7901 7006**

**Judith Hewitt: 0203 263 2746**

**Out of hours: 07766 511470**