



Quarterly report for Market Surveillance
1 January to 31 March 2013

This report gives an update on matters regarding surveillance, regulations, incidents Market Surveillance (MS) has worked on as well as news from MS from the first quarter of 2013 (Q1). Further, the report aims at increasing the understanding of how MS operates and the interpretation of the Market Conduct Rules (MCR).

News

Update of the Market Conduct Rules

MS is still working on updating the MCR in order to align them with the regulation as set out in REMIT¹. After the last meeting with the Customer Advisory Board (CAB), it was an interest in arranging a workshop regarding the changes in the MCR before it is implemented. The workshop will be arranged 22 of April, and the revised MCR will be implemented after the workshop.

Update on the development of the new UMM system

The new UMM system will be launched 22 May 2013. The new system is more user-friendly and offers multiple options for filtering, searching and viewing data of interest. From 14 March, all members have been able to log in to the new UMM system for testing. The help section within the new system contains training material, including user guides with step-by-step procedures, guidelines, user cases and help videos. All users have been invited to take part in separate UMM training sessions. Any questions about the system can be directed to umm-feedback@npspot.com.

REMIT

Nord Pool Spot has some responsibilities according to REMIT. According to article 15 of REMIT, MS is obliged to inform the national regulator should there be any suspected breach of the prohibition against market manipulation and the prohibition of insider trading as set out in REMIT. MS has started to report to relevant national regulator if any breaches of REMIT are suspected. In the first quarter of 2013, two cases have been reported to relevant national regulator. MS is currently working on further clarifying the routines for what and how to report in close cooperation with the national regulators.

¹REGULATION (EU) No 1227/2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2011 on wholesale energy market integrity and transparency

Investigations and findings

Prohibition of insider trading - Disclosure requirements

MS has investigated possible breaches of the disclosure requirements and/or prohibition of insider trading during the period from 1 January to 31 March 2013. For the incidents below, MS has concluded that the severity of the breaches could not justify a sanction. However, the breaches of the MCR can be taken into account should there be more breaches of the MCR in the future. For all the incidents summarised below the relevant member received a statement of breach.

- On three separate occasions, members failed to inform the market of information subject to the disclosure requirements within 60 minutes after the information occurred. The members have been given a statement of breach of section 3.5 for publishing information too late.
 - A member had a failure on a station affecting more than 100 MW, and information regarding this was published too late.
 - A member published a UMM regarding a failure on a station affecting more than 200 MW. The information was published to the market more than 60 minutes after the information occurred. Further, two additional UMM-series were published on the same incident by a mistake, and the member failed to update one of these, and this UMM was not updated until three days after the incident had ended.
 - A member had an unplanned outage which affected more than 100 MW, and informed the market regarding this several hours after the information occurred. In the meantime, the member traded in Elspot. As the member did not take the information into account, the exception on the prohibition of insider trading as set out in the MCR section 2.3.a is valid, and MS deems that the member did not breach the prohibition against insider trading as set out in the MCR section 2.3. The member was given a statement of breach of the MCR section 3.5 for publishing information subject to the disclosure requirements more than 60 minutes after the information occurred.
- There were large variations in the available capacity to the market between two Elspot areas in a period without any information published to the market. Information was published long time after the information occurred, and the TSO was given a statement of breach of the MCR section 3.1 and 3.5.
- A station had a failure on a unit affecting more than 100 MW. The UMM-series contained several errors: The installed capacity was by mistake set to zero, the "Decision time" was not updated correctly, the UMM was published with the wrong message type, and eventually the UMM was cancelled when the unit became available to the market. The member was given a statement of breach of the MCR section 3.4 for not publishing correct information to the market.

Cases sent to other authorities

- A member had a planned test on a production unit, and by a mistake the information was not taken into account when bidding in Elspot. Thus, the member erroneously sold too much in the Elspot auction. As a consequence, the test was postponed to avoid imbalance. As the incident may represent a breach of REMIT, the incident was reported to the national regulator. MS concluded that the erroneous order fulfilled the objective criteria of the prohibition against market manipulation as set out in the MCR. However, MS also takes subjective elements into account when considering such incidents and MS is of the opinion that the volume and the short time period did not justify a sanction for market manipulation in this case.
- A member published a UMM informing the market that a production unit was forced to immediately shut down. The information was incorrect and the production unit did not become unavailable before later. Moreover, information was discussed by the member in the media prior to publishing information through UMM. MS investigates the incident to consider whether it has been a breach of the MCR. MS has reported the incident to the relevant national regulator as it may represent a breach of REMIT, and will not conclude in the case until the national regulator has finished their investigation.

Input from market participants

MS has received 4 tips from market participants in the period from 1 January to 31 March. MS appreciates all input from market participants, and even though there are found no breach of the MCR, they may represent a breach of other regulations. The tips received are described below.

- MS received a tip regarding missing capacities in Elbas without any UMM published. MS found no breach of the MCR, but NPS has started measures regarding improving the routines for giving capacities in Elbas.
- A participant on the financial market contacted MS regarding an erroneous UMM which might have led to misleading information in the market. MS is still investigating this case.
- MS received a tip regarding a failure affecting capacity on an interconnection, and there was no published UMMs on the matter. The relevant TSO informed MS that the outage lasted less than 60 minutes, and therefore a UMM was not published. MS found no breach of the MCR.
- MS received a complaint relating to a UMM published regarding a production unit that was mothballed. MS is still investigating the incident.

Statistics

The table below shows a summary of the statistics during 2012, and Q1 in 2013.

Investigations from MS	1 st quarter 2012	2 nd quarter 2012	3 rd quarter 2012	4 th quarter 2012	1 st quarter 2013
Number of written investigations initiated in the period	37	29	29	32	16
Number of statements of breach issued in the period	8	12	14	16	5
Number of written warnings	0	0	0	0	0
Number of violation charges	0	0	0	0	0
Number of cases sent to authorities	3	1	2	2	2
Number of tips received from members	4	7	8	14	4

Concluded breaches:	1 st quarter 2012	2 nd quarter 2012	3 rd quarter 2012	4 th quarter 2012	1 st quarter 2013
Disclosure requirements	8	10	15	16	5
Market manipulation	0	0	0	0	0
Insider trading	1	3	3	3	0