



Quarterly report for Market Surveillance
1 July to 30 September 2013

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 2013 (Q3). Further, the report aims at increasing the understanding of how MS operates and the interpretation of the Market Conduct Rules (MCR).

News

Guidelines to the revised Market Conduct Rules

MS is currently working on making guidelines relating to the revised MCR in order to assist members on how to comply with these. More information regarding the revised MCR can be found in Exchange information No. 23/2013.

The Agency for the Cooperation of Energy Regulators (ACER)

A representative from ACER visited MS for one day during the summer. The representative got an introduction of the role of MS, a presentation of relevant incidents and participated in the daily tasks of MS. The representative signed a non-disclosure agreement to ensure that potentially sensitive information is kept confidential.

ACER has initiated a pilot project with the aim to look at possible technical solutions for reporting of orders and transactions according to Article 8 in REMIT. Nord Pool Spot (NPS) has been invited to take part in this project. MS has on behalf of NPS participated in telco meetings with ACER concerning this issue and contributed to finalising agreements relating to this.

MS has also participated in meetings with ACER to give input on the interpretation of REMIT.

Market situation in the Baltic area

On 24 June a significant increase in electricity prices was observed in the Baltic Elspot areas for delivery on 25 June, and on 30 September a significant increase in electricity prices was observed in Latvia and Lithuania for delivery on 1 October. MS is investigating whether there might have been a breach of REMIT and/or the MCR. MS can make public the fact that investigations of any specific matter have been initiated according to the MCR section 8.1. Potential breaches of the prohibition of market manipulation or insider trading in REMIT will be reported to national regulators.

UMM system

The UMM system launched on 22 May has been well received by members. NPS has continued working with improving the system and adding additional fields to the CSV file. Instructions for how to download and use the CSV file can be found [here](#). For an explanation of the fields in the CSV file, please consult this [document](#). Information about resolved issues and improvements that have been done are published on the [help](#) page of the UMM system under the section



“[Reporting issues](#)” and can also be found [here](#). NPS is working on a plan for further development of the system.

Investigations and findings

Cases sent to authorities

During Q3, information received from a member regarding possible market manipulation from another member has been forwarded to the local regulator and to NVE according to the Market Place Licence section 7.1. MS is also investigating the issue.

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 July to 30 September 2013. On 27 May, the MCR were revised. Before 27 May, MS issued “statements of breach” in writing to members committing smaller breaches of the MCR. With effect from 27 May a new disciplinary action of “non-public warning” has been introduced as a formal disciplinary action and replaces the “statement of breach”. Breaches of the MCR which has been concluded in the period and which has resulted in statements of breach or non-public warnings are described below. In these cases MS concluded that the severity of the breaches could not justify a sanction. However, these breaches of the MCR can be taken into account should there be more breaches of the MCR in the future.

- A TSO published UMMs regarding capacity on connections on several occasions, and these were not consistent with the Elspot capacities. The information in the UMMs was published with incorrect decision time, incorrect available capacity and not within 60 minutes after the information occurred. The TSO received a statement of breach of the MCR sections 3.4 and 3.5.
- On four occasions TSOs did not publish information subject to the disclosure requirements. The TSOs received non-public warnings for breaches of the MCR section 5.2 for not publishing information subject to the disclosure requirements to the market.
- On two occasions members published information subject to the disclosure requirements more than 60 minutes after the relevant information occurred. Each member received a non-public warning for breaches of the MCR section 5.4 for not publishing information subject to the disclosure requirements within 60 minutes to the market.
- On three occasions TSOs published information subject to the disclosure requirements more than 60 minutes after the relevant information occurred. Each TSO received a non-public warning for breaches of the MCR section 5.4 for not publishing information subject to the disclosure requirements within 60 minutes to the market.
- A TSO published a follow-up to an outdated UMM-series with incorrect information regarding available capacity and time of the event. The TSO received a non-public warning for a breach of the MCR section 5.3 for not publishing correct information related to capacity and time to the market.



Input from market participants

MS has received 5 tips from market participants in the period from 1 July to 30 September. MS appreciates all input from market participants, and even though there is found no breach of the MCR, it may represent a breach of other regulations. All tips received are described below:

- MS received a tip regarding poor information relating to the capacity on a connection. MS found no breaches of the MCR.
- MS received a tip regarding confusing information in a UMM. MS contacted the member who published the UMM, and the UMM was updated. MS found no breaches of the MCR.
- MS received a tip regarding high prices in the balancing market. MS found no breaches of the MCR.
- MS received a tip regarding poor information published to the market relating to a connection with a non-Elspot area. MS is still investigating the matter.
- MS received a tip regarding a cancelled UMM. MS found a breach of the MCR, and the breach is described in the section above.

Statistics

The table below shows a summary of the statistics so far in 2013.

Investigations from MS	1 st quarter 2013	2 nd quarter 2013	3 rd quarter 2013	Total 2013	Total 2012
Number of written investigations initiated in the period	17	23	30	70	127
Number of statements of breach/non-public warnings issued in the period	5	12	11	28	50
Number of written warnings	0	0	0	0	0
Number of violation charges	0	0	0	0	0
Number of cases sent to authorities	2	1	1	4	8
Number of tips received from members	4	11	5	20	33

Concluded breaches	1 st quarter 2013	2 nd quarter 2013	3 rd quarter 2013	Total 2013	Total 2012
Disclosure requirements	5	10	11	26	49
Market manipulation	0	0	0	0	0
Insider trading	0	1	0	1	10