

**CEER Advice on the introduction of a
Europe-wide energy wholesale trading
passport**

Evaluation of Responses

**Ref: C11-WMS-15-04c
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INFORMATION PAGE

Abstract

On 19 April 2011, CEER launched a public consultation on the “CEER Draft Advice on the introduction of a Europe-wide energy wholesale trading passport” (C11-WMS-15-04). The draft advice outlined a framework for dealing with the existing shortcomings regarding regulatory access to trading on electricity and gas wholesale markets.

This document (C11-WMS-15-04c) accompanies the final CEER advice (C11-WMS-15-04b) and provides the evaluation of responses to the public consultation.

Target Audience

Energy suppliers, traders, gas/electricity customers, gas/electricity industry, consumer representative groups, network operators, Member States, academics and other interested parties.

Related Documents

CEER documents

- “ERGEG and CESR advice to the European Commission in the context of the Third Energy Package - Record-keeping, transparency and exchange of information”, December 2008, Ref. C08-FIS-07-03, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2008/C08-FIS-07-03_Recordkeeping_2008-12-17.pdf
- “Wholesale energy trading licenses in the EU”, Brattle Group/ Skadden, Arps, Slate, Meagher, & Flom UK LLP, 21 October 2010, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2010/Brattle-Skadden%20Study%20Final%2021_Oct_2010.pdf
- European Energy Regulators’ response to the European Commission’s consultation on the MiFID review, Ref. C11-FIS-23-04, 2 February 2011, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2011/C11-FIS-23-04_MiFID_02-Feb-2011.pdf

- CEER Draft Advice on the introduction of a Europe-wide Energy Wholesale Trading Passport. A CEER Public Consultation Document, Ref. C11-WMS-15-04, 5 April 2011, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/CROSS_SECTORAL/Europe-wide%20trading%20passport/CD/C11-WMS-15-04_EuroTradingPassport_05042011.pdf

External documents

- Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse), <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:096:0016:EN:PDF>
- Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (MiFID), <http://eur-lex.europa.eu/LexUriServ/site/en/consleg/2004/L/02004L0039-20060428-en.pdf>
- Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0015:0035:EN:PDF>
- Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0036:0054:EN:PDF>
- Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0055:0093:EN:PDF>
- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0094:0136:en:PDF>
- Proposal for a Regulation of the European Parliament and of the Council on energy market integrity and transparency of 8 December 2010 (COM(2010)726 final), http://ec.europa.eu/energy/gas_electricity/markets/doc/com_2010_0726_en.pdf

- Consultation on the review of the Markets in Financial Instruments Directive (MiFID), European Commission, Directorate General Internal Market and Services, 8 December 2010, http://ec.europa.eu/internal_market/consultations/docs/2010/mifid/consultation_paper_en.pdf
- “Conclusions on Energy”, European Council, 4 February 2011, Ref. PCE 026/11, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/119141.pdf

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1. Introduction

This document contains the CEER evaluation of the responses received during the CEER public consultation on the Draft Advice on the Introduction of a Europe-wide Energy Wholesale Trading Passport.

The public consultation was held from 19 April to 17 June 2011 with the purpose to provide CEER with the basis for its advice on a framework for dealing with the existing shortcomings regarding regulatory access to trading on electricity and gas wholesale markets which is perceived as another key element on the way to create an Internal European Energy Market and to ensure the integrity of energy trading in Europe.

1.1. Recap of the CEER public consultation

The public consultation document described existing shortcomings regarding regulatory access to trading on electricity and gas wholesale markets and set out a framework for dealing with those shortcomings. It provided recommendations on whether harmonisation of regulatory wholesale market trading access conditions was needed and if yes, what would be the best instruments to achieve it.

CEER clearly concluded that there are objective reasons for regulating the access to trading on electricity and gas wholesale markets. The focus of the regime should be to ensure that certain requirements for the companies participating in wholesale energy trading were in place in order to keep fraudster at bay and that all market participants were known to the regulators. Trading companies should demonstrate their technical, financial and organisational capacity to fulfil all energy regulatory requirements. On the other hand, CEER did not recommend that the regulatory access regime attempt to check the companies' potential economic success. Finally, it should be clarified that the scope of the CEER advice is on regulatory issues and not on additional requirements for network access or starting trading activities related to TSOs or trading venues (such as energy exchanges).

In the draft advice, CEER discussed different possible options regarding the appropriate organisational framework which ensures the proper implementation of the requirements and standards. The four options discussed in the draft advice comprised:

- to continue with the status quo and not introduce any changes;
- to extend the existing MiFID (Markets in Financial Instruments Directive) passport to electricity and gas trading;
- to set certain minimum and maximum requirements for national licensing regimes;
- to introduce a Europe-wide Energy Wholesale Trading Passport.

The options were evaluated against the background that a future regime should ensure a level playing field for market participants, provide an appropriate level of checks, identify all market participants and avoid unnecessary bureaucracy.

Based on those criteria, CEER concluded that a Europe-wide Energy Wholesale Trading Passport would be the best policy option to fulfil all goals. All other options did have deficits

in one or the other dimension. The big benefit of the proposed Europe-wide Energy Wholesale Trading Passport would be that each trading company would need to apply for such a passport only once in one EU Member State and could then use this passport in all European wholesale energy markets. It was recommended that the national regulatory authorities (NRAs) were the entities issuing the passport and monitoring legal compliance by the passport holders. The Agency for the Cooperation of Energy Regulators (ACER) could compile a comprehensive database with all trading companies active at European level. The national regulatory authorities would deliver the respective information to ACER. In order to ensure a level playing field application and supervision procedures should be standardised Europe-wide. Furthermore, effective collaboration procedures between the home NRA of the passport holder and national regulatory authorities in the Member States where passport holders were active as well should be installed – especially concerning prosecution and enforcement in case of breaches.

