



Quarterly report for Market Surveillance
1 April to 30 June 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 second quarter of 2014 (Q2). Further, the report aims at increasing the understanding of how MS operates and the interpretation of the Market Conduct Rules (MCR).

News

Improvement of the performance of the UMM system

On 8 April, Nord Pool Spot (NPS) upgraded the UMM system in order to increase the performance of the system. NPS has received feedback from the users that the performance upgrade has given results and that users are now experiencing faster response from the UMM system. For an overview of improved functionalities and fixed issues please consult [this document](#).

Customer focus group UMM system

The customer focus group was highly involved in the specification of requirements of the UMM system before it was launched in May 2013. NPS has decided to continue the customer focus group for the UMM system. If your company is not a member and you would like to participate please send an e-mail to umm-feedback@npspot.com.

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 ([Regulation \(EU\) No 1227/2011 on wholesale energy market integrity and transparency](#)) – the reporting of wholesale market transactions and other relevant data.

The timing of data collection under article 8 of REMIT coming into force depends on the timing of the adoption of the associated implementing acts, by the European Commission. Not later than three months after the date on which the European Commission adopts the implementing acts, national regulatory authorities (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 and further information can be found [here](#).

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. 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 invites members to send any questions and concerns you may have to the following e-mail address: remit.reporting@npspot.com. NPS is planning to hold customer focus groups after the summer to ensure we develop and deliver services tailored to our members' needs.



REMIT seminar 15 October

MS would like to invite all members to a one-day seminar where the main topic will be REMIT. The agenda for the seminar will include reporting of orders and transactions, interpretation of REMIT, national implementation, transparency regulation and the UMM system. The seminar is scheduled to take place on 15 October in Oslo. More information will be provided at a later stage.

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.

- MS received a tip from a market participant regarding production capacity that was not utilised even though the Elspot prices in the relevant area were high. The information was forwarded to the relevant NRA.
- A TSO published a UMM regarding a maintenance limiting the capacity between two Elspot areas, however the submitted maximum net transfer capacity failed to take into account the maintenance. The information regarding the incident was forwarded to NVE according to the market place license section 7.1.
- MS received two tips relating to unusual activity in the balancing market. The information was forwarded to the relevant NRA.

Breaches of the Market Conduct Rules

MS has investigated possible breaches of the MCR during the period from 1 April to 30 June 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 TSO failed to publish correct information regarding limitations in the capacity on interconnectors. The TSO received a non-public warning for breaching the MCR section 5.2 b).



- A TSO did not publish a UMM relating to a limitation in the transmission grid that reduced the power feed-in by more than 100 MW. It is the opinion of MS that if relevant information was not published according to the disclosure requirements by the producer the TSO was obliged to publish a UMM regarding the incident. Hence, the TSO received a non-public warning for breaching the MCR section 5.2 c).
- On four separate occasions TSOs published UMMs with incorrect decision time. Each TSO received a non-public warning for breaching the MCR section 5.3 c).
- A member published a UMM with an incorrect “Event start”. It is the opinion of MS that the information regarding the incorrect “Event start” was not likely to affect prices significantly, and hence could not be considered as inside information. The member received a non-public warning for breaching the MCR section 5.3.
- On seven separate occasions, members did not publish information subject to the disclosure requirements within 60 minutes after the relevant information occurred. Each member received a non-public warning for breaching the MCR section 5.4.

Input from market participants

MS has received tips from market participants during the period from 1 April to 30 June 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 regarding inconsistent information between a UMM and published Elspot capacities. MS investigated the matter and found that the TSO had breached the disclosure requirements in the MCR.
- MS received a tip regarding unusual trading behavior in Elbas. MS is still investigating the matter.
- MS received two tips regarding a UMM which contained confusing information relating to the available capacity on an interconnector. MS is still investigating the matter.
- MS received a complaint regarding a UMM relating to an outage on a production unit which contained confusing information. MS contacted the responsible member, and a follow up UMM was published with more information. MS found no breaches of the MCR.

Statistics

The table below shows a summary of the statistics for 2013, and 2014 so far.

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

Concluded breaches	2014	2013
Disclosure requirements	25	44
Market manipulation	0	0
Good Business Conduct	0	1
Insider trading	0	2

The numbers may be updated from previous reports