



European Union Agency for the Cooperation
of Energy Regulators

Market Abuse under REMIT

The role of ACER

ERRA Webinar

Daniel Ihasz-Toth

ACER - Market Surveillance and Conduct Department

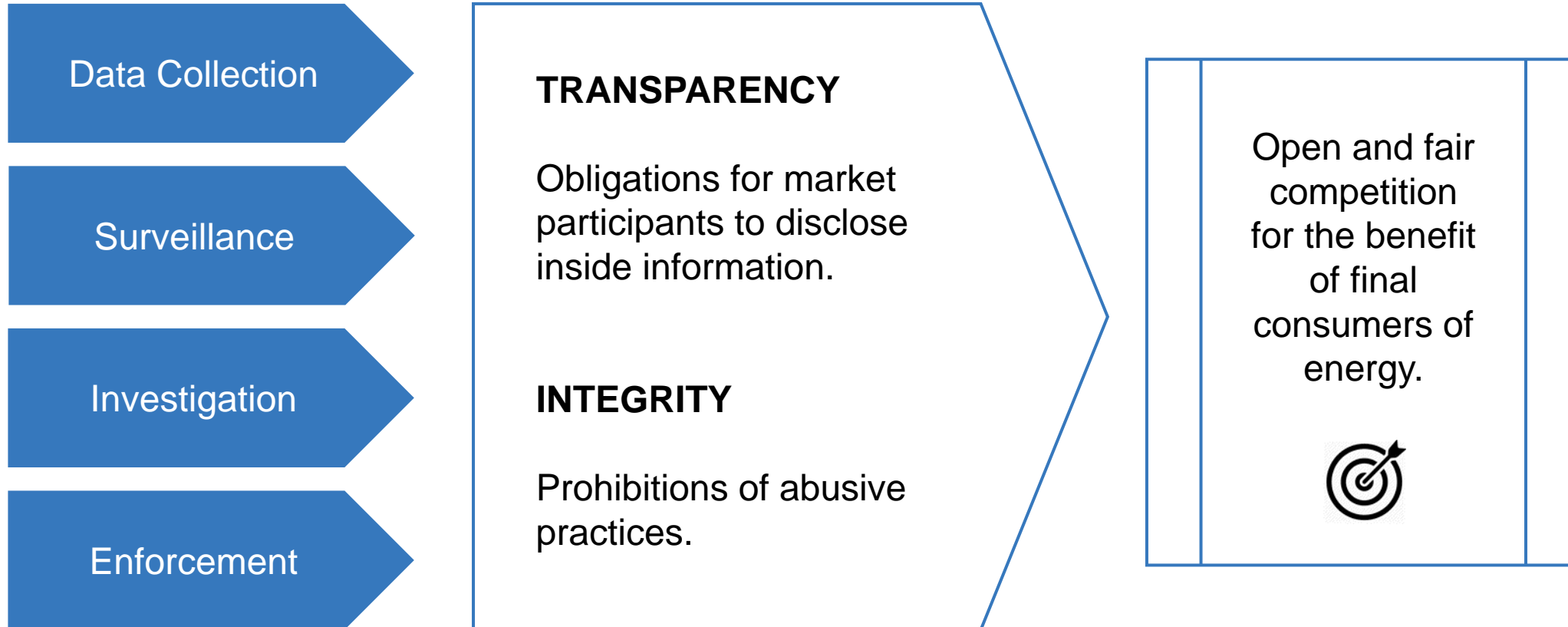
23 June 2021, virtual meeting

ACER is an EU agency located in Slovenia

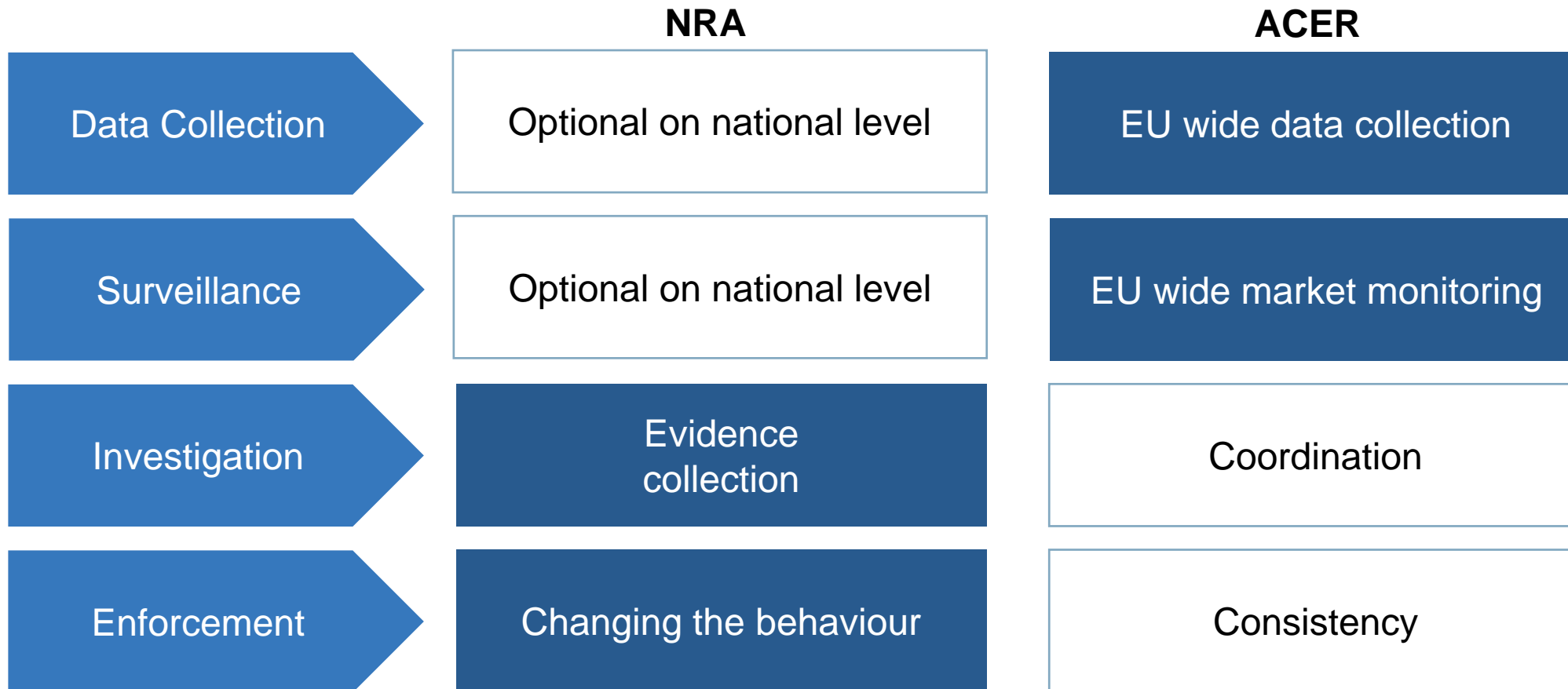


The European Union Agency for the Cooperation of Energy Regulators (ACER) is an independent body to foster the integration and completion of the European Internal Energy Market for electricity and natural gas.

REMIT is an effective & efficient decentralised oversight framework



ACER & the NRAs split the tasks



1. Non-binding guidance to ensure that NRAs carry out their tasks under REMIT in a coordinated and consistent way:



ACER Guidance on the application of REMIT

2. Guidance notes to provide in-depth information on specific types of market abusive practices:



Layering and Spoofing



Transmission Capacity Hoarding



Wash Trades

Find out more at:

https://www.acer.europa.eu/en/remit/About/Guidance/Pages/ACER_guidance.aspx

Market Abuse

(Attempted) Market
Manipulation

Insider Trading

INSIDE INFORMATION

Information has to be:

- **Precise**
- **Not** been made **public**
- **Related** (directly or indirectly) to one or more **wholesale energy products**
- If made public, likely to significantly **affect the prices** of those wholesale energy products

INSIDER TRADING

Using that information to trade or trying to trade

Disclosing that information
(unless such disclosure is made in the normal course of the exercise of their employment, profession or duties)

Recommending or inducing another person, on the basis of that information, to trade

What is market manipulation?