In addition to inviting stakeholders and market participants to provide general comments to the consultation and participate in the discussions on the document, CEER asked a number of specific questions related to the scope and applicability of the document.

The respondents were invited to provide comments on the following questions:

Question 1:

(1a) Do you agree with the described analysis of existing licensing regimes in general?

(1b) Do you agree that differences in trading license requirements across EU Member States create higher costs for traders and create barriers to trade across Europe?

(1c) If you do not see this as a problem, then please explain why?

Question 2:

(2a) Do you agree with the objectives of the CEER policy advice identified in Chapter 1 of the CEER consultation document?

(2b) Are there any additional objectives that should be included?

Question 3: What are the main benefits and drawbacks of harmonising energy trading access across Europe?

Question 4: Are there experiences or lessons to be learnt from the design and implementation of other similar regimes that we can use to inform our approach to the harmonisation of energy trading (for example the MiFID licensing regime)?

Question 5:

(5a) Which of the options set out in Chapter 4 of the public consultation document best achieves the CEER objectives?

(5b) Are there other options that could achieve these objectives which have not been considered?

Question 6:

(6a) What is your opinion on the suggested scoping, detailed requirements and administrative standards of a wholesale energy trading market access regime? Please

explain the reasons for your views.

(6b) Are there other or different requirements which should be included in such a regime?

1.2. Responses received to the public consultation

CEER had an encouraging reaction to the public consultation. In May 2011 CEER also hosted a workshop with more than 60 stakeholders and received 39 formal responses to the consultation (four being confidential).

	Organisation	Abbreviated name
1	A2A TRADING SRL	A2A
2	Alpiq Trading AG	Alpiq
3	Anigas	Anigas
4	Bundesverband der Deutschen Energiewirtschaft	BDEW
5	BP Gas Marketing Ltd	BP Gas
6	CEDEC	CEDEC
7	Centrica	Centrica
8	CEZ Trade	CEZ
9	Danish Energy Association	Danish Energy
10	Energy Agency of the Republic of Serbia	AERS
11	ECT-Group	ECT
12	EDF	EDF
13	Edison SpA	Edison
14	European Federation of Energy Traders	EFET
15	Federal Electricity Commission EICom	ELCom
16	Electricity Efficiency	Electricity Efficiency
17	ENAGAS	ENAGAS
18	EnBW Trading	EnBW
19	Endesa Ireland	Endesa
20	ENI	ENI
21	E.ON AG	E.ON
22	EURELECTRIC	EURELECTRIC
23	Eurogas	Eurogas
24	EuroPEX	EuroPEX
25	Österreichs E-Wirtschaft	E-Wirtschaft
26	ExxonMobil	Exxon
27	Futures and Options Association	FOA
28	European Group of Energy Distribution Companies and	GEODE

Organizations

29	International swaps and derivatives association	ISDA
30	OMV Gas&Power GmbH	OMV
31	RWE Supply & Trading GmbH	RWE
32	Shell Energy Europe Ltd	Shell
33	Sorgenia Trading	Sorgenia
34	Svensk Energi - Swedenergy - AB	Svensk Energi
35	Verbund Kommunalen Unternehmen (Deutschland)	VKU

The non-confidential responses are published on the CEER website¹, and were submitted by the following stakeholders:

- 6 trading companies: A2A Trading SRL, Alpiq Trading AG, CEZ Trade, EnBW Trading, RWE Supply & Trading GmbH, Sorgenia Trading;
- 10 Energy companies/shippers: BP Gas Marketing Ltd, Centrica, E.ON AG, EDF, Edison SpA, Endesa Ireland, Eni, Exxon Mobil, OMV Gas & Power GmbH, Shell Energy Europe Ltd;
- 4 trading companies' or brokers' association: ECT Group, EFET, Futures and Options Association, ISDA (International swap and derivatives association);
- 10 industry associations: Anigas, BDEW, CEDEC, Danish Energy Association, Eurelectric, Eurogas, GEODE, Österreichs E-Wirtschaft, Svensk Energi, VKU;
- 1 European energy exchange association: Europex;
- 1 gas transmission operator: ENAGAS;
- 2 non-EU regulators: EICOM Swiss, Energy Agency of the Republic of Serbia;
- 1 organisation: Electricity Efficiency.

In general, most respondents welcomed the approach of CEER to substitute the multitude of European trading licenses by a Europe-wide energy wholesale trading passport.

Of the responses received, the key messages from a significant number of respondents are that:

- The current situation with many national trading license requirements creates high cost and barriers to trade across Europe. Any new approach should aim at the reduction of bureaucratic barriers for energy traders.
- The introduction of a Europe-wide Energy Wholesale Trading Passport would be a very good option and an important step forward in the process of creating the internal energy market.
- Nevertheless, the expected benefits strongly depend on the final design of such a regime.
- Furthermore, additional options should be taken into account. Especially the abolishment of any energy wholesale trading license in all states of the European Economic Area and the introduction of a mere registration process were named in this context.

¹ http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/CROSS_SECTORAL/Europe-wide%20trading%20passport/Results

However some respondents also criticised that:

- The introduction of a Europe-wide trading passport would increase bureaucracy in those countries that currently do not have a trading licence. This would be especially true for those trading companies that are only active in one of these countries.
- The listed requirements and administrative standards for obtaining a trading passport are not specific enough. Several respondents asked for a more concrete and detailed list of requirements.

2. Evaluation of responses

2.1. General

This section contains the evaluation of all the responses, organised according to the questions put forward in the consultation document. CEER has evaluated the comments provided in the public consultation, principally in terms of their applicability and consistency.

