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29 April 2013

Our ref. PETGK20130418-01

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## **Regulation on energy market integrity and transparency (REMIT) – Consultation on registration and transparency issues**

Dear Ms Whittington

DONG Energy appreciates the opportunity to respond to the open letter on 'Regulation on wholesale energy market integrity and transparency (REMIT)'. We welcome Ofgem's initiative to receive market participants' views on issues in relation to the registration process and related to transparency and transparency platform(s).

DONG Energy has the following comments to the questions raised:

### **Registration**

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

DONG Energy has large interests in the GB power and gas markets. However, as a Danish state-owned company also having major interests in other North-West-European energy markets, and in particular the Danish energy market, we intend to register at the Danish National Regulatory Authority.

Nevertheless, if Ofgem intends using the list of GB registered market participants in relation to the distribution of information, consultations or requests, we would like to be registered on such information distribution list, even though we are formally registered as market participant with the Danish regulator.

Considering this background, we would like to know, whether such a registration for information purposes can be part of – or in parallel with – the REMIT registration process.

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?*

According to ACER Decisions No. 01/2012 on the registration format for registration as market participant pursuant to REMIT the data fields are quite comprehensive. For public needs and in order to observe protection of information privacy - e.g. to avoid identity theft - a less extensive disclosure of registration data is preferable.

In harmony with these considerations information requested for each market participant in Annex 1, Section 1, of the above mentioned Decision should be that basis, i.e. field 101 (Market Participant), 102 (Person Type), 103 (Legal Form), 107 (State), 108 (Address), 109 (City), 110 (Postal Code), 111 (NRA), 119 (Website), 120 (Publication Inside Information), and 123 (Date of Validity).

### **Transparency**

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?*

At the moment there are significant differences between market practices in relation to publication of planned and unplanned unavailability in the UK and on the continent. As REMIT is a Regulation, it is not reasonable that there are too many varying implementation levels across different jurisdictions, unless there is a justified reason for such differences. We would therefore appreciate amore aligned and adequate framework to be established.

When (if) the European Union ends up becomin one single gas or power market there can be good reasons for having one central transparency platform at EU level. However, since a common EU based gas or power market may not be established for the next many years to come, national or regional platforms currently seem to be a better option. In other words, DONG Energy proposes a platform level that corresponds to energy markets as they appear in practice. In the case of GB, this means a national based transparency platform both for gas and power.

As a result of this, disclosure on own websites is not a workable solution. We are aware that such a solution may be preferable for some market participants, as they are then responsible, in the event of temporary outage of a central platform, (which can prevent a party with inside information from trading during the outage).

In light of this, DONG Energy proposes a specification within the REMIT framework making it clear that – in case of an outage of the 'official' (relevant)

disclosure platform – if it – *however unsuccessful* – can be demonstrated you have observed platform disclosure requirements you should not be penalised for exercising normal trading activity. If such exemption does not prevail, the market will come to a standstill until the disclosure platform of the market in question is back to normal operation.<sup>1</sup>

Finally, DONG Energy proposes further guidance on how to secure that aggregation of disclosed information can take place, i.e. when more than one outage of production capacity occurs you need a general/ total picture of the market situation.

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

There are significant differences between power and gas market specifics. Due to these differences there is not the same need for information of an outage on the demand side for gas as there is for power. However, the need for a transparent market disclosure platform is to a large extent the same.

We are indifferent whether the disclosure platform is exchange or TSO based.

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

5.a: An effective transparency platform should be characterised by easy to upload information on for the data provider (including the ability to update data and correct errors), easy to access for market participants and should provide an easy overview of the information shared at the platform. The latter will require guidance in relation to secure ability of aggregating data in order to get an overall view (numerically) of the market situation.

5.b.: As mentioned in the answer to question 3, creation of a mandatory disclosure platform should be followed by an exemption from penalties in case of an outage of the platform. This is a necessity in order not to stop the market from functioning during the period of the outage of the platform.

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?*

6.a.: Main users of disclosed inside information within DONG Energy are predominantly the people responsible for trading.

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<sup>1</sup> Such exemption shall not be confused with the Article 4(2) exemption.

6.b.: In general, and in accordance with REMIT, information that potentially influences the market price – which does not constitute strategic based information – is relevant for such platforms.

Our ref. PETGK20130418-01

In practice this means:

**Asset related information**

Reference number	[Should be generated automatically]
Affected market	[in case of the platform covers more than one market, e.g. power or gas, or geographically]
Message type	New message/Update/Cancellation
Company name of discloser	Company name (sometimes added 'on behalf of' which can also be added under 'additional information')
Asset type affected	E.g. offshore gas production/underground storage/gas pipeline/power transmission
Name of asset affected	E.g. name of gas production platform, name of underground storage, offshore pipeline name, etc.
Start time of capacity change	[Date-Month-Year Hour]
Ending time of capacity change	[Date-Month-Year Hour]
Duration uncertainty	E.g.: 0 day +/- 1 day +/- 2 days +/- 3 days or more
Cause	Maintenance/Unplanned Outage
Flow capacity reduction	xxxxx MWh/day
Available flow capacity	[Not mandatory]
Remarks/Additional information	[Not mandatory]

Definition of above used terms: See inclosed document 'Disclosure Guidelines for GMM DK.pdf'

**Wholesale agreements and transport bookings**

For wholesale agreements a similar but more simple template can be made. For gas transport bookings it is unknown whether the information shared by the TSO after an auction process fulfils the REMIT requirements.

Please also find enclosed documents on the Danish gas disclosure platform, which is a simple but workable solution for disclosure of REMIT inside information (however with a need for a more easy access to aggregated data).

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

In North-Western Europe only the Danish Energy Regulatory Authority (DERA) has approved an indicative threshold (covering the Danish upstream gas market). Please find enclosed a document determining the indicative threshold made by a working group consisting of commercial market participants (shippers and traders), gas producers, TSO and DERA/NRA.

As member of the above mentioned working group DONG Energy agrees with the considerations made in the document. With respect to a recommendation for indicative threshold for GB, further assessments will need to be conducted. As inspiration in this context, the Danish process involving relevant stakeholders was a useful process with a helpful outcome.

It is worth noting that an indicative threshold must have a legal consequence on the burden of proof. This means that if a market participant has observed the indicative threshold, it is the responsibility of a third party to demonstrate if the market situation at a certain time required a lower threshold to be observed. On the other hand if a market participant does *not* disclose inside information (events) above the threshold the market participant in question should have the burden of proof in respect of the reason why the market situation chose not to publish the information.

Should you have any questions in relation to this document, please do not hesitate to contact the undersigned.

Yours sincerely,  
DONG Energy



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