



Making a positive difference
for energy consumers

To wholesale energy market participants in Great Britain, Northern Ireland and the European Union, and to any other interested parties

Email: REMIT.Registration@ofgem.gov.uk

Date: 27 September 2019

Dear Colleague,

No-deal EU exit REMIT contingency arrangements – September update

On 10 April 2019, the European Council agreed to the United Kingdom Government's request for an extension to the Article 50 EU exit period. Consequently, the UK is scheduled to leave the European Union on 31 October 2019 and will do so unless agreed otherwise by the Government, Parliament and the European Union.

Leaving the EU with an agreement remains the Government's stated intention. However, until a deal is agreed, a responsible government and responsible regulator must plan for every eventuality, including a no deal scenario. Consequently, we consider it is timely to provide market participants (MPs) with an update on how the no-deal REMIT contingency arrangements will work.

As part of our contingency planning, on 4 December 2018 we published a letter titled 'No-deal EU exit REMIT¹ contingency arrangements'² ("the December letter"). This was followed on 1 March 2019 by our 'No-deal EU exit REMIT contingency arrangements – Update'³ letter ("the March letter").

The purpose of this letter is to summarise the no-deal EU exit REMIT contingency arrangements set out in the March letter and, most importantly, to confirm to GB wholesale energy MPs that those contingency arrangements remain valid as we approach 31 October 2019.

¹ REMIT is the EU Regulation on Wholesale Energy Market Integrity and Transparency. REMIT obliges EU Market Participants (MPs) to publicly disclose inside information and prohibits insider trading and market manipulation. To allow National Regulatory Authorities (NRAs) to carry out effective market monitoring, REMIT imposes a registration obligation on MPs, and obliges MPs to report (via Registered Reporting Mechanisms – RRM) certain trade and fundamental data to the Agency for Cooperation of Energy Regulators (ACER).

² https://www.ofgem.gov.uk/system/files/docs/2018/12/no-deal_eu_exit_remit_contingency_arrangements.pdf

³ https://www.ofgem.gov.uk/system/files/docs/2019/03/ofgem_remit_communications_notice_update.pdf

For the avoidance of doubt, this notice outlines no-deal contingency arrangements only. If a Withdrawal Agreement is implemented, or an alternative course of action agreed, the EU exit implementation period will run until 31 December 2020, unless otherwise agreed by the UK Government and the EU. During this time our working assumption is that current REMIT registration and data reporting channels will remain unchanged.

No-deal EU exit REMIT contingency arrangements – Summary

The March letter covered three main areas: (i) monitoring and enforcement; (ii) registration; and (iii) data reporting. The key messages outlined in the March letter are as follows:

- With respect to monitoring and enforcement, registration and data reporting all the positions we outlined in the December letter still stand. The REMIT prohibitions and obligations will still apply in GB post-Brexit and Ofgem will continue to have the powers to monitor and enforce them.
- MPs will not need to re-register with Ofgem in order to enter into transactions for wholesale energy products deliverable in GB after EU exit. Following a Direction from Ofgem (after EU exit), we will recognise the registration of MPs currently registered with the Utility Regulator for Northern Ireland (UREGNI) or with a National Regulatory Authority (NRA) of an EU Member State as being valid for compliance with Article 9 REMIT in GB.
- MPs currently registered with Ofgem who wish to enter into transactions or place orders to trade in wholesale energy products where delivery is in the EU, will be required to re-register with an NRA of an EU Member State. Consistent with the EU Agency for Cooperation of Energy Regulators' (ACER) Open Letter⁴ published on 8 January 2019, affected MPs are advised to initiate this process now, if they have not already done so.
- MPs currently registered with Ofgem will remain so, unless they elect to re-register with an NRA of an EU Member State (in order to be able to eligible to enter into transactions for wholesale energy products deliverable in the EU). Following re-registration, MPs can use their new registration code for the purposes of compliance with Article 9 REMIT, both in GB and in the EU. For the avoidance of doubt, MPs will not be obliged to use two codes.
- GB MPs re-registering with an EU NRA, in order to be eligible to enter into transactions for wholesale energy products deliverable in the EU, will be required to report trade and order data in relation to those transactions to ACER using their new registration code. We understand that ACER, as expressed in its Open Letter, is engaging on a continuous basis with Registered Reporting Mechanisms (RRMs) to ensure a smooth ongoing REMIT reporting following EU exit. The re-registration process should not present a REMIT compliance risk to MPs.
- Trade and fundamental data relating to GB wholesale energy markets and products, will no longer be collected by ACER. Following a review period, if appropriate, the trade data will be collected by Ofgem. During the review period, Ofgem will continue to monitor the market for possible breaches of market integrity using existing data sources. In respect of GB fundamental data, this will continue to be made publicly available by the parties obligated under the Transparency Regulation SI and Gas Regulation SI.

Next Steps

⁴ https://documents.acer-remit.eu/wp-content/uploads/Open-Letter_Communication-on-REMIT-and-Brexit_190108.pdf

Should the United Kingdom leave the European Union on 31 October 2019 (or subsequently) without the implementation of a Withdrawal Agreement, the contingency arrangements outlined in this letter will be implemented in full on that date. If a Withdrawal Agreement is implemented, the EU exit implementation period will run until 31 December 2020, unless otherwise agreed by the UK Government and the EU. During this time our working assumption is that current REMIT registration and data reporting channels will remain unchanged.

We currently have no further communications planned in advance of 31 October 2019, but should circumstances change, we will act to provide the maximum clarity possible. In the meantime, we will continue to ensure we have all necessary contingency measures in place, and that in all eventualities GB wholesale gas and electricity markets function with transparency and integrity.

We are happy to discuss any of the above with stakeholders, including any concern that they may have. Please feel free to contact us through the following e-mail address: REMIT.Registration@ofgem.gov.uk.

Yours sincerely,



Nathan Macwhinnie
Head of Market Intelligence and Oversight