Due to the large number of responses, we have not provided an exhaustive analysis of each response to each question but instead have addressed the key points. For each point, the following evaluation template has been used:

Respondents' views	CEER's position	Explanation
↑	↑	↑
<i>Indication on the number of respondents + key points raised "A number of respondents thought..."</i>	<i>Agree/ Partly Agree/ Disagree</i>	<i>Explanation to CEER's position</i>

The comments from the public consultation evaluated positively are incorporated into the final CEER advice².

2.2. Evaluation of responses received to the public consultation

2.2.1. Question 1: Analysis of existing licensing regimes

Consultation question 1(a): Do you agree with the described analysis of existing licensing regimes in general?

Respondents' views	CEER's position	Explanation
Nearly all respondents agree with the analysis.	Agree	CEER welcomes the general support of the respondents to CEER's analysis.
Many of the respondents representing trading or trading arms of energy companies re-emphasised that many national trading license requirements	Agree	CEER acknowledges these comments which were reiterated in Question 1b.

² CEER final advice on the introduction of a Europe-wide energy wholesale trading passport. A CEER conclusions paper, Ref: C11-WMS-15-04b, 8 November 2011, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Cross-Sectoral/2011/C11-WMS-15-04b_TradingPassport_Conclusion_08112011.pdf

Respondents' views	CEER's position	Explanation
create higher cost and barriers to trade across Europe.		
Several respondents added that the analysis "don't mention the fact that Member States without a license requirement have developed the most liquid and best functioning energy wholesale markets and that there is no evidence that such a regime is needed to enforce rules on market supervision".	Partly Agree	CEER acknowledges the comment but also points to the fact that problems of enforcement with regard to market supervision could not appear in the past as wide areas of wholesale energy trading have not been monitored so far.
One respondent mentioned that existing licences were only one aspect that determines how a trading company might choose to structure activities; separate entities might still be necessary and that in some countries more general trading licences are required (outside of energy legislation) that are not considered in the report.	Agree	CEER acknowledges that other factors and regulatory requirements might influence the accessibility of wholesale energy trading but points out that this advice is only focused on the described aspects of regulatory access to wholesale electricity and gas markets.
One respondent critically questioned the significance of the higher costs as no quantitative analysis was done', but acknowledges that it creates unnecessary barriers to market entry.	Partly Agree	CEER acknowledges that it was not possible to provide a comprehensive quantitative cost analysis within this document, but makes reference to the study conducted by consultants where the cases studies provide concrete figures.

Consultation question (1b): Do you agree that differences in trading license requirements across EU Member States create a higher cost for traders and create barriers to trade across Europe?

Respondents' views	CEER's position	Explanation
Nearly all respondents agree that many national trading license requirements create higher cost and barriers to trade across Europe. One respondent further specified that national reporting requirements require a constant monitoring of different national laws which always needs to be done via external legal counsel.	Agree	CEER welcomes the general support of the respondents to the analysis.
Three respondents highlighted that especially newcomers get discouraged from accessing certain national markets by the manifold licensing and related market	Agree	CEER agrees that especially for newcomers and small companies regulatory requirements can pose substantial barriers to market entry.

Respondents' views	CEER's position	Explanation
<p>entry requirements.</p> <p>One mentioned that “specifically for small companies expenses and the overall process for a license application are prohibitive”.</p>		Therefore the selection of requirements should be carefully considered.
<p>One respondent mentioned that the barriers for trading are more often also in grid codes and balancing rules.</p>	Agree	CEER acknowledges that other factors and regulatory requirements might also influence the accessibility of wholesale energy trading but points out that this advice is only focused on the described aspects of regulatory access to wholesale electricity and gas markets.
<p>Several respondents mention that a number of countries do not currently have a trading licence regime and that in case of an introduction of a licensing requirement in these markets it would increase bureaucracy and not reduce it.</p> <p>One respondent mentioned that whether the differences lead to higher or lower costs depends on what standard can be agreed. If requirements can be removed, or can be standardised at a level that is not unduly onerous, then cost could be reduced.</p>	Agree	CEER recognises that the design of the regulatory access regime to wholesale energy trading has a significant influence on the cost. Therefore the design, the requirements and the administrative standards have to be carefully assessed against its cost implications.

Consultation question (1c): If you do not see this as a problem, then please explain why?

Respondents' views	CEER's position	Explanation
<p>Nearly none of the respondents raised a disagreement with the problem analysis.</p> <p>Only one respondent active in Italy, France, Germany and the Netherlands thought, it did not experience any significant problem to get a trading licence.</p>	Agree	CEER acknowledges the statement provided. It should however also be mentioned that in these countries no wholesale trading licence is needed and therefore the perception is a matter of course.

2.2.2. Question 2: Objectives of the CEER policy advice

Consultation question (2a): Do you agree with the objectives of the CEER policy advice identified in Chapter 1 of the consultation document?