CATEGORIES

False/misleading transactions

Price positioning

Transactions involving fictitious devices/deception

Dissemination of false and misleading information

EXAMPLES

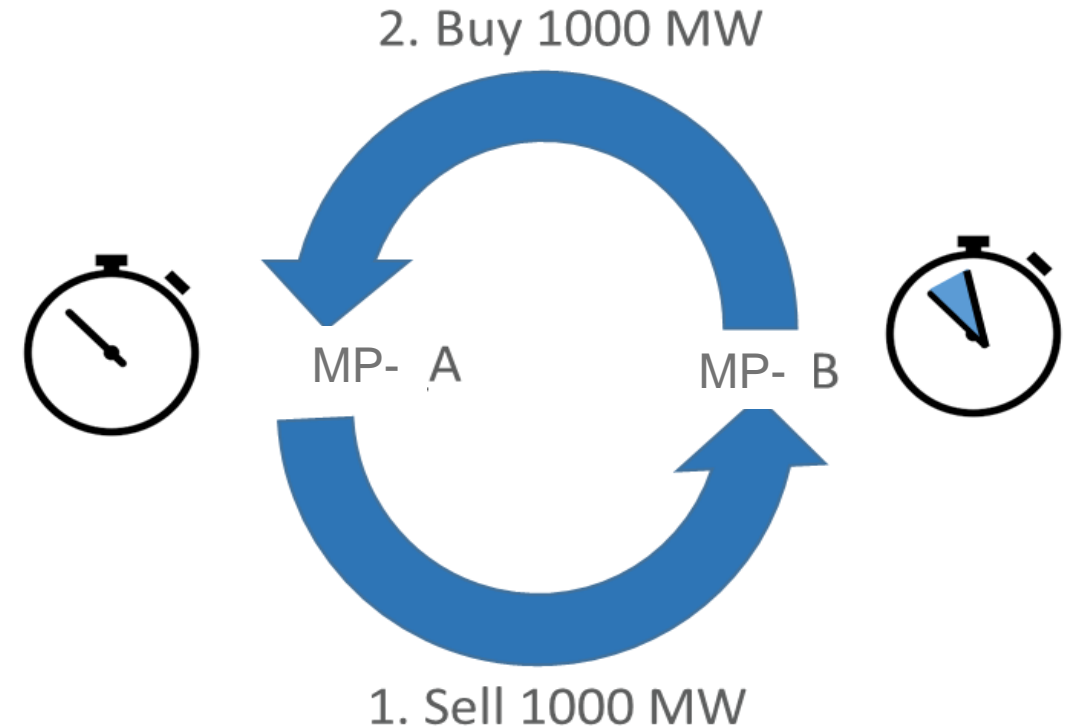
- Wash trades
- Layering
- Capacity withholding
- Capacity hoarding
- Marking the close
- Pump and dump
- Etc.

Situation:

- On the intraday market, MP-A sold 1,000 MW electricity to MP-B.
- After a few minutes, MP-B sold to MP-A the same volume at the same price.
- There was no change in the beneficial interest of MP-A & MP-B.

Interpretation:

1. These transactions gave the impression to the market that liquidity at that price level was higher than genuine trades would have justified.
2. Other MPs adjusted their behaviour by introducing new orders closer to the price levels of the wash trades, cancelling or changing existing orders.
3. Some MPs were misled by the market signals and were led to believe that, for instance, new generation capacity was back online without a proper disclosure.



