



Quarterly report for Market Surveillance
1 July to 30 September 2014

This report gives an update on matters regarding surveillance, regulations and incidents Market Surveillance (MS) has worked on as well as news from MS from the third quarter of 2014 (Q3). Further, the report aims at increasing the understanding of how MS operates and the interpretation of the Market Conduct Rules (MCR).

News

Upcoming changes to the UMM system

The Transparency Regulation ([EU No. 543/2013](#)) refers to submission and publication of data in electricity markets. The regulation requires fundamental market data to be published on a central transparency platform implemented by the ENTSO-E, making the data available to the public, free of charge. From 5 January 2015 producers, consumers and Transmission System Operators (TSOs) are required, as *primary owners* of data under the Transparency Regulation, to submit information on changes in the actual and planned availability of their facilities. *Primary owners* must submit data to the transparency platform operated by the ENTSO-E via the TSO or a data provider (where agreed by TSO). On behalf of the Nordic TSOs, Elering and Litgrid Nord Pool Spot (NPS) is working on a solution to implement submission of data directly from the UMM system to the European transparency platform. This solution will also be open to other TSOs, should they wish to use this service. The service will allow primary owners of data, that are also users of the UMM system, to publish parts of the information subject to the Transparency Regulation as set out in article 7, 10, 11 and 15 through the UMM system. NPS has also agreed on delivering transparency data for the TSOs to the ENTSO-E platform based on art. 16.1.d of the Transparency Regulation. According to article 4.6 it is the responsibility of national regulatory authorities (NRAs) to follow up on the compliance of the regulation:

“National regulatory authorities shall ensure that the primary owners of the data, TSOs and data providers comply with their obligations under this Regulation”.

On 6 June 2014 MS organised a workshop for the customer focus group to discuss changes to the UMM system required to comply with the Transparency Regulation, and questions about the interpretation of the Transparency Regulation have been forwarded to the NRAs. More information will be sent at a later stage to users of the UMM system regarding what they have to do to start reporting in the UMM system according to the Transparency Regulation.

REMIT seminar 15 October in Oslo

MS has invited all members to a one-day seminar where the main topic will be REMIT ([EU No. 1227/2011](#)). The agenda includes topics on reporting of orders and transactions, interpretation of REMIT, national implementation of REMIT, Registered Reporting Mechanism (RRM) and Trade Reporting User Manual (TRUM). In addition we will address the Transparency Regulation.



Both ACER and Statkraft Energi AS will hold a presentation at the seminar. The agenda can be found [here](#).

Co-operation with NRAs

NPS is holding a Regulatory Council with the NRAs 3 to 4 times a year. In order to discuss further in detail concrete examples and interpretations of REMIT, a sub-group of the Regulatory Council with representatives from the NRAs has been formed. Our experience from this group so far has been very positive, and from September, also OFGEM takes part in the group. The Regulatory Council has now also decided to form a sub-group to discuss the interpretation of the Transparency Regulation. The first meeting was held on 30 September.

REMIT reporting of transactions and other relevant data for Nord Pool Spot members

NPS is closely following the process of implementing the remaining provisions of REMIT. No later than three months after the date on which the European Commission adopts the implementing acts, NRAs must establish national registers for market participants and after six months, data collection under REMIT starts. From this moment on, market participants will be required to report to ACER their orders and transactions on wholesale energy markets where delivery is within the European Union and other relevant data. REMIT is not yet implemented in Norway. If REMIT is not implemented in Norway when the implementing acts come into force in the EU, Norwegian market participants who are active outside Norway have to register in an EU Member State where they are active. The Norwegian market participants will not have to re-register in Norway when REMIT will be implemented there.

NPS intends to deliver services to ensure that REMIT obligations under article 8 are carried out in a consistent and efficient way for all our members. As the implementing acts have not yet been adopted, NPS can, for the time being, only continue to follow the process closely. MS is giving feedback through working groups in Europex regarding the Registered Reporting Mechanism (RRM), Trade Reporting User Manual (TRUM) and the implementing acts. The final design and scope of NPS REMIT services will depend on the content of the implementation act and the desire for services from our members. In the meantime, NPS has invited members to send any questions and concerns they may have to the following e-mail address: remit.reporting@npspot.com.

