

# **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