

Consultation on REMIT - Ofgem's open letter

Submission by GDF SUEZ Energy UK-Europe

3 May 2013

(I) Introduction

Thank you for the opportunity to comment on your open letter dated 15 March 2013 with regard to the Regulation on energy market integrity and transparency (REMIT). Please find our initial comments below.

(II) Answers to Consultation Questions

One - Registration

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

1. It is important that in order to facilitate a successful registration programme that the process should minimize the burden for market participants and in particular have regards to those participants belonging to a pan-European group. Our preference is that the registration format as determined by ACER is applied universally by the NRAs (including Ofgem) such that companies can adopt a common registration process and recording system. NRAs should avoid introducing any additional complexities such as requiring additional data fields over and above those specified by ACER.
2. With regards to the "registration user manual" we consider that clear guidance will be required on the completion of section 3 "data on the ultimate controller or beneficiary of the market participants" and section 4 "data related to the corporate structure of the market participants". Particular attention should be given to the case of multi-national groups who typically have complex corporate structures involving many layers.
3. The guidance document should better define the data requirements that are to be supplied by the "ultimate controller" and the extent to which this information should be given. Also, it is important to clearly define and limit what is meant by the term "ultimate beneficiaries", for example beneficiaries are typically the shareholders but it is clearly not the intent to list all shareholders.
4. With regards to the practicalities of the registration process itself it is important that the guidance is published in good time to ensure that companies can digest and understand the registration process and prepare their submissions ahead of the reporting obligations taking effect. This is not a trivial matter and we consider that each NRA should allow sufficient time and resource to resolve legitimate questions from market participants.
5. It is our expectation that the registration process will remain open on an ongoing basis such that records can be updated and maintained and that the data security of the registration will be paramount.

6. It is important that the guidance document gives clarity with regard to the requirements for large consumers who are captured by the legislation. It is important for the NRAs to recognise that, unlike other participants, energy markets are secondary to the consumer's normal business. Particular attention should be paid to the expected roles of both consumers and their energy suppliers in this regard. Further, it would be very useful if Ofgem in conjunction with ACER could clarify the extent, or not, to which energy suppliers can fulfil the REMIT transaction reporting obligations on behalf of their qualified consumers.

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?

7. We agree that it is imperative that commercially sensitive information is not disclosed. Such information may include (but is not limited to) "data on natural persons linked to market participants" which should not be disclosed.

Two - Transparency

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?

8. We acknowledge the following advantages of a central platform at EU level (and only at EU level):
- Enhanced transparency through use of uniform format for publishing inside information.
 - A single platform to screen instead of various company (transparency) websites.
 - Information is available to all simultaneously.
9. In addition to the advantages we have noted above it is important for a central platform to meet a number of operational system requirements to guarantee the reliability and robustness of the system including; high quality and performance of the system, the system should be easily accessible and user-friendly, and should present information as close to real time as possible.
10. Notwithstanding the advantages we have identified above from a centralised EU platform it is important to recognise that the central system should be regarded as additional and should not be regarded as replacing the need for a market participant's own transparency website. Further, the market participant's own published data should be regarded as definitive relative to any data published by the central platform.
11. GDF SUEZ are not in favour of any initiative at regional or national level at this time as these are unlikely to provide benefits over and above company's own websites. Regional solutions are likely to be a temporary solution until ACER reaches its intention to organise centrally and to this extent the development of local initiatives at this stage would seem to duplicate effort and hence introduce inefficiencies.

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

12. None identified at present.

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?

13. See also our answer under Question 3. An effective transparency platform should be created at European level, and only at that level, and guarantee real-time publication of the inside information received from the market participants. The market participant itself should not be held responsible for any failure in publishing and any failure on behalf of the central body should not inhibit the market participant's ability to trade as long as it has made the relevant information available on its own company website. Further, any transparency platform should meet strict (operational) system requirements to guarantee reliability and robustness of the system.

14. The use of any such platform should be free of charge considering that market participants have already invested significant time and costs setting up their own transparency websites in order to be REMIT compliant. The cost of any new central platform should therefore not be recovered from the market participants.

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?

15. Information disclosed by other market participants under REMIT is mainly used to inform hedging decisions and to understand the reasons for some wholesale price movements. Consistency is important between market participants and hence it is reasonable to expect that any information is disclosed that falls under the current definition of "inside information" under REMIT, with the clear exception of market participant's own trading plans and strategies.

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

16. We do not have a specific view on the level of the GB market declaration threshold but we note that potential thresholds may vary across Europe depending on the particular characteristics of the relevant market and perhaps reflect seasonal variations. It is important in any case that any threshold is well defined by the NRA such that market participants can be clear on its application and that the threshold itself does not create an excessive number of alerts.

End of response to questions.

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