

# **EuroPEX on Transparency**

***13<sup>th</sup> Florence Forum***

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# The Goals

- Provide transparency on fundamentals that have a 'noticeable impact on prices' in order to create a more level playing field and thus enhance market trust by reducing the risk of insider trading, and abuse of dominant position
- Facilitating monitoring of market developments for both regulators and other stakeholders
- Promoting market participation resulting in increased competition and liquidity of the markets
- Reducing the risk that the data available provides a distorted picture of the markets and their openness to manipulation
- Levelling playing field for the different trading arrangements (PX-based and OTC) in similar products

# Consistency and Adequacy of Information Disclosure

- Minimum standards to be applied EU-wide
  - **coverage** – minimum set of information disclosed
  - **level of detail** – compatible for the minimum set of information
  - **definition** – compatible to allow effective use of information
  - **time resolution and updating frequency** – harmonised
  - **format** – ready to use by IT systems
- Public disclosure of ring-fencing and ‘firewalls’ methods applied (and approved by the regulator) between the grid operation branches and the rest of vertically integrated companies in order to raise trust in the markets
- Information is to be published rather than provided on request

# Transparency in the Wholesale Electricity Market

- Transparency requirements to apply in a compatible manner to organised wholesale markets operated by PXs and to OTC markets
  - **same timing and frequency standards for publication of information** related to trading in similar products, irrespective of the way in which they are traded
  - **a high degree of transparency and information disclosure already achieved** at organised wholesale markets operated by PXs
- Responsibility for disclosing information should rest with the trading parties
  - **in the case of trading through organised exchanges**, the disclosure requirements could be automatically fulfilled by the exchange operator on behalf of the trading parties
  - **OTC trading parties** could mandate brokers – if they are involved - to disclose information on their behalves, without prejudice to the trading parties' responsibility if the broker does not fulfil the requirements
  - the requested information from both PX and OTC trades **can be delivered to PX responsible for publishing such information** as it is the case already for standardised products cleared by the PX clearing house in, for example, the Nordic Market (Nord Pool) and Germany (EEX)



# Common Information Publisher

- **Common information publisher to be required for each jurisdiction** in order to ensure effective and non-discriminatory access to disclosed market information
  - **publishing all electricity market-related information** that is subject to disclosure requirements
  - **ensuring time and logical consistency** of published data
  - could be **identified by voluntary agreement** among all stakeholders or **designated** by relevant authority
- **A common information publisher should prove** that it:
  - has the **technical ability and competence** to deal effectively with a large amount of market-related data
  - is **capable of managing commercially-sensitive information**
  - will act **independently** from market participants
- **Power Exchanges (PXs) may effectively act as common information publishers** as they satisfy all the criteria above

# Power Exchanges as Common Information Publishers

- Improving effectiveness of information publishing and transparency
  - **single point of reference** for market data in a jurisdiction
  - **timely and logically consistent disclosure** of all relevant information in a jurisdiction (or more of them)
- PXs have no direct interest in the markets and can gain no advantage from withholding information
  - **independence** from market participants
  - **non-discriminatory access** to information disclosed
  - **proven capability** to manage commercially-sensitive information
  - **technical competence** and established information systems already in place
- PXs can facilitate cross-border access to information as their membership is already multinational

# Several PXs Already Act as Common Information Publishers

- Nordic (NordPool), Spanish (OMEL), Italian (GME) and German (EEX) PXs currently publish a large amount of data originating from the TSO, generators and other market participants
- The information is continually published in appropriate time frames (detail information refers to at least one PX)

|                                       | <i>Load</i>                    | <i>Generation</i>  | <i>Network</i>   | <i>Balancing</i>             | <i>Market</i>  |
|---------------------------------------|--------------------------------|--|--|------------------------------|--|
| <i>Ahead of the daily market</i>      | load forecasts                 | total and available generation capacity, planned outages and incidental failures | available interconnection capacity, planned outages and incidental failures    |                              |  |
| <i>After the daily market</i>         | actual load, consumption level | production level   | planned and actual flow between the price zones, congestion volumes and prices | imbalance volumes and prices | market prices and volumes, supply and demand curves, marginal price-setting technologies, actual load, congestion volumes and prices |
| <i>Subject to delayed publication</i> |                                |  | base daily operating schedule, daily viable schedule                           |                              | daily market bids and offers, base daily matching schedule   |