Respondents' views	CEER's position	Explanation
Nearly all respondents generally support the objectives of the CEER policy advice identified in Chapter 1 of the consultation document. Most of them however introduce further refining to what could be the objectives or to what must be avoided.	Agree	CEER welcomes the general support of the respondents as well as their willingness to further refine the proposed objectives.
<p>Objective: Level playing field Some respondents made comments on the objective of a trading passport to ensure a level playing field in wholesale energy trading:</p> <p>They all agree with this objective. However, three of them believe that this objective should be re-formulated or should have less priority than facilitating access to wholesale markets.</p> <p>Three respondents think that the lack of market participation in some national markets or areas can be easily explained with barriers to entry related to licensing regimes, burdensome reporting requirements and a high level of regulatory intervention.</p> <p>Two respondents believe that a harmonised trading passport won't be able to create alone a level playing field in Europe.</p> <p>Finally, one respondent is of the opinion that it should be acknowledged that in the most liquid markets in Europe there are no licensing requirements in force and there is no evidence of market failures or frauds that would require necessarily an access regime.</p>	<p>Partly agree</p> <p>Partly agree</p> <p>Agree</p> <p>Disagree</p>	<p>CEER recognises that the right equilibrium has to be found between the different objectives.</p> <p>CEER believes that, among others, unnecessary barriers can lead to a low number of market participants.</p> <p>CEER recognises that introducing a European trading passport won't create in itself a level playing field, but can contribute to this objective.</p> <p>CEER considers that the lack of market failures or frauds does not in itself prove that there will never be such an event. CEER believes that access requirements can contribute to deal with market failure or frauds.</p>
<p>Objective: Appropriate level of checks Some respondents commented on the objective of a trading passport to allow performing an appropriate level of checks</p>		

Respondents' views	CEER's position	Explanation
<p>before entering the market:</p> <p>Three of them think that an appropriate level of checks must include the replacement of national checks.</p> <p>Some respondent deems necessary to make a cost/benefit analysis of each check to be performed before entering the market, or that the level of checks should be kept at minimum level.</p> <p>One respondent thinks that the purpose must not be to keep fraudster at bay.</p> <p>One respondent deems that a "light touch" licensing regime inspired for what exists in the UK could be a good idea.</p> <p>One respondent believes that appropriately tailored core regulatory standards should be consistently applied to market participants and the regulatory authorities should be equipped with the necessary tools to effectively supervise these markets and their participants.</p>	<p>Agree</p> <p>Agree</p> <p>Disagree</p> <p>Agree</p> <p>Agree</p>	<p>CEER considers that a harmonised European passport must replace national trading licences.</p> <p>CEER agrees that each check should bring more advantages than disadvantages to the social welfare. Nevertheless, a harmonised system aims at reducing overall costs compared to the current situation.</p> <p>CEER considers that a trading licence should contribute to prevent fraud on the energy wholesale markets.</p> <p>CEER considers essential to take into account current best practices and welcomes that some of its views are shared.</p> <p>CEER considers that trading licences are a good tool to effectively supervise wholesale energy market participants.</p>
<p>Objective: Avoid unnecessary barriers Some respondents commented on the objective of a trading passport to avoid unnecessary barriers:</p> <p>They all believe that the main, primary objective or aim is to remove market barriers, or ease the ability to operate across multiple boundaries.</p> <p>Nearly all of them think that the objective should be to remove barriers, not to avoid barriers. Such barriers may be regulation overlapping in general and especially with financial regulation, excessive fees, or possibility to use English on-line processes. It is suggested to rename this objective as "Facilitate access to wholesale markets".</p>	<p>Partly agree</p> <p>Partly agree</p>	<p>CEER recognises that the right equilibrium has to be found between the different objectives</p> <p>CEER considers that the right wording of this objective should be: "avoid and remove where needed, unnecessary barriers".</p>
<p>Some respondents believe that the objectives proposed by CEER must be further refined. They think that the question</p>	<p>Disagree</p>	<p>CEER considers that the overall goal of a harmonised licence regime is to find the right</p>

Respondents' views	CEER's position	Explanation
"what is the overall goal of licence regime?" has to be answered.		equilibrium between the different objectives listed in the consultation document.

Consultation question (2b): Are there any additional objectives that should be included?

Respondents' views	CEER's position	Explanation
Some respondents demand that the implementation of such a harmonised licensing scheme should not lead to additional costs, especially in Member States where such an obligation do not exists.	Partly agree	CEER considers that a trading passport shall not lead to unproportionate costs.
One respondent considers that such a licensing scheme should also help market participants to better understand the legislative framework.	Disagree	CEER considers that a better understanding of the legislative framework cannot be in itself an objective. However, the introduction of a harmonised system reduces the need of a constant monitoring of different national laws.
One respondent considers that a European trading passport will lead to lower market integrity in some Member States and stresses the need for further market monitoring.	Partly agree	CEER considers that wholesale energy market monitoring is needed.
One respondent considers that there is a need for harmonisation of supply and shipping licences.		The harmonisation of supply and shipping licences is not part of this paper.

2.2.3. Question 3: Benefits and drawbacks of harmonising energy trading access across Europe

Consultation question (3): What are the main benefits and drawbacks of harmonising energy trading access across Europe?

Respondents' views	CEER's position	Explanation
Nearly all respondents pointed out that the expected benefits and drawbacks will strongly depend on the design of such a regime.	Agree	CEER agrees with this statement and has therefore thoroughly discussed and evaluated different options for implementation, requirements and administrative standards to

Respondents' views	CEER's position	Explanation
		be applied in a future regulatory access regime.
<u>Benefits:</u>		
<p>As potential benefits especially the following aspects were pointed out by the respondents:</p> <p>A number of respondents thought that harmonising energy trading passports means a step forward in the process of an internal energy market.</p> <p>Nearly all respondents perceived the removal of burdensome national licensing requirements and regimes as the main potential benefit of a harmonisation process.</p> <p>In consequence</p> <ul style="list-style-type: none"> the majority of the respondents stated that this will facilitate market entry and reduce costs compared with today's requirements in some countries and that this will foster potential competition in markets where license requirements are the main obstacle. several respondents state that it will also enhance efficiency in business as companies could concentrate resources on business related topics. <p>In addition</p> <ul style="list-style-type: none"> A few respondents also mentioned that the harmonisation process would help to simplify and standardise administrative, reporting requirements and reduce the potential for discrimination. One respondent states that one of the benefits is that sanctions and penalisation would be harmonised and easily understood by participants. One respondent thought that one of the benefits is that it will be easier to detect fraudulent actions. One respondent pointed out that a potential benefit will also be an 	<p>Agree</p> <p>Agree</p> <p>Agree</p> <p>Agree</p> <p>Agree</p> <p>Agree</p> <p>Agree</p>	<p>CEER shares the views of the respondents. It considers that a harmonised European passport must replace national wholesale trading licensing regimes. As stipulated in the advice the goals of the harmonisation process are dedicated also to a reduction of bureaucratic cost and the development of a level playing field.</p> <p>CEER agrees that harmonisation of sanctions within a harmonised regulatory access regime in Europe should be foreseen and would be beneficial.</p> <p>CEER considers that the trading licensing regime can be a good tool to empower an effective wholesale energy market oversight regime.</p>

