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Via e-mail: [REMIT@ofgem.gov.uk](mailto:REMIT@ofgem.gov.uk)

### **Re Ofgem Open Letter - regulation on wholesale energy market integrity and transparency (REMIT)**

Thank you for the opportunity to respond to the questions contained in the open letter. Full details of our views and answers can be found in Annex 1. For the avoidance of doubt, this response is not confidential and so may be placed on the Ofgem website.

As both an upstream producer and active traded market participant, we have a number of REMIT-related publication and reporting obligations. This response therefore reflects the views of both Shell UK Ltd and Shell Energy Europe Ltd, respectively the GB production and trading arms of Royal Dutch Shell.

Shell was actively involved in the development of REMIT and continues to take an active role in its implementation at a national level in both GB and other EU markets. In particular, we are keen to contribute to an implementation that is effective, efficient and practical. In that context, we would be happy to meet with you to discuss our views further if this were considered useful.

In the meantime, we trust that you find our response helpful. Should you have any further queries, please do not hesitate to contact me. Alternatively, you may wish to contact my colleague, Dymph Cooke, Commercial Advisor, UK Regulatory Affairs, Shell UK Ltd, for upstream related issues.

Yours sincerely

Amrik Bal  
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## Annex 1

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

The user manual needs to detail accurately the time it will take for a market participant to complete the registration process. Each NRA has up to three months after the implementing acts are adopted to have a registration system in place. If the registration process is onerous or time consuming this could prevent market participants from being able to register in time, putting them in breach of REMIT given that supply commitments must be met. A market participant could have as little as three months to complete the registration process.

#### Additional registration questions

We would be grateful if Ofgem could address the following points:

- Will information from the Electronic Public Register be used to help speed up the registration process?
- Will there be any transitional registration arrangements for market participants who fail to meet the additional deadline?

### 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 support a public register of market participants containing the following public data -

- the market participant's name and type, ie. natural or legal?
- the registered address (operating address if different)
- the NRA who processed the registration
- company website, with details of where the information can be found
- the status of registration and a contact person for communications.

We feel that any entity specific information such as LEI's and EICs or sensitive personal information of natural persons should **not** be included. This information if required can be shared directly with the requestor during the course of customer due diligence.

### 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?

Broadly speaking, we are in favour of the use of platforms such as the service provided by National Grid. We support a general requirement for TSOs in this regard.

The advantage for parties who wish to access information is that they are likely to find such a service a more efficient and cost-effective option compared to the alternative of tracking individual company websites, Twitter feeds, etc. Consequently, market participants such as producers and generators may find that a transparency platform represents not only an additional but possibly more comprehensive means of meeting their information publication obligations.

We would, however, make two wider observations:

- To the extent that use of the platform by market participants is made mandatory, the issue of legal liability is critical. In short, would legal responsibility for incomplete or late publication be the responsibility of the market participant even where the platform operator was at fault?
- With regards to common regional or a pan-EU transparency platform, either could be a useful development in time. However, a common regional/pan-EU approach should not become confused with undue or harmful harmonisation of national implementation policy that might otherwise restrict the ability to draw on existing national market practice and custom.

**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 technical/design perspective, we are unable to identify any immediate significant differences.

Clearly, the differences between the two commodities, be they physical or market structure in nature, may well preclude a common platform. For example, the size of an outage that may impact (significantly) on prices will vary between the commodities and market regions.

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

Any transparency platform should not be difficult to navigate. Therefore, from the perspective of a market participant accessing the platform for information, an important consideration must be that data is clearly displayed and easy to find. Equally, there must be certainty regarding the reliability of information, including any updates.

Looking forward, an effective platform should demonstrate scalability or the ability to adapt to changes in requirements. Interoperability with the IT infrastructure of companies submitting information is also an area to consider.

Finally, there needs to be a robust set of governance arrangements and transparency over service provision and charging arrangements. For example, who would approve charges, including their structure?

**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?**

In answering this question, we would emphasise that we are aware of our obligations regarding not trading on the basis of access to inside information, either within Shell or from counterparties. In that context, publically available REMIT-related information would most likely be of use for our trading function. We believe this to be the case across the industry more widely.

With regards to the second question, the most obvious requirement would be for information related to the time of the outage and the subsequent curtailment of flows/generation at a point most relevant to the wholesale market. In the case of gas, this would be the ASEP.

Ideally, the platform should provide information regarding the likely duration of an outage. However, while it may be different in power, the uncertainty associated with the behaviour of gas fields can mean that producers are unable to provide such information with any degree of certainty.

That said, it would be beneficial to understand how much of this information could be published and suitably caveated to protect parties from any potential accusations of misleading the market.

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

At the time that REMIT came into force and in the absence of specific, formal guidance on this point, Shell adopted the OGP position of a 10mcm/day threshold and aggregated at ASEP level. We would advocate retaining these arrangements, which draw upon the framework for the publication of real-time flow information.

To the extent that consideration is given to a lower threshold, the mismatch between 10mcm/d in the context of real-time flow information and a different figure for REMIT purposes would need to be examined and justified. In other words, if real-time flow information required for effective market functioning can be based around this figure, why should it be different for REMIT?

Equally, we see no rationale for departing from the current publication at ASEP level. We are very much of the opinion that this is the point at which an aggregation of outages over a fixed volume, ie. 10mcm/day, along with possible outages at transmission facilities, becomes apparent and may have a significant price impact.

That said, while the 10mcm/d figure is appropriate for day-to-day REMIT purposes under current market conditions (helping to minimise both operational costs and compliance complexity for parties subject to a publishing obligation), we believe that Ofgem and market participants should be prepared to review the gas threshold periodically to take account of possible changes in market conditions. We would ask that any subsequent change be agreed and notified to Market Participants by Ofgem to help ensure continued compliance.