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The CEZ Group reply on the public consultation on REMIT - Functioning and Usefulness of the European Register of Market Participants Public Consultation Paper PC_2016_R_01

Questions on improvements of the Registration Format of the European Register

When transmitting the information from the national registers to the European register of market participants, NRAs use the format provided in Annex 1 to ACER Decision 01/2012. In this section, the Agency is consulting stakeholders on possible changes and additions to that format, in order to consider the need for changes to the Registration Format used at national level.

1. Regarding fields 112 and 316 ('**VAT number**' of the market participant and ultimate controller), taking into consideration that some market participants and ultimate controllers do not have a VAT number, ACER proposes to add an additional checkbox labelled: 'I do not have a VAT number.' Moreover, taking into account that different formats for VAT identification apply outside the European Union, ACER proposes to adopt a more flexible format for fields 112 and 316 for non-EU market participants. Do you agree with this change? If not, please justify your reply.

N/A

2. Regarding the reformulation of field 113 (Energy Identification Code ('EIC') of the market participant):

a. EIC codes are widely used for reporting transaction and fundamental data. The current registration format allows only one EIC code to be provided by a market participant, although there may be several different types of EIC codes related to the same market participant and used for reporting. Moreover, although the EIC codes are publicly available, other pieces of information, such as the location of the facility identified by the EIC code, are not public. Taking into consideration the need to identify for monitoring purposes to which market participants different EIC codes belong to, the current registration format can be developed to allow the introduction as mandatory fields of all EIC codes (i.e.: EIC X, EIC Y, EIC Z, EIC T, EIC W and



EIC A) related to the same market participant. What are the pros and cons of such an approach? Please explain.

Based on our best knowledge although several EIC codes exist for the same entity (issued by local EIC authority), there is principal EIC code registered by ENTSO-E, which shall be sufficient for registration purposes. Having regards to the administrative burden it represents, the question is if the registration of multiple EIC codes of the same market participant are of any additional value.

Moreover, it is our understanding that ENTSO-E maintains central database of unique EIC code for all counterparties and thus this can be easily used by the Agency for any additional registration or surveillance purposes. The provision aiming to minimise data reporting obligation on market participants by collecting the required information from the existing sources where possible (see Article 8, 5. of REMIT) shall be respected.

b. In case the introduction of all EIC codes used for reporting by a market participants (see previous question) is allowed by the European register, the Registration Format could be expanded to:

identify the name of the object to which the EIC code relates (e.g.: name of the power plant),

identify the address of the object to which the EIC code relates (e.g. location of a power plant identified by X EIC code),

identify the country where the market participant or the object is physically registered (e.g. in case of Y, T EIC codes, all countries which lie in the area of the Y, T EIC code,

identify the market participant's role/relationship with the submitted EIC codes in order to differentiate situations where one code is used by more than one market participant. The Agency has identified the following relevant roles:

○ Proprietor/owner of the object to which the entered EIC code relates

○ Operator of the object to which the EIC code relates

○ Other role which has information about the object to which EIC code relates

i. Do you agree with the possibility to add these mandatory fields in order to identify each EIC code? If not, please justify your reply.

As seen in the response to the previous question we do not see the added value here. The existing ENTSO-E database of EIC code shall be explored first to see if it does not provide the level of information needed.

ii. Would you like to add/reformulate any other potential role/relationship of a market participant with the submitted EIC codes to the ones mentioned in the list above?

N/A

3. Field 116 (Global Location Number of the market participant - '**GS1**' in the coding scheme) is rarely used by market participants. Do you agree that this field is removed from the European Register? Please explain your reply.



Yes, we agree. The prevailing identifier commonly used seems to be EIC code but "GS1" is not used.

4. Field 118 ('**Trade Register**') was requested by some NRAs. Would it be adequate to allow for special characters in this field? If not, please justify your reply.

Generally, CEZ as market participant prefers to maintain the registration process and records management simple and easy to handle. Should NRAs believe that the additional fields are needed it shall be discussed by stakeholders involved and carefully justified to minimise the administrative workload.

5. The Implementing Regulation lays down the provision to include Trader IDs in transaction reports (field 3 of Table 1 in the Annex to the Implementing Regulation). The Trader ID is the login username or trading account of the trader and/or the market participant or counterparty as specified by the technical system of the organised market place. The field '**Trader IDs**' may be added to the European Register as part of the market participant's registration information to make it easier to link different trader IDs to one specific market participant for market monitoring purposes. Do you agree with this proposal and what are the pros and cons of this? Please explain your reply.

Similarly as above – we would prefer to maintain the registration simple and easy. We do not see any value on this, given the fact every transaction record contains the Trader ID as well as Market Participant ID making it easy for the authority to match.

6. Field 120 ('**Publication Inside Information**') is currently filled by many market participants with a general link (for example, a link to the company's main webpage) and not with the exact location where the inside information publications are published. Do you agree to refine its definition so that it is clearly stated that the URL(s) should indicate the exact address where the inside information is disclosed publicly and, to create a new field indicating the location of the web-feed used for reporting the publications of inside information to ACER?

We agree, the clear URL link to website, where the inside information is published shall be used. We do not agree to create an additional new field indicating the location of web-feeds as the subscription to web feeds.

7. Regarding field 121 ('**ACER code**'), taking into consideration the need to ensure the traceability of relevant changes in the registration records² two new fields could be added to the Registration Format: one indicating previously used ACER codes; another identifying the relationship with the previous codes. The identification of the relationship between ACER codes could be provided by selecting the following types:

- same person previously registered in another Member State;
- incorporation of a registered market participant;
- spin-off from a registered market participant;
- other.

i. Do you agree with the above proposal? Please give reasons for your answer.