Respondents' views	CEER's position	Explanation
<p>obligations to substitute for requirements which were previously incorporated in the national license provisions.</p> <p>Many respondents raised as a potential risk the possibility of excessive regulation: the level of checks required could be disproportionate, financial and technical requirements, a “platform” for different other objectives.</p> <p>One respondent stated that a Europe-wide energy wholesale trading passport would only be useful if it keeps administrative requirements at a minimum.</p> <p>Some respondents thought that unclear rules on market monitoring, sanctioning and infringement would be a drawback, and a number of respondents thought that the issue of sanctioning has to be discussed.</p> <p>Some respondents thought that a possible drawback is the risk of duplication of rules.</p> <p>One respondent stated that there are potential drawbacks related to differences in how licensing regimes interact with national legislation to produce different results, and the unnecessary introduction of reform in Member States that currently have active traded markets.</p>	<p>Agree</p> <p>Agree</p> <p>Agree</p> <p>Disagree</p> <p>Disagree</p>	<p>CEER considers the mentioned points not as an imminent drawback of a harmonisation process, although it agrees that costs and benefits of all design elements of a regulatory access regime have to be carefully assessed. CEER also sees the need for clear rules on the responsibilities of NRAs, including sharing powers and responsibilities between home and host regulator in a harmonised approach; the same applies for duplications which are to be avoided.</p> <p>CEER considers that on a general level such an evaluation of the different aspects of future regime has been thoroughly conducted in the advice that leads to clear conclusions.</p>

2.2.4. Question 4: Lessons learnt from other similar regimes

Consultation question (4): Are there experiences or lessons to be learnt from the design and implementation of other similar regimes that we can use to inform our approach to the harmonisation of energy trading (for example the MiFID licensing regime)?

Respondents' views	CEER's position	Explanation
<p>As a general comment several respondents believed that the best approach for energy markets are tailor-made regulatory</p>	<p>Agree</p>	

Respondents' views	CEER's position	Explanation
solutions, given the specific characteristics of the EU energy wholesale market.		
A number of respondents highlighted that in any case requirements should be defined as precisely as possible. It should be avoided to include undefined legal terms.	Agree	CEER agrees with this statement and tries to be as precise as possible.
The main point of reference to inform CEER's approach to the harmonisation of energy trading was the MiFID licensing regime:		
<p>A huge number of respondents took the opportunity to stress that in general MiFID would not be the appropriate regime for the licensing of energy trading firms because:</p> <ul style="list-style-type: none"> • Activities in energy trading do not imply financial systemic risk (the risk of a financial disturbance that causes wide-spread disruptions in the financial system, which then fails to perform its functions). • The market price risks and credit risks as well as the operational risks caused by energy trading companies vary fundamentally from those that may be triggered by companies in the classical financial sector. • The energy trading market is a purely professional market with only sophisticated participants. • The majority of energy related contracts are concluded in order to physically deliver energy. • Energy trading firms do not offer commodity-linked investment products to private investors – in contrary to financial institutions. • The concept of consumer protection as designed for the financial sector is of no valid concern in energy trading; MiFID has not been designed for energy wholesale markets. • Defaulting in energy trading has no effect on the physical supply of electricity and gas. • The supply of electricity and gas has not at all been affected by the defaults of Enron, Amaranth or Lehman Brothers. 	Agree	CEER agrees with the assessment that the application of the MiFID-licensing regime would not be appropriate. This is one of the main findings of Chapter 4 of the consultation document. CEER welcomes that a large number of respondents arrive at the same conclusion.

Respondents' views	CEER's position	Explanation
<ul style="list-style-type: none"> In case of a financial default the physical facilities will continue to ensure security of supply. There cannot be a systemic excess in demand for commodities. <p>Therefore most of the respondents pointed out that the MiFID licensing regime:</p> <ul style="list-style-type: none"> is far too extensive for the needs of the intention of the proposal; and would be unreasonable and is not supported by the evidence. While the level of checks provided by MiFID may be deemed appropriate for financial services, they would be highly disproportionate for energy trading and would pose a serious threat to the development of wholesale energy markets. <p>One respondent representing municipal companies highlighted that small and medium-sized companies rely on the possibility to conduct hedging activities with physical underlying to cover prospective delivery commitments. For the case that MiFID will impose obligations on such utilities to attain a banking license, tied to obligations for underlying capital plus requirements for a widespread liquidity management, the respondent feared that local utilities might have to give up their business within the energy wholesale market. Beside the decreasing liquidity within the wholesale market this would have the consequence that fewer energy suppliers would be able to deliver countrywide. This would counteract the Commissions' aim to improve the energy markets, as the market access would be limited to only a few large companies. The respondent emphasised that due to their size and their business strategies, local and regional utilities do not account for risks for the entire energy market. Moreover, it cannot be expected that business failures of such small companies have a contagious impact on financial markets.</p>	<p>Agree</p> <p>Agree</p>	

