

Transparency

Florence Forum, 10-11 Dec. 2009

Association of European Power Exchanges

Transparency is vital for energy markets

- Transparency in terms of:
 - Creating and strengthening trust to the market as well as to the public
 - Support to the market supervision and regulatory authorities
 - Making trading understandable and comprehensible
- Difference between fundamental market data and post-trading data
- "Transparency based on sound judgment", i.e. ensuring that business secrets are kept and preventing collusive behaviour
 - Too much transparency can lead to parallel behaviour by trading participants as a result of co-ordinated arrangements and cause damage for the market in this way
- Transparency in trading is already safeguarded by exchanges today. Brokers and other platforms should also provide information on trading transactions on their platforms.

Transparency concerning the Congestion Management Guidelines – power plant data

***By creating a level playing field for the relevant parties
transparency is a precondition for efficient functioning of the
competitive market***

Report on Transparency for the Northern Region

***The TSO shall publish the relevant information ... on generation
according to the timeframes referred to in point 5.5 and 5.6***

Point 5.7 Congestion Management Guidelines

- TSO is the responsible party for publishing the relevant information
- But: TSO is obliged to publish data of other market participants (e.g. generators), even data it does not own originally
- point 5.5 S. 2 CMG obliges the market participants concerned to provide the TSOs with the relevant data
- all information shall be made freely available in an easily accessible form (point 5.9 CMG)

As publication on the homepages of the power exchanges is partly already established practise and this also results in some kind of aggregation this could be accepted by regulators. Power exchanges as information platform provider are widely acknowledged as a helpful tool

Report on Transparency, ERI Northern Regional Electricity Market, 2007

- Energy Exchanges would be the place of publication which is generally recognised by the market
- Recent example “Transparency in Energy Markets”: EEX operates the new central transparency platform for German generation and consumption data

Essential Prerequisites:

- Initially, existing specifications, such as the transparency requirements of the Congestion Management Guidelines (CMG) and of the Report on Transparency for the Northern European Region are to be implemented
- The need for co-ordination with the relevant market participants regarding the substantiation of statutory publication requirements is both comprehensive and time-consuming and should not be underestimated

CESR/ERGEG advice to the Commission on transparency and market abuse

- Power Exchanges welcome all initiatives for the harmonisation of the European Energy Markets, in particular to create a level playing field
- Transparency has to be treated separately from the prevention of market abuse
 - Transparency measures are necessary to enhance the trust in the market, but not detect any market abuse
- Power Exchanges welcome
 - CESR/ERGEG recommendation for a European-wide harmonized transparency regime
 - CESR/ERGEG proposal for a basic, tailor-made market abuse framework in the energy sector legislation for all electricity and gas products not covered by the Market Abuse Directive (MAD)