We do not see it necessary. We wonder if there is any justification for such proposal. Should any party believe that this additional fields are really needed it shall be discussed by stakeholders involved (including market participants) and rationalized before implementing. In fact, the setting & maintenance of the corporate structure records in case of medium/large energy utility can represent significant workload and we shall aim to avert such unnecessary bureaucracy.

ii. Do you see a more efficient way to ensure traceability of relevant changes in the registration records? *As outlined previously, we doubt there is justification for such requirement. In any case, prior to this, thorough analysis shall be conducted to evaluate how many merged/spin-off participants are anticipated before such complex change is considered to be imposed to market.*

8. Section 4 ('**Corporate Structure**' of the market participant) does not currently provide full transparency on the corporate structure of the market participant. It has been proposed that every market participant registered indicates the VAT number, name, and percentage of ownership of all companies belonging to the same group³ of the market participant (including company(ies) that are not market participants) as this would increase transparency from a market surveillance perspective.

i. What are the pros and cons of such an approach? Please explain your reply.

We do not agree. Again, we would refer to the Article 8 of REMIT and suggest that regulatory body shall minimise their data reporting obligation going beyond the scope of REMIT. Should the Agency need any detailed information in case of particular contract the provision of Article 4, para 1 a) of REMIT Implementing Act can be invoked and market participant can be required to disclose more detailed intragroup contracts.

ii. Are there any improvements more generally to the corporate relationship section you would suggest?

Generally, we do not agree with the additional requirements suggested in this section. They are mostly not in scope of the original text and would impose additional administrative burden to market participants without giving any adequate value. Indeed, we trust that all data regarding the corporate relationships can be retrieved from the existing sources.

9. In Section 3 to 5, we understand that some fields may not be self-explanatory. In order to avoid the misinterpretation of the information inserted by a market participant, do you think that some additional free text fields should be included to allow a better description of the particular situation of the market participant? Namely regarding:

- the main activity of the market participant;
- how the ultimate controller performs such control;
- information about the existing/envisaged data reporting agreements.

We do not see any problem to include the additional optional fields whenever needed.



10. Do you have any other comment on the current fields provided in Annex 1 to ACER Decision 01/2012 on the Registration Format that can further improve the functioning and usefulness of the European register of market participants?

No additional comments

Questions on the functioning and usefulness of the European Register

Recital 21 of REMIT provides that in line with the reports submitted by the Agency to the European Commission, the Commission should assess in cooperation with the Agency and with the NRAs, the functioning and usefulness of the European register of market participants, including whether any regulatory changes related to this are needed. In this section the Agency is keen to understand if stakeholders have views on any changes needed in the context of the Register that in the long term can enhance the overall transparency and integrity of wholesale energy markets and ensure a Union-wide level playing field for market participants.

11. In 2011, the Council of European Energy Regulators (CEER) issued a report⁴ recommending factors that are important in meeting the above aims. The current Registration regime was introduced, as it was considered that it provides the right regulatory balance to identify who is in the market and to enable monitoring markets to detect abuse. The Agency is keen to understand stakeholders' views on this balance, in particular in relation to the previously-raised concerns that different national administrative requirements, which trading companies need to meet in order to operate in the national wholesale energy markets, could represent potential barriers to the creation of a Union-wide level playing field for market participants.

i. Do you consider these national administrative requirements a relevant barrier to entry and an obstacle towards a true pan-European energy market? Please provide examples of administrative requirements that you believe constitute an unjustified barrier to entry that could distort the level playing field at European level.

No doubts that the national administrative requirements exist and represent market entry barrier. As market participant we welcome any effort to minimise administrative burden related to the market entrance. At the same time we are not sure how are the competencies between local regulatory regimes and EU adjusted and hence how it can be effectively achieved. We think that the upfront discussion between ACER and NRAs shall be established.

ii. If you do believe there are barriers to entry, how could these be mitigated?

As seen above, we believe the market barriers can be mitigated on individual cases but the discussion between ACER and NRAs needs to be established.

iii. Do you consider other possible regimes, compared to the existing registration regime, more useful to enhance the overall transparency and integrity of the wholesale energy markets and ensure a Union-wide level playing field for market participants? (e.g. EU trading license regime)

We do not consider this to be realistic. At the moment, the license obligations vary across the EU and can hardly be put under unified EU regime.

12. Some counterparties and organised market places (OMPs) voluntarily require market participants to be registered in the European register of market participants before they can trade with them/in their platforms. Do you consider that the introduction of this as a legal requirement would benefit the integrity and



transparency of the wholesale energy markets? What would be the pros and cons of introducing this legal obligation?

We are not in favour of any legal requirement.

13. Do you find the publicly available extracts of the European register of market participants useful for your business and/or for the transparency of the wholesale energy market? If not, which additional information should be published?

Yes, we find the existing CEREMP record helpful and we work with the records during the KYC process in counterparty checking.

14. Do you have any other comments on the functioning and usefulness of the European Register?

There are a lot of inflexibilities in operation of CEREMP system. Particularly, the corporate relationship information can only be set one by one, i.e. once the new relationship is captured it needs to be authorised by NRA and user is not allowed to capture multiple entries per one login. Similarly, relationship records entered by error cannot be rejected by the market participants.

Question on the implementation timeline of changes in the European Register

15. Following consideration of responses to the public consultation, the Agency aims for any resulting modification to the European register of market participants and to the Registration Format to be adopted by 30 June 2016 and to apply as of 1 January 2017. Do you agree with this proposed timeline? If not, please justify your reply and propose an alternative timeline.

As seen in the previous answers we do not see the additional value to implement new features in the existing CEREMP registration system. We trust that the terms and deadlines mentioned shall only be considered once the overall consensus on the necessity of changes is reached.