Respondents' views	CEER's position	Explanation
<p>Different respondents however also thought that certain lessons can be learnt from the MiFID regime:</p> <p>Several respondents thought that that MiFID passport concept is interesting for the energy sector.</p> <p>One respondent thought that MiFID is not the appropriate tool for the energy markets, but it has been successful in reducing the need to manage multiple different regimes. Its success has been heavily dependent on a strong supervisory framework defining common standards for powers of authorities, cooperation and data sharing. These have developed gradually over many years of experience.</p> <p>Furthermore one respondent thought that the following lessons could be drawn from MiFID:</p> <ul style="list-style-type: none"> • A licensing regime should not include rules that require companies to have a branch office in all the countries where trades are done. • Only the home regulator should be allowed to issue and withdraw a trading passport. This should equally apply to sanctioning, which should also be the exclusive competence of the home regulator. • Market parties should have one contact person at the regulator which they can contact in case of questions/ problems with regard to the license. • It should be specifically stated that market parties which have acquired a trading license in (EU) country A, will not have to apply for a trading license in country B. This will avoid that individual countries undermine the purpose of a harmonised European trading passport by requiring extra national measures. • Parties from third countries (outside of the EU) will also need a trading license in order to trade on the EU market. This to avoid that market participants move off-shore in order to avoid the trading passport requirements. 	<p style="text-align: center;">Agree</p> <p style="text-align: center;">Agree</p> <p style="text-align: center;">Agree</p>	<p>CEER recognises that even though a MiFID license would not be appropriate for energy trading, there are lessons that can be drawn from MiFID regarding the set up of a licensing regime.</p>
<ul style="list-style-type: none"> • It should be defined more clearly to which markets and market participants the trading passport would be applicable. Clear definitions are currently lacking in the proposal 	<p style="text-align: center;">22 /33</p>	

Respondents' views	CEER's position	Explanation
With reference to the substantial number of regulatory initiatives underway, some respondents highlighted the importance for CEER and ACER to closely coordinate with other regulatory authorities, including ESMA, to ensure that coherent and consistent EU regulatory regimes are developed, particularly regarding REMIT and the review of MiFID. One respondent stressed that these standards will introduce several additional duties for companies within the energy sector, notably a lot of diverse transparency requirements, which will impose substantial additional costs.	Agree	CEER agrees that the coherence between different regulatory regimes such as REMIT and MiFID is important, even though this is not directly subject of this advice.
One respondent mentioned the agreement between Spain and Portugal for MIBEL (Iberian Market) access. MIBEL makes it possible for any consumer in the Iberian zone to acquire electricity under a free competition regime, from any producer or retailer that acts in Portugal or Spain.	Agree	CEER stipulates that the access to the PX is regulated by the PX itself.

2.2.5. Question 5: Implementation options

Consultation question (5a): Which of the options set out in Chapter 4 of the consultation document best achieves the CEER objectives?

CEER received 19 responses to this question. The respondents answer can be summarised as follows:

Respondents' views	CEER's position	Explanation
None of the respondents recommended option 1 "a continuation of the status quo" and option 2 "MiFID extension" as the best option. In fact two respondents explicitly mentioned the "MiFID extension" as a non-preferable option.	Agree	CEER recognises that the respondents share the CEER evaluation of the mentioned options. The non-suitability of option 2 "MiFID extension" is fostered by the much more detailed opinions provided to Question 4.
17 out of 19 respondents view option 4 to introduce a Europe-wide Energy Wholesale Trading Passport as the best or second best option. However most respondents further refined the objectives or conditions for their support. This especially included:	Agree	CEER welcomes the general support of the respondents.
Most respondents agreed that it should	Partly Agree	CEER agrees that the chosen

Respondents' views	CEER's position	Explanation
<p>enable energy regulators to know who is active in the markets. Some respondents specifically mentioned that the passport should rather stand for a registration than for a certification.</p> <p>Nearly all respondents emphasised that it must replace national license regimes which means not a simple addition of the separate national access regime.</p> <p>Nearly all respondents emphasised that the bureaucracy requirements should be kept at a minimum level and that an appropriate and reasonable level of checks has to be found. Several respondents believe that more detailed analysis and specifications regarding the details of such a regime are necessary.</p>	<p>Agree</p> <p>Agree</p>	<p>regulatory access regime shall enable regulators to get a transparency of active actors in energy markets. CEER recognises that REMIT has already picked up that idea in Art. 7a lit which foresees a new registration procedure for energy traders. However CEER emphasises that the function of a passport regimes has to go beyond this objective.</p> <p>CEER shares the view that the introduction of a common Europe-wide wholesale energy trading passport should replace all existing national wholesale licensing regimes. The reduction of bureaucratic burdens is one core objective in CEER's approach.</p> <p>CEER agrees to general requests by respondents that the level of checks should be appropriate and that bureaucratic requirements should be kept at a minimum level. The comments on the relevance of individual requirements and administrative standards have been recognised. They are discussed and evaluated under Question 6.</p>
<p>Two respondents raised the idea to combine option 4, the introduction of a Europe-wide Energy Wholesale Trading Passport, with the option to keep a simpler national license allowing market participants to trade only in their national market. They emphasised that it should be carefully taken into account that not all market participants in wholesale energy trading want to trade cross-national and that there are small players acting only in their national markets. For them, the cost of getting a European trading passport might be too high in comparison with the benefits they obtain.</p>	<p>Disagree</p>	<p>Although CEER recognises that there are also trading companies that only want to trade at national level and that costs have to stay within an appropriate range, CEER believes that it would not be conducive to a European harmonised system to introduce the option to keep national licenses. Furthermore, CEER believes that the cost of obtaining the proposed Europe-wide Energy Wholesale Trading Passport will stay within an appropriate range even for small traders.</p>
<p>One supporter of option 4 "Europe-wide Energy Wholesale Trading Passport" recommends an extension of the geographical scope of the passport not only to the EU Member States but also across the</p>	<p>Partly Agree</p>	<p>CEER in principal agrees to the idea. However CEER sees a need for a further exploration how such an approach could be legally implemented with respect to legal</p>

Respondents' views	CEER's position	Explanation
EEA and, possibly to the member states of the Energy Community and Switzerland with a non-bureaucratic procedure.		cooperation agreements and other relevant aspects.

