



Commission Workshop on Transparency

EURELECTRIC Views

15th May 2009



General Remarks

1. **Functioning wholesale markets are vital for the success of the internal electricity market**
 - Requires Market Integrity
 - Trust in Price Formation
2. **Transparency is key**
 - fundamental data on demand and supply
 - information on grid situation
 - trade transparency
3. **Already (sets of) legislation in place**
4. **BUT: if need for further legislative action**
 - tailor-made for the energy sector
 - not simply copy-paste rules from “financial world”
5. **Simplicity: Appropriateness & Harmonisation should be key principles**

EURELECTRIC TAKES A PROACTIVE POSITION (Principles of Good Conduct for Energy Trading (“10 PILLARS”); Detailed Transparency Report (2006))

2.1 Fundamental Data / “Pre-trade” Transparency

- **Support proposal for harmonised, mandatory fundamental transparency obligations at EU level**
 - Need for harmonised requirements
 - List should not be *ad hoc*
- **Transparency work within ERGEG ERIs is good basis for such obligations**
 - detailed list of relevant data that should be disclosed is already there
- **Data to be disclosed:**
 - Focus on key supply and demand data (but also grid situation)
 - Information provided on
 - (i) equal and timely manner,
 - (ii) standardised basis
 - (iii) if practical, on a single information platform (otherwise leave to market)
- **Issues to be analysed & discussed further**
 - issue of unplanned outages (what is an outage, what information can reliably be disclosed etc)
 - what about consumption data?
 - gas shouldn't be treated differently (could be differences in detail)

2.2 Post-trade (“trade-by-trade”) Transparency

- **CESR/ERGEG 2008 Consultation:**
 - welcomed conclusions that trade transparency arrangements are sufficient
 - However, against view that each NRA should determine if additional trade transparency rules are required
 - This could lead to barriers to trade and regulatory uncertainty
- **EURELECTRIC position:**
 - trade transparency is important
 - most PX already provide relevant info on products, prices quantities etc.
 - what we need is also OTC
 - Power Exchanges AND Broker Platforms should publish
 - obligation should not be on individual Market Parties
 - the Commission and/or ACER should determine one unique set of guidelines to apply in all MSs
 - no need for a transaction-reporting regime

2.3 Market Abuse / Market Integrity Framework

- **The current MAD does not cover all aspects of the energy markets and it is not suited for the energy market**
- **However: this does not mean that competent authorities should not have powers to enforce rules within their remit → particularly competition authorities are active**
- **Before deciding that a specific regime is needed**
 - **Business case/impact assessment**
 - **Division of roles & responsibilities across energy and financial regulators and competition authorities**
 - **no additional burden for companies**
 - **consolidate the already existing obligations**

2.4 Record-keeping

- **Record-keeping arrangements must be designed and operated in a harmonised EU manner**
- **Content:**
 - Last year's ERGEG/CESR proposal good (with some minor changes)
 - Would welcome standardisation of exchange and broker information
 - Where relevant, content of financial and physical should be similar
- **However, database design should be left to individual market participants**
- **In the meantime, format up to companies (of course on electronic basis e.g. excel)**
- **Evaluation needed for any transition to common formats**
- **Finally, regulators should only have access on case-by case basis
→no transaction reporting!**

2.5 Exchange of Information

- **Overall principle:**
 - **Commercial confidentiality needs to be assured**
- **Market Participants should be asked to send information only once (i.e. to “home regulator”) / minimisation of resources needed**
- **Legal & practical arrangements for exchange of information between regulators need to be put in place**
 - **On national basis**
 - **On EU basis where appropriate**

Next steps

- **Need to agree on the practical issues how to organise the work:**
 - **Involvement of all relevant stakeholders → workshops as “sounding boards” for proposals**
- **Need to start with concrete proposals:**
 - **Analyse what regimes already exist in MS**
 - **PRE-TRADE. consolidation of a single list of pre-trade info to be disclosed, based on the existing output of the ERI**
 - **POST-TRADE: definition of what information would be requested of exchanges and brokers**
 - **Generally: need to harmonise terminology**
 - **In-depth analysis of the outage issue**