

Pre-Trade Transparency: Fundamental Data

Andrea Hehnke

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Sector-specific Transparency Rules

(similar to the obligations of disclosure in Art. 6 MAD)

= oblige the relevant market participants (i.e. power plant operators, network operators) to disclose **information that has an influence on electricity and gas wholesale prices** (physical products and derivatives)

- Timely publication on common platform
- Legal obligations
- Effective sanction mechanisms

- 2005: start of discussion to identify relevant data for the market
- August 2006: ERGEG published Guidelines of Good Practice on Information Management and Transparency (GGP-IMT)
- December 2007: EU-Commission adopted amended Guidelines on Congestion Management (**CM GL**)
 - ⇒ In the Electricity Regional Initiative NRAs agreed on common interpretation of the transparency rules of CM-GL
 - ⇒ Transparency reports were agreed on in five of seven regions (NE, CWE, SWE, CEE and in 2009 also CSE)

Transparency Requirements in the Guidelines on Congestion Management:

- Load (e.g. forecast and actual load flows)
- Transmission grid (e.g. forecasts of available capacity)
- Generation (e.g. unavailabilities of generation units)
- Balancing (e.g. imbalance price in a control area)

Result of monitoring of implementation of transparency requirements

- Progress in implementation can be observed
- Still remaining implementation insufficiencies (e.g. generation data)
- Necessary to transform common interpretation into detailed legally binding rules

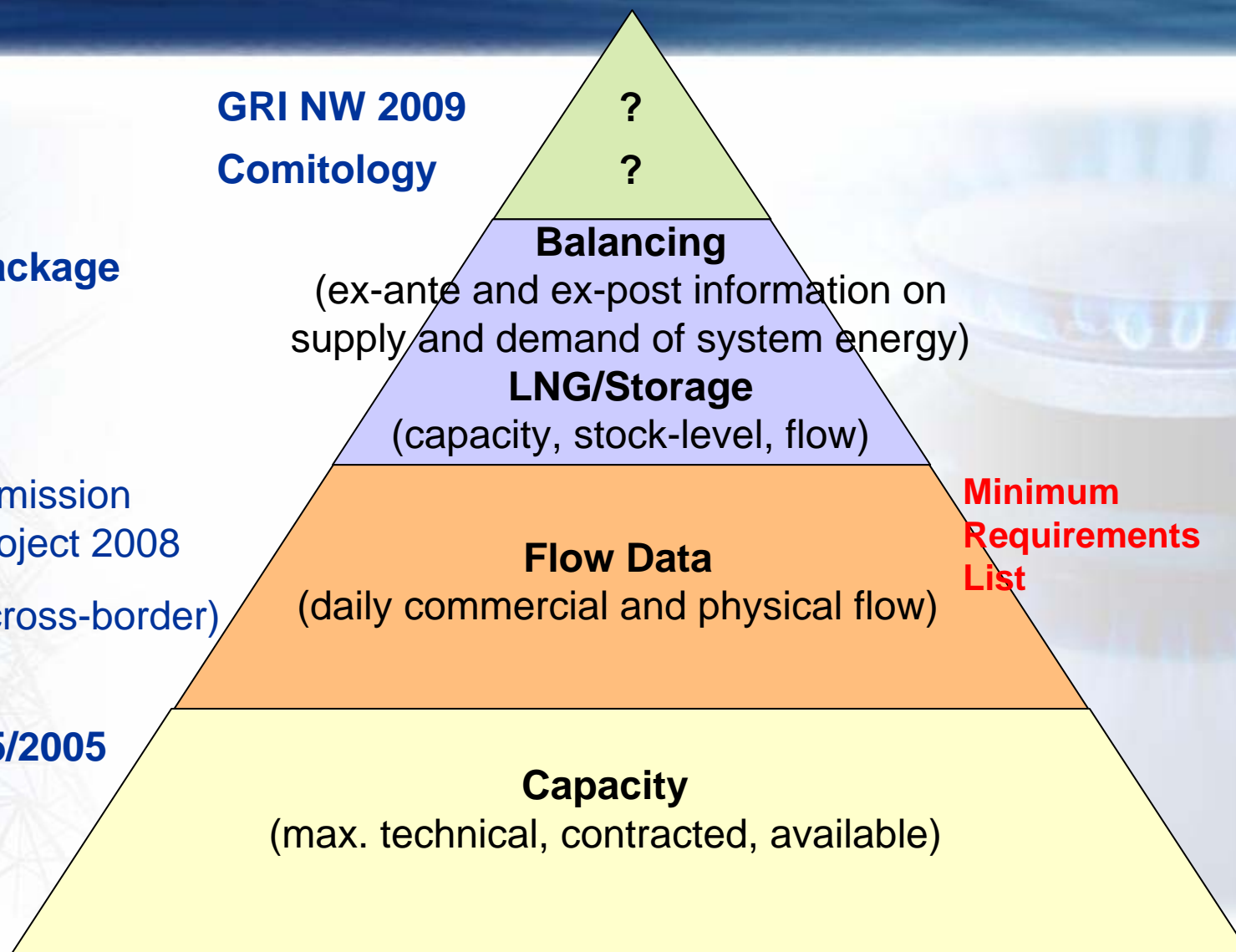
- Transparency Requirements in different Guidelines of Good Practice (SSO-2005, Balancing-2006, LNG-2007)
- 2007: Compliance-Monitoring with Transparency Requirements of **Gas Regulation 1775/2005/EC**
- 2008: Strategic guidelines and codes: Example related to transparency in natural gas (2008)
- EREG principles for Capacity Allocation Management & Congestion Management Procedures; Annex 1 “EREG principles on transparency” (2008)

Third Energy Package

GRI NW – Transmission
Transparency Project 2008
(voluntary, only cross-border)

Regulation 1775/2005

GRI NW 2009
Comitology



**Minimum
Requirements
List**

Experience of ERGEG work so far

- Voluntary guidelines do not lead to a high compliance
- Non-specific legal rules lead to a heterogeneous implementation
- ➡ Fast implementation of transparency rules can only be achieved by **detailed and binding European legal act**
- Rigid **monitoring** of compliance important
- Regulators need to be given effective **sanction mechanisms**

Next Steps

Further elaboration of 2008 recommendations

= Specify transparency requirements **building on the previous EREG work** on transparency

⇒ Select a small number of information that can be easily handled and support pre-trade decision-making

Example of specific aspects/aims to be considered:

- Timeliness of information
- Formats and units of information
- Prevent trade based on insider information
- Platform for publications
- Legal implementation (comitology for annexed guidelines, third package regulation, framework guidelines, codes and rules)

Gas: Consider current preparation of comitology procedure to amend chapter 3 of the Annex of Regulation 1775/2005

Change from Full-Supply-Gas-Contracts to a Supply-Chain with different roles of traders

Explorer/Importeur sells gas at trading place



Wholesale Traders purchasing and selling gas (intermediate storage)



Supply of End-Customers by different Traders and Distributors

- ➡ **Increasing Liquidity at trading points**
- ➡ **Formation of a competitive wholesale price**
- ➡ **Increasing number of traders -> lower risk of market abuse**

Consider expected change in market structure when defining transparency requirements!

Thank you for your attention!

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