

By email to REMIT@ofgem.gov.uk

2<sup>nd</sup> May 2013

**Open letter consultation on the regulation on wholesale energy market integrity and transparency (REMIT)**

Thank you for the opportunity to respond to the above open letter consultation. This is a non-confidential response, which represents the view of the Centrica group of companies, excluding Centrica Storage Ltd.

We have provided responses to each of the questions raised and also some additional areas of concern that we have with the development of REMIT both within Europe and the UK.

1. Are there any specific issues you would like the user manual to cover or other questions you have about registration?

We suggest that registration requirements for all market participants should be very clear and unambiguous. We believe that an FAQ type document from ACER in addition to Ofgem's guidance will both be key in providing this certainty. We suggest that ACER's FAQ should cover European wide definitions of appropriate fields to complete and Ofgem's guidance should cover national definitions, both should include examples where available.

2. ACER may make extracts of the participant register publically available, provided that commercially sensitive information is not disclosed. What registration data on market participants would you value being made public by ACER? What data would you be concerned about being made public in this way?

We suggest that only minimal information is published by ACER. There should be sufficient information available for market participants to be able to access whether a potential counterparty is registered and we see no reason why additional information should be published.

3. What do you see as the advantages and disadvantages of moving towards the use of transparency platforms, either at EU level, regional or national level?

We support the development and use of central transparency platforms. However, there are a number of issues which should be considered before these can realistically be adopted and operational across Europe.

The first issue is liability. As the liability to publish remains with the market participant, inevitably a back-up system has to be developed and maintained. The cost across Europe for all participants to maintain an alternative reporting system, in case of failure in the European platform is inefficient. If a solution to the liability issue could be found then national or European platforms would be more readily accepted.

The submission of data under both European legislation and current national code requirements should be combined wherever possible. This includes the use of current platforms and data input systems for the submission and collection of disclosure reporting requirements. This reduces the operational risk of multiple reporting and minimises the burden on market participants especially at times of unplanned outages. In these situations, all effort should be focussed on returning plant to active operation rather than having to provide repeated information on additional systems that a plant has an outage.

The development of a national or European platform should involve the input of market participants; this will ensure that the system is fit for purpose, efficient and cost effective. Any platform should be tested for reliability and potentially a back-up solution should prevail if for any reason it fails.

4. Are there significant differences between the needs of electricity and gas market participants for a transparency platform? If so, what are these?

We do not see any differences between the needs of gas and electricity market participants in terms of a transparency platform. There are significant differences between the markets and the systems in place, but any platform should use these systems in order to develop a specific market platform.

5. What are the characteristics of an effective transparency platform? Do you see any issues in using transparency platforms to meet your REMIT obligations?

An effective transparency platform should utilise current input system and data feeds, it should be highly reliable and a back-up solution should be available in case of failure. Data should be published in a timely (near instantaneous) manner, and the linking of data should be available, to enable step by step reporting of an incident.

Platforms should also be free to use for all parties, but be developed in a cost efficient manner.

6. Who are the main users in your organisation of inside information disclosed by other market participants? What information do you need published on such platforms by all participants?

The main users of published inside information will be our traders, analysts and operational teams. We suggest that the information published under REMIT and the EU Regulations on Electricity and Gas Transparency are sufficiently comprehensive for users of this data and do not see the need to extend the quantity of data published.

7. What is an appropriate GB gas market threshold for inside information disclosure and why?

We support the formal adoption within GB of 10mcm/day for the gas market threshold for inside information disclosure purposes. We believe this is a realistic threshold that is currently used for real time flow data at entry points, and shouldn't result in any unnecessary burdens for market participants.

### **Additional Comments**

**Information Security** – The security of the commercially sensitive information that market participants will be required to provide under REMIT registration and transaction reporting is of huge importance to all participants. Although this may be in development within the EU, it is important that reassurances and information are provided on an on-going basis. The areas that will be covered by any solution should be open to input from companies to ensure it is robust, fit for purpose and will provide the upfront reassurance required by companies before submission of sensitive information can realistically take place.

**Transaction Reporting** – Any information on the data and systems requirements that will be needed in order to report transactions (both standard and non-standard) should be communicated as timely as possible. The timescale of 6 months from getting final confirmation of the Implementing Acts to having the obligation to report transactions is extremely tight and will increase costs to all market participants. Any additional time or transitional period that could be adopted to mitigate these potentially significant costs across all European market participants, would be very beneficial.

**Regulation to increase Ofgem Powers** – We remain concerned that we have yet to see a final version of the Regulation to increase Ofgem's powers under REMIT. Given that this Regulation will result in changes to the obligations of wholesale energy market participants, it is vital that a final version is circulated as quickly as possible.

Furthermore, we are highly concerned that Ofgem's guidance in this area will still be under consultation when the Regulation comes into force towards the end of June.

If you have any questions on the responses or areas of concern contained in this letter, please let me know; I am happy to take any questions or discuss any issues.

Kind regards,

Sarah Owen

Regulatory Affairs, Centrica Energy