Situation:

PRICE euro/MWh	ORDER QUANTITY in MW in TIME SEQUENCE T1 to T11										
	LEG 1: sell high					LEG 2: buy low					
	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11
20.5	100	100	100	100	100	100	100	100	100	100	100
20.4		!30	!30	!30	!30 30			!50	!50	!50	
20.3	-	-		!50	!50	-	-	-	!50	!50	
20.2	-		!50	!50	!50	-	!30	!30	!30	!30 30	
20.1	100	100	100	100	100	100	100	100	100	100	100

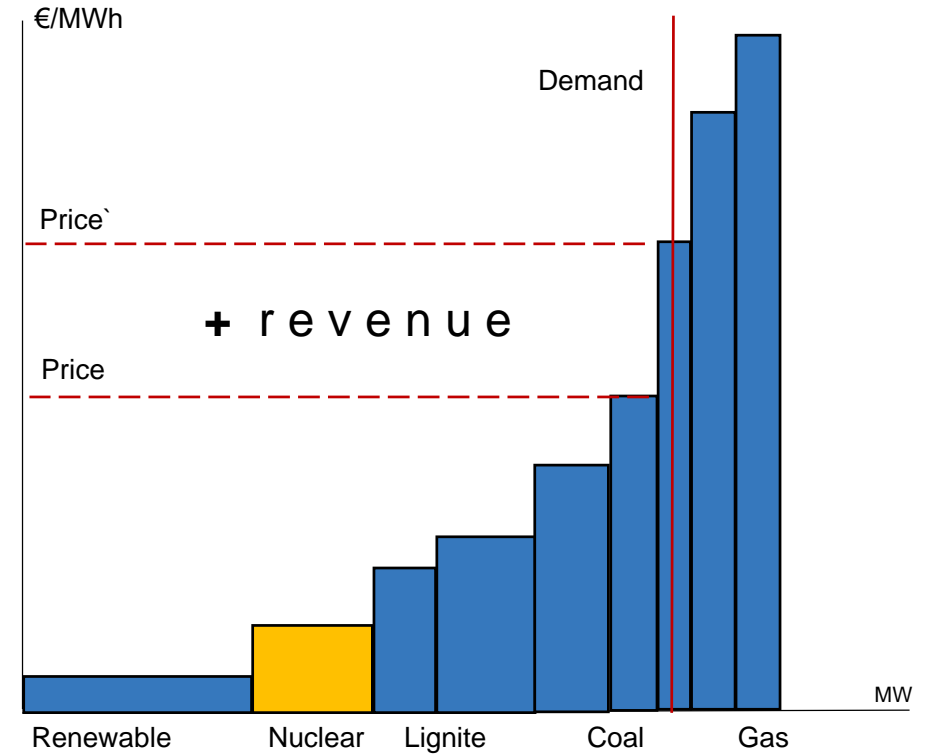
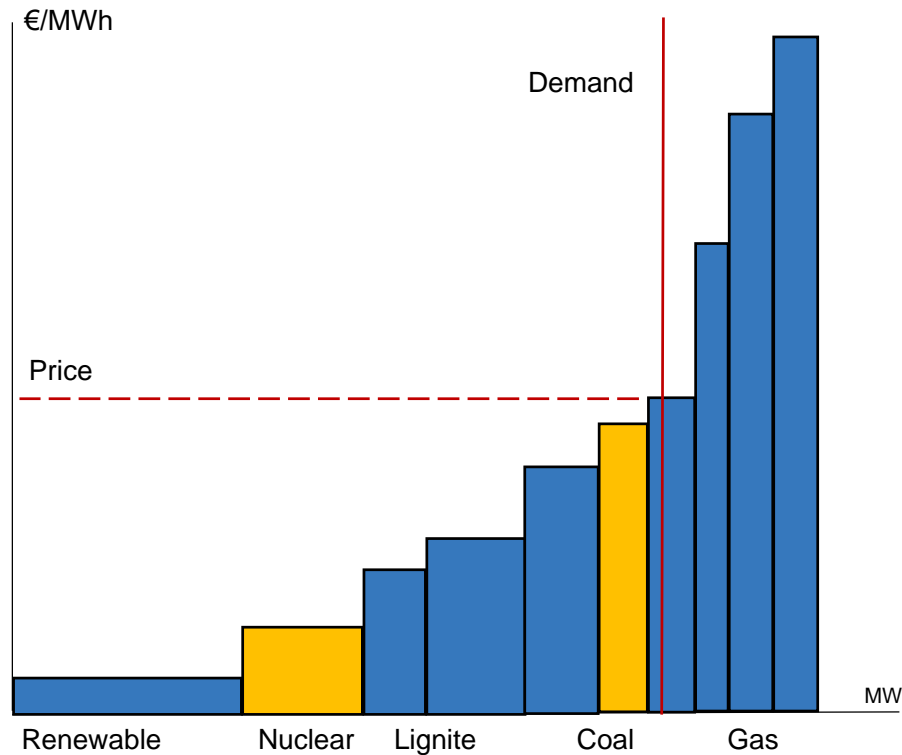
Legend: Bid orders in green and underlined; Ask orders in red; Orders from MP A represented with a "!".

