



**May 2013**

By E-mail

REMIT@ofgem.gov.uk

**ExxonMobil's Response to Ofgems open letter on REMIT Implementation matters**

Dear Sir/Madam,

ExxonMobil<sup>1</sup> is a longstanding participant in the European Gas and Power business involved across the supply value chain including upstream production, storage and processing, LNG receiving terminals and marketing. As such we are keenly interested in on-going developments relating to the implementation of REMIT in the UK and across Europe.

ExxonMobil welcomes initiatives that improve the functioning of European energy markets and promote further market integration, efficiency of network operations, and increased market liquidity. We support measures which are market based, ensure a level playing field for all market participants and improve the harmonization of regulations across the EU. With this in mind we would offer the attached perspectives on the questions raised in Ofgems open letter on REMIT implementation matters.

We hope the following comments prove useful in Ofgems on-going efforts to implement REMIT in an orderly manner. For further information, or if you wish to discuss the above, please contact Barry Shackleton (+44 1372 22 2715 barry.j.shackleton@exxonmobil.com).

Kind Regards,

Barry Shackleton  
Regulatory Associate

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<sup>1</sup> Nothing in this response is intended to override the corporate separateness of individual corporate entities. The terms "Corporation," "company", "affiliate", "ExxonMobil" "our" "we", and "its" and cognates thereof, as used in this document, may refer to Exxon Mobil Corporation, to one of its divisions, to the companies affiliated with Exxon Mobil Corporation, or to any one or more of the foregoing. The shorter terms are used merely for convenience and simplicity.

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

- 1.) Timing of availability to register – will registration only be available after the commission implementing acts are adopted given that registration is driven by whether or not you are engaging in the transactions that the commission are expected to list in their implementing acts?
- 2.) Expectations on ultimate beneficiary and ultimate controller – can be different things for a multi-national company, and are perhaps more relevant for private companies? In any case it would be useful to clarify corporate separateness principles in relation to the provision of any such information.
- 3.) Where an operator of a facility is publishing inside information on behalf of a market participant or multiple market participants but is not itself active on the wholesale energy market and as such not a market participant, is there an expectation they would register – we would assume not? For example, would an operator reporting inside information on behalf of a market participant be captured under section 5 of the ACER decision or is this section aimed only at delegated reporting in relation to transaction reporting under Article 8(1)?
- 4.) Field 120, asks for the location of publication of inside information. This field should allow for multiple locations as there are situations where the operator is on point for publication of the inside information and where there are multiple different operators publishing within a member state multiple locations should be allowed to be entered. In addition, companies who are active in a number of member states may be publishing on several different national platforms. Ultimately this issue may go away once publication is occurring on national platforms or ultimately a European platform but in the meantime companies may be reliant on one or more operators / National platforms for publication of inside information.
- 5.) How will a market participant know when they are registered given the staggered requirement for provision of information in ACERS decision on format for registration?
- 6.) Clarify that registration of entities which only have intra-group transactions is not required
- 7.) Will a de-minimis threshold apply where for example an entity may have less than [x] number of contracts?

**Question 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 are aware of our counterparties through internal processes and do not see any apparent value in the publication of market participant data.

**Question 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?*

It would be beneficial to have a consolidated view of published inside information, however with respect to individual company publications what works for one company may not work well for another depending on such things as size, which markets they are active in, and are they a physically backed participant or not. e.g. A company based in the UK trading at the NBP could use the NGG site. For a company who has a marketing affiliate set-up to trade gas at multiple hubs and has assets in a number of member states using the national site of each country, where they exist, would be problematic requiring several different approaches for publication depending on the platform being used. In this case a company should be able to use their existing European website as a centralised location and implement standard procedures for the publication thereafter. It would only make sense in this case to move to a European transparency platform once available and so in the interim the company should be allowed to continue to publish on their website as opposed to move to individual national solutions.

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

From a transparency platform perspective the needs in terms of publication of data are similar however they type and granularity of data will be different due to the inherent physical differences and characteristics between electricity and gas markets

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

ACER is currently consulting on guidelines for the registration of both RRM's (registered Reporting Mechanisms) and RIS's (Regulated Information Services). We note that in the consultation on RIS's ACER refers to three different types of RIS - inside information platforms, European platforms and transparency platforms reporting non-aggregated information. ACER have yet to release the technical specifications for becoming an RIS and this will be a key document for understanding implications on companies who currently report their inside information via own company websites, or via facility operators.

We have implemented systems and procedures to ensure inside information is captured and reported as required under REMIT. Today this is done on a "centralised" website for the relevant facilities we operate in Europe. Any transition to publication via an RIS either by becoming an RIS ourselves or by updating procedures to publish via a 3<sup>rd</sup> party RIS raises a number of questions:-

- 1.) What are the cost implications with respect to publication via an RIS or alternatively of registering as an RIS?
- 2.) Where publication of inside information is currently done by an operator how does this affect current arrangements – will the operator have to become an RIS?
- 3.) With the establishment of RIS's we are concerned that restrictive terms and conditions may be placed on the use of an RIS platform which in turn could hinder information provision via such a platform. Those currently publishing potential inside information (i.e. Operators of facilities who may not be market participants themselves) on behalf of other market participants may arguably be excused from the burden of formally becoming an RIS, or may not wish to sign-up to restrictive terms and conditions to the use of an RIS. Terms and conditions for the use of RIS should be non-discriminatory to ensure all relevant parties can sign up to use it and its effectiveness is therefore maximised.
- 4.) When will a European transparency platform be available and in the interim pan European companies that have implemented a European publication approach should not be forced to move to national transparency platforms.
- 5.) Will companies have to have duplicative back-up routes to publication anyway in case an RIS fails?

**Question 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?*

No comment

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

We agree that a single threshold for the EU is not practical due to differing markets and changing conditions within those markets across the EU. Industry has been using the following existing 10mcm/d gas flow rate guidance in relation to gas supply disruptions and near real time data publication at aggregated system entry points:

- 1.) DECC guidance to terminal Operators in relation to unplanned Gas supply disruptions at a network entry point -> <https://www.og.decc.gov.uk/upstream/emergencies/TermOpGuide.doc>
- 2.) National Grid UNC MOD 006 relating to publication of near real time data at UK sub-terminals. <http://www.gasgovernance.co.uk/sites/default/files/0006RevisedFinalModificationReportv60.pdf>

We note that given market conditions can change this should be considered a guideline and it may be appropriate to consider a higher or lower threshold depending on market conditions. We also so note that publication of information which is either imprecise, or excessive may be seen as misleading by the market and therefore careful consideration should be given to ensuring this does not happen to avoid a breach of REMIT under Article 5.