Consultation question (5b): Are there other options that could achieve these objectives which have not been considered?

CEER received 14 responses to this question. The following alternative options have been proposed:

Respondents' views	CEER's position	Explanation
A majority had no additional options and did not respond to this question. Several respondents explicitly mentioned not to miss other options.	Agree	
Several respondents propose the abolishment of any energy wholesale trading licenses in all states of the European Economic Area.	Disagree	The option has been added for discussion in the advice. CEER disagrees with idea of a complete abolishment of regulatory access regimes. As pointed out, CEER believes that a minimum of regulation and oversight is necessary to create a level playing field, transparency and confidence in the markets at the current situation.
<p>Some respondents propose the introduction of a mere registration process as an additional option which they perceive as sufficient to serve the information needs of national regulatory authorities to know who is acting in the national market. Such registration could be accomplished by national regulatory authorities or through ACER.</p> <p>Some respondent argue that this would only lead to double regulation since these issues are covered (or will be covered) by other regulations such as technical and financial rules issued by energy exchanges, trading platforms or as requested by balancing agreements with TSOs (or EU network codes), or that the introduction of an EU-wide trading passport may lead to additional</p>	Partly agree	The option has been added for discussion in the advice. CEER agrees that the chosen regulatory access regime shall enable regulators to get a transparency of active actors in energy markets and of their activity influencing the market's stability. CEER recognises that REMIT has already picked up the idea in Art. 7a lit which foresees a new registration procedure for energy traders. However, CEER emphasises that the function of a passport regime has to go beyond this objective.

Respondents' views	CEER's position	Explanation
<p>requirements.</p> <p>However, at least some of the respondents acknowledge that the potential success of such a process in replacing national license regimes would be limited.</p>		
<p>One respondent proposed an optional participation of countries in the passport system where it would be up to the Member State whether to activate the passport regime or not. If so, it shall be under the prerequisite that passports issued from other Member States are accepted.</p> <p>Another respondent proposed a similar option with an optional participation on company level. Companies wishing to engage in cross-border trading activities could decide to undergo the required registration process in their home states or countries. Companies not wishing to engage in cross-border trading activities need not to do so and would not have any disadvantage. In this way, the respondent argued that public utilities and smaller traders would remain exempted and bureaucracy would be facilitated for larger traders active in several states.</p>	Disagree	CEER does not agree with this solution as the main goals of significantly reducing bureaucracy and implementing a level playing field for all actors in Europe would not be achieved.
<p>One respondent think that, depending on the design of a trading license, it may be appropriate to recognise the differences between electricity and gas markets, especially concerning traders who are, for example, only trading in either electricity or gas.</p>	Disagree	As described in the advice CEER does not see any reason for having different requirements in gas than in electricity with respect to the requirements recommended by CEER.

2.2.6. Question 6: Scoping, detailed requirements and administrative standards

Consultation question (6a): What is your opinion on the suggested scoping, detailed requirements and administrative standards of a wholesale energy trading market access regime? Please explain the reasons for your views.

Respondents' views	CEER's position	Explanation
<p>Many respondents believe the collection of basic information on trading companies is acceptable, but several respondents ask</p>	Agree	CEER is aware that a clear and explicit list of requirements is

Respondents' views	CEER's position	Explanation
for clarification and one respondent asks for an exhaustive list of reportables.		necessary for market participants.
Several respondents have agreed on the need to screen the management of the trading companies for prior criminal convictions.	Agree	CEER's approach for the requirements is to reach a balance between the abolishment of unnecessary entry barriers and a minimum of checks. The inquiry of prior criminal convictions is one of the key elements.
Several respondents have also objected to the notion that active traders should also be screened for prior criminal convictions. This would be overly burdensome and the risk could instead be handled through internal control.	Disagree	CEER's approach for the requirements is to reach a balance between the abolishment of unnecessary entry barriers and a minimum of checks. The inquiry of prior criminal convictions is one of the key elements.
One respondent wants a clarification on who undergoes the check for fit and proper person.	Agree	CEER will clarify this issue in its final advice. But it will not be a one-to-one copy from the current fit and proper test in UK.
Many respondents agree that the license fee should be cost-based and stressed the importance that the fee should only be levied by the home regulator.	Agree	CEER welcomes the broad support for this approach.
Several respondents state that they prefer a one-off fee – not recurring – that is not revenue based.	Partly agree	CEER agrees with the idea of avoiding a recurring fee. But for the reasons which are described in the paper, CEER believes in a more fair approach with the cost-based principle.
One respondent thinks the fee should be the same for all applicants.	Disagree	CEER will recommend a common framework which describes the structure of the fees, applicable for all Member States. But the separate sum will differ to each company.
Several respondents think that requirements to demonstrate financial capacity are unnecessary since TSOs, counterparties and exchanges provide extensive rules to conduct business.	Agree	CEER believes that existing institutions and trading arrangements are a better mechanism for setting collateral requirements than a regulatory access to trading on electricity and gas wholesale energy markets.
A few respondents want it clarified whom and how often to demonstrate their technical, financial and organisational capacity (national or European level).	Agree	Based on current licensing regimes, national regulatory authorities should be in charge for licensing. An update is only necessary if key functions are changed in the separate company.