Interpretation: market manipulation under REMIT in the form of layering due to the combination of the following two cumulative elements:

(i) the pattern of the order(s) and transaction(s)

(ii) the orders issued on the buy (1st leg)/ sell (2nd leg) side of the order book are non-genuine

Physical capacity withholding example





Note: The right application of REMIT vs. competition law should be considered by the enforcing authority.



REMIT market abuse fines issued across the EU

Decision date	NRA, Member State	Market Participant	Type of REMIT breach	Fine
25 February 2021	CNMC (ES)	Rock Trading World S.A.	Article 5	EUR 60,000
16 December 2020	OFGEM (UK)	EDF Energy (Thermal Generation) Limited	Article 5	£ 6,000,000 (approx. EUR 6.7 million)
25 March 2020	OFGEM (UK)	InterGen (UK) Ltd, Coryton Energy Company Ltd, Rocksavage Power Company Ltd, Spalding Energy Company Ltd	Article 5	£ 37,291,000 (approx. EUR 42.5 million)
03 January 2019	NERC (LT)	UAB Geros dujos	Article 5	EUR 28,583
01 December 2019	MEKH (HU)	Valahia Gaz S.R.L.	Article 5	HUF 30,000,000 (approx. EUR 9,000)
September 2019	MEKH (HU)	MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zrt.	Article 5	HUF 1,000,000 (approx. EUR 3,000)
05 September 2019	OFGEM (UK)	Engie Global Markets	Article 5	£ 2,128,236.00 (approx. EUR 2,393,427.80)
20 February 2019	BNetzA (DE)	Uniper Global Commodities SE + Two traders	Article 5	EUR 150,000 and fines of EUR 1,500 and EUR 2,000 for each trader.
21 December 2018	Prosecutor/DUR (DK)	Neas Energy A/S	Article 5	153,000 DKK (approx. EUR 20,400)*
28 November 2018	CNMC (ES)	Multiennergía Verde, S.L.U.	Article 5	EUR 120,000
28 November 2018	CNMC (ES)	Galp Gas Natural, S.A.	Article 5	EUR 80,000
30 October 2018	Prosecutor/DUR (DK)	Energi Danmark A/S	Article 5	DKK 1,104,000 (approx. EUR 147,000)
05 October 2018	CRE (FR)	VITOL S.A.	Article 5	EUR 5,000,000
24 November 2015	CNMC (ES)	Iberdrola Generación S.A.U.	Article 5	EUR 25,000,000



European Union Agency for the Cooperation
of Energy Regulators

 info@acer.europa.eu
 acer.europa.eu

 [@eu_acer](https://twitter.com/eu_acer)
 [linkedin.com/in/EU-ACER/](https://www.linkedin.com/in/EU-ACER/)