

One year of successful data collection under REMIT

Ljubljana, 7 October 2016

The Agency completed on 7 October 2016 one full year of data collection under the EU Regulation on Wholesale Energy Integrity and Transparency (REMIT). On this occasion the Agency is publishing the REMIT Annual Report 2016 for the Agency's REMIT activities during 2015, as well as a new edition of the REMIT Quarterly, with the most recent updates on REMIT-related matters.

The Agency is currently receiving more than 1m records of transactions, including orders to trade, on average per day and more than 35m records per month. This considerably exceeds the prudent estimates made before data collection began. The Agency notes that a high number of transactions in all likelihood reflects liquid and competitive markets. However, it also poses an additional challenge to the Agency.

The Agency now receives the information it needs in order to monitor the market efficiently. Using the reported data, the Agency can detect and deter market manipulation and trading based on inside information. In the longer run, this will enhance market integrity and transparency for the benefit of European energy consumers and citizens.

The experience with energy market abuse cases in other parts of the world clearly shows the benefits of investing in adequate market monitoring. It indicates that effective market monitoring can detect potential market abuse that could otherwise have a significant detrimental impact on the market. The deterring effect of market monitoring, whose benefits cannot easily be quantified, should also be taken into consideration.

REMIT plays, therefore, an important role in the completion of a well-functioning internal energy market in the European Union. Well-functioning markets should work on the basis of reliable price signals, namely price signals which reflect the demand and supply fundamentals and are not distorted by abusive market behaviour. Security of supply also benefits from well-functioning markets. The effective implementation of REMIT, with its aim of detecting and deterring market abuse, is thus a major pre-requisite for efficient market integration and the security of energy supply, both of which are essential components of the Energy Union strategy.

These milestones were achieved despite a level of resources clearly inadequate in relation to the Agency's mandate. This required the deprioritisation of a number of activities, including some in the REMIT implementation area. It also led to reassessing the scale of the Agency's market monitoring of European wholesale energy markets. Only in 2016 was the Agency authorised to recruit some additional human resources, even though the gap with respect to what would be required to effectively implement REMIT persists. Going forward, the way in which the Agency's monitoring of European wholesale energy markets will be organised, and its effectiveness, will crucially depend on the available human resources – in terms of expert market analysis capabilities. The Agency still faces resource constraints and will have to review its activities for 2017 in the light of the budget available.

The most recent information on the Agency's REMIT activities is explained in the new REMIT Quarterly newsletter.

REMIT Annual Report 2016 published

The Agency's REMIT annual report 2016 for its REMIT activities in 2015 published today focuses on the Agency's implementation and monitoring activities.

In 2015, the Agency continued with the development of the procedures and the IT platforms to support the collection and analysis of trade and fundamental data, as envisaged within the REMIT framework. In line with plans, the Agency began to collect data on 7 October 2015.

Despite the fact that the Agency's main REMIT activities in 2015 were concentrated on the implementation of its information system (ARIS), it was at the same time already active in monitoring the trading activities at pan-European level, based on the information available, and its actions were complemented by NRAs' monitoring activities at national or regional level. Furthermore, Persons Professionally Arranging Transactions were continuing with the identification and notification of potential breaches of the market abuse prohibitions as obliged under Article 15 of REMIT.

The achievements in 2015 are particularly significant considering that the Agency has so far been assigned only a small part of the human resources required for the implementation of REMIT. Since part of the additional resources, which the Agency would have required to deliver its Annual Work Programme, and envisaged in that estimate, did not become available to the Agency, the Work Programme for 2015 was revised in January 2015 and some activities planned, in particular with respect to the implementation of REMIT, were postponed.

Against the background of market integrity and transparency and the effective implementation of REMIT as essential components of the Energy Union strategy, in its REMIT annual report 2016 the Agency formulates the following recommendations to the European Commission pursuant to Article 7(3) of REMIT:

- Consider the specificities of energy markets in the Union's financial market legislation;
- Monitor the transposition and implementation of enforcement and sanctioning powers at national level;
- Supervision of Registered Reporting Mechanisms;
- Provision of appropriate financial and human resources to the Agency.

More

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