

Compliance with REMIT

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ofgem

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- Reporting
 - Registration
 - Inside information
 - Insider trading
 - Market manipulation
 - Reporting suspicions

Transaction Reporting

- Learning from challenges in financial markets
- Meeting the obligations requires wide expertise
- Continue to engage constructively

Registration

- Please don't leave it to the last minute

What is it?

- Precise
- Related to Wholesale Energy Products
- Not in the public domain
- Potential to be Price Sensitive

What do we expect?

- Considering physical and financial circumstances
- Across relevant timeframes
- Robust processes in place

Timely and effective publication

- Reporting without delay
 - ACER guidance – within 1 hour at latest
 - In many cases this will be too long
- We expect the best available information at the time to be published
- We expect a public history of REMIT notifications to be kept
- **A lot of room for improvement**

Annex 1 – Example format for publication of inside information

Publication according to Article 4(1) of REMIT – Urgent Market Messages

Latest UMMs as at 14:50, 30/05/2014

Event ID	Asset Name	Status	Publication Time	Event Start	Estimated End	Installed Capacity (MW)	Available capacity during event (MW)	Cause	Comments
2.2	T_BMU-1	Unplanned - Ongoing	29/05/14 09:10	28/05/14 12:00	03/10/14 16:00	500	0	Boiler issue	Estimated event end date changed from 01/10/2014 to 03/10/2014
3.1	T_BMU-2	Planned – Ongoing	10/05/14 10:32	23/07/14 12:00	05/08/14 12:00	500	250	Planned outage	N/A – New message
4.1	T_BMU-3	Planned – future	17/04/14 10:29	01/06/14 00:00	30/06/14 12:00	500	0	Planned outage	N/A – New message

Only the latest updates to on-going and future incidents should appear in the list of "latest UMMs".

Closed incidents and previous updates of on-going or future incidents should appear in the list of "historical UMMs".

The two can be linked by Event ID.

Status to clearly highlight if the incident is:

- Planned – Future
- Planned – Ongoing
- Planned – Superseded
- Planned – Completed
- Unplanned – Ongoing
- Unplanned – Superseded
- Unplanned – Completed

Historical UMMs as at 14:50, 30/05/2014

Event ID	Asset Name	Status	Publication Time	Event Start	Estimated End	Installed Capacity (MW)	Available capacity during event (MW)	Cause	Comments
2.1	T_BMU-1	Unplanned - superseded	28/05/14 12:08	28/05/14 12:00	01/10/14 12:00	500	0	Boiler issue	N/A – New message
1.3	T_BMU-2	Planned - Completed	29/04/14 08:13	20/04/14 21:00	29/04/14 08:00	500	500	Planned outage	Work completed – plant back to normal capacity
1.2	T_BMU-2	Planned - superseded	26/04/14 22:55	20/04/14 21:00	29/04/14 09:00	500	0	Planned outage	Estimated event end date changed from 27/04/2014 to 29/04/2014
1.1	T_BMU-2	Planned - superseded	10/04/14 09:30	20/04/14 21:00	27/04/14 09:00	500	0	Planned outage	N/A – New message

Prohibitions in possession of inside info

- Trading
- Disclosing
- Recommending

Considerations

- We advise having robust written procedures in place to avoid misuse of information
- We would consider the application of these policies and severity of the breach when considering penalties

False/Misleading transactions

- eg spoofing

Price positioning

- eg marking the close

Fictitious devices/deception

- Eg pump and dump

Disseminating false/misleading info

- Eg through the media

Persons professionally arranging transactions (PPATs)

- Meeting PPATs to understand:
 - How do PPATs spot and investigate potential suspicious transactions?
 - Overview of monitoring processes
 - Brokers internal procedures
- Expectations
 - Inability to see everything does not prevent reporting
 - Expect PPATs have documented processes and regular assessment of market abuse risks.

Market participants

- No obligation but encouraged to report suspicions

- Reporting Issues
 - Email; market.conduct@ofgem.gov.uk
 - Online; <https://www.acer-remit.eu/np/home>

Conclusions

Questions?

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.