

Quarterly Report by Market Surveillance 3rd Quarter 2015

This report gives an update regarding monitoring, regulations and incidents Market Surveillance (MS) has worked on as well as news from MS from the third quarter of 2015. The report aims at increasing the understanding of how MS operates and the interpretation of the Market Conduct Rules (MCR).

News

REMIT Sub-group

MS has regularly meetings with the Nordic, Baltic and UK regulators where the aim is to have a common understanding of the interpretation of REMIT. It has been a fruitful cooperation and the intention is to continue with regular meetings. One meeting was held the last quarter, and the next meeting will be held before Christmas.

Interpretation of REMIT – final customers with a consumption capacity > 600 GWh/year

In the last report from Q2, MS addressed some concerns regarding the interpretation of REMIT in relation to contracts for the supply of electricity to end users with a consumption capacity of less than 600 GWh per year.

ACER and relevant NRAs has now stated that all contracts traded at an organised market place should be considered as wholesale energy products and hence should be reported according to REMIT Article 8(1). This is in line with the view of MS.

Changes in the MCR

As informed in the previous quarterly report, Nord Pool Spot has changed the MCR valid for the Nordic and Baltic countries. During the third quarter, MS has continued preparations for removing the disclosure requirements from the MCR from 1 January 2016, when the NRAs will fully take on the task of monitoring the disclosure requirements.

MS will still monitor the market but with a focus on detecting possible breaches of the prohibition against market manipulation and insider trading as required in REMIT.

Investigations and findings

Cases sent to authorities

According to article 15 of REMIT, MS is obliged to inform the NRA should there be any suspected breaches of the prohibition against market manipulation or the prohibition of insider trading as set out in REMIT. According to the market place licence from the Norwegian regulator, NVE, Nord Pool Spot is also obliged to report possible breaches of other laws and regulations affecting the

Nord Pool Spot 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.

During the third quarter of 2015, MS has forwarded one case to the authorities. The incident was related to an erroneous order in the day-ahead auction.

Breaches of the MCR in the Nordic and Baltics

There have been seven separate incidents where members have not published relevant information within 60 minutes after the information occurred, and MS has concluded that these incidents represented breaches of the MCR section 5.4. For each incident the relevant member received a non-public warning.

There have been three different incidents where incorrect information has been published in UMMs. In all these cases it is the opinion of MS that the impact on the market was limited and each member received a non-public warning for breaching the MCR.

A member published relevant information over 60 minutes after the relevant information occurred, and the UMM also included incorrect decision time. The member received a non-public warning.

A member did not publish a UMM regarding an outage at a power plant. The member contacted MS and informed about the incident. The member received a Non-public warning for breaching the MCR section 5.2 a).

Input from market participants

MS has received four tip-offs from market participants during the third quarter of 2015. It is crucial for MS to receive input from market participants. We follow up on every tip-off we receive. We investigate the incident and if we suspect there can be a potential breach of REMIT or other rules or regulations we report to relevant authorities. The information received is described below:

- MS received a complaint regarding a UMM affecting available transmission capacity on an interconnector. MS investigated the matter and found no breach of the MCR.
- MS received a complaint regarding a UMM relating to a maintenance at a power plant. MS investigated the matter and found no breaches of the MCR.
- MS received a tip-off regarding potential inside information related to a press conference. MS investigated the matter and found no breaches of the MCR.
- MS received a tip-off regarding trading behaviour on a cross-border interconnector. MS is still investigating the incident.
- MS received one tip-off regarding possible insider trading in the derivatives market. MS forwarded the information to Market Surveillance at NASDAQ.

Statistics

The table below shows a summary of statistics for 2013, 2014, Q1 and Q2 2015.

Investigations from MS	2014	1 st quarter 2015	2 nd quarter 2015	3 rd quarter 2015
Number of written investigations initiated in the period	77	15	20	15
Number of non-public warnings issued in the period	35	13	7	12
Number of written warnings	0	0	0	0
Number of violation charges	0	0	0	0
Number of cases sent to authorities	12	2	3	1
Number of tip-offs received from members	33	9	8	5

The numbers may be updated from previous reports

How to contact MS

If you have any question connected to MCR, REMIT or other issues, contact MS

- per e-mail: market.surveillance@npspot.com
- per telephone: +47 67 10 91 35 (this line is recorded)
- if you have any immediate questions outside office hours, contact the trading desk at +47 67 10 91 10 (this line is recorded)