Respondents' views	CEER's position	Explanation
One respondent thinks that appropriately calculated capital requirements as part of a licensing regime are needed.	Disagree	Only in case of dealing with financial products.
Several respondents ask for a clarification on the "life" of a license. Clear rules around license granting, thresholds, sanctions, revoking and appeal-procedure.	Agree	CEER is aware of these functions of a trading passport. The final advice will include a clear reference on thus. But it is up to the Commission how to implement the advice in the future legislation process.
One respondent thinks that ACER should handle appeals on revoked licenses.	Disagree	CEER would see this responsibility with the respective national regulatory authorities. Nevertheless, CEER recognised that a certain level of coordination would be needed.
One respondent believes that national regulatory authorities should not be entitled to request additional requirements to grant a license.	Agree	It is one of the key elements of such a trading passport that all requirements are commonly applied in all Member States. Additional or less requirements in one of the Member States could have a bad influence on the market balance.
Several respondents ask for an interim regime between existing national licensing regimes and the new regime.	Partly Agree	CEER is aware of the fact that the introduction of a new regime takes time. Whether or not an interim solution will be needed, cannot be answered now.
One respondent approves of the notion that licensees under MiFID should not be required to attain a new license.	Agree	CEER believes that any kind of double licensing should be avoided.
Several respondents believe there must be a maximum duration of the application procedure.	Agree	CEER is currently evaluating a realistic duration of the whole application procedure. The final advice will include the most efficient solution.
Several respondents state that national regulatory authorities should not be entitled to impose any supply-related requirements to pure wholesale traders.	Agree	Energy regulators agree that the requirements might be relevant for supply purposes but they do not apply to all firms active in wholesale energy trading.
A few respondents support the proposal in the Brattle-report that the passport should include the right to supply large industrial customers without supply license.	Disagree	It is necessary to have clear borders between activities to be regulated and supervised.
A few respondents want it clarified, that agreements with TSOs, exchanges and market operators are no prerequisite for	Agree	To ensure the well-functioning of the wholesale energy markets it is a basic requirement to know who

Respondents' views	CEER's position	Explanation
<p>applying for a license, and that national regulatory authorities have no role in requiring and monitoring the formation of such agreements.</p>		<p>is acting in the market and to have strict oversight rules in place including the examination of such agreements.</p>
<p>Several respondents would like to stress the importance of not having to open a national branch office to conduct trade in that country.</p>	<p>Agree</p>	<p>Under MiFID only the branches of the mother bank may have a passport to operate in another MS without to apply for a license there. ERGO the mother bank is responsible for the branch.</p>
<p>A few respondents want it clarified that NRAs should not engage in monitoring the business planning of a trading company.</p>	<p>Agree</p>	
<p>Several respondents stressed the opinion that no requirements on national exams for trading personnel should be required.</p>	<p>Agree</p>	<p>CEER believes that companies have an own interest to avoid incompetent managers. That requirement should also be addressed in know-your-customer-checks.</p>
<p>One respondent finds it unacceptable if discretionary requirements could be applied by Member States and host regulators.</p>	<p>Agree</p>	<p>CEER recommends clear and effective requirements which will not generate entry barriers for energy traders. The requirements will not be discretionary and only applied by the Members State.</p>
<p>One respondent think that, depending on the design of a trading license, it may be appropriate to recognise the differences between electricity and gas markets, especially concerning traders who are, for example, only trading in either electricity or gas .</p>	<p>Disagree</p>	<p>As described in the draft advice, CEER does not see any reason for having different requirements in gas than in electricity with respect to the requirements recommended by CEER.</p>
<p>In terms of scope, respondents believe that the scope of the advice should include all on-going regulatory (license) requirements applied to energy wholesale trading. Thereby it is meant that regulatory specifications becoming applicable only after the license are issued (like extensive reporting, branch office requirements, or separate books for every country).</p>	<p>Agree</p>	<p>CEER considers that a harmonised trading licence aims at replacing all existing licensing schemes as well as their requirements.</p>
<p>Respondents also believe that it is useful to expand the passport regime to the Energy Community and Switzerland, allowing EU companies to enter these markets without additional national licenses and vice versa. More generally, they believe that the introduction of a passport regime must not prevent traders from other countries to participate in the EU's energy markets,</p>	<p>Agree</p>	<p>CEER agrees that a trading passport would benefit from an extension to EU-neighbouring countries. However, it is up to these countries to enter the relevant agreements with the EU to achieve this objective.</p>

Respondents' views	CEER's position	Explanation
<p>reducing the markets' liquidity. The passport rules should specify a non-bureaucratic procedure for non-EU traders to apply for a passport.</p> <p>Three respondents pointed out the relation of a trading passport with REMIT and the financial legislation.</p> <p>One of them underlines the need for a central list hosted by ACER including all registered trading companies falling under REMIT. It will also be beneficial in the fight against cross-border VAT fraud, as fraudsters are better traceable throughout Europe.</p> <p>Two of the respondents however believe that a trading passport must not be unequivocally linked to REMIT, for timing reasons (REMIT will be finalised before the discussions on the content of a trading passport are finalised), or because the objective of removal of unnecessary entry barriers must remain, however the market integrity is ensured.</p> <p>One of the respondents considers essential that a passport regime would be aligned and interlinked with existing financial markets rules, REMIT and future carbon market rules in order to avoid overlapping regulation.</p> <p>Some respondent believe that links with grid access conditions must be further investigated. They point out that harmonising requirements for a trading passport may prompt some EU Member States to include their former