Investigations and findings

Cases sent to authorities

According to article 15 of REMIT, MS is obliged to inform the NRA (national regulatory authority) should there be any suspected breach of the prohibition against market manipulation or the prohibition of insider trading as set out in REMIT. According to the market place licence from NVE, NPS is also obliged to report any possible breaches of other laws and regulations affecting the NPS market. To ensure an efficient, transparent and well-functioning market, MS also reports possible breaches on our own initiative, for example when we receive input from participants on specific incidents. The following cases were forwarded to the relevant national regulator:

- A member entered a buy and sales order in the Elspot market not reflecting the physical volumes they were intending to buy and sell on that day. The volume that was traded was



significantly higher than the actual production and consumption handled by the company in the relevant hours, and this contributed to the traded volumes for the relevant price area for these hours to exceed the total production and consumption in the area. As the incident may represent a breach of the prohibition against market manipulation according to REMIT Article 2.2 (a)(i), MS has forwarded the case to the NRA in accordance with article 15 of REMIT.

- On two separate occasions a member traded in Elbas while in possession of potential inside information about a failure on a production unit. MS is of the opinion that there is a reasonable suspicion that the incidents may represent breaches of REMIT article 3. Thus, the incidents have been forwarded to the NRA in accordance with article 15 of REMIT.

Breaches of the Market Conduct Rules

MS has investigated possible breaches of the MCR during the period from 1 July to 30 September 2014. Breaches of the MCR which have been concluded on during the period and which have resulted in non-public warnings are described below. In these cases MS has concluded that the severity of the breaches could not justify a public warning or violation charge. However, these breaches of the MCR can be taken into account should there be more breaches of the MCR in the future.

- A member failed to publish a UMM regarding a failure at a consumption unit. The member received a non-public warning for breaching the MCR section 5.2.a.
- A member published a UMM containing the incorrect decision time regarding an event at a production unit. The member received a non-public warning for breaching the MCR section 5.3.c.
- A TSO did not publish information about a new event that restricted the available capacity on an interconnector within 60 minutes. The TSO received a non-public warning for breaching the MCR section 5.4.
- A TSO did not publish information about an event that restricted the available capacity on a connection. The TSO received a non-public warning for breaching the MCR section 5.2.b.
- A member published a UMM containing incorrect information regarding the estimated event stop for an event at a production unit. The member received a non-public warning for breaching the MCR section 5.3.f.

Input from market participants

MS has received five tips from market participants during the period from 1 July to 30 September 2014.

MS appreciates all input from market participants, and even though no breach of the MCR is found, the incidents may represent a breach of other regulations. Tips that were forwarded to relevant NRAs are described under “Cases sent to authorities”, the remaining tips are described below:



- MS received a tip from a member that the TSOs were planning a new calculation model for capacities, but this information was not published to the market. MS contacted the relevant TSOs and no breaches of the MCR or other relevant regulations were found.
- MS received a tip from a member regarding information affecting the available capacity on a connection that had not been published to the market. The TSO received a non-public warning for breaching the MCR section 5.2.b.
- MS received a tip regarding lack of capacity given to Elbas market. MS is still investigating the matter.
- MS received a complaint regarding a UMM affecting the capacity on an interconnector. The UMM may have had an effect on products traded outside the markets of NPS, and MS forwarded the information to the relevant national regulator.
- MS has received three complaints regarding the lack of information in relation to the capacity given on a connection to an area outside NPS. MS is still investigating the matter.

Statistics

The table below shows a summary of the statistics for 2013 and Q1, Q2 and Q3 for 2014.

Investigations from MS	1st quarter 2014	2nd quarter 2014	3rd quarter 2014	2013
Number of written investigations initiated in the period	31	22	12	99
Number of statements of breach/non-public warnings issued in the period	12	14	5	46
Number of written warnings	0	0	0	0
Number of violation charges	0	0	0	0
Number of cases sent to authorities	4	3	2	6
Number of tips received from members	14	8	5	28

Concluded breaches	2014	2013
Disclosure requirements	31	44
Market manipulation	0	0
Good Business Conduct	0	1
Insider trading	0	2

The numbers may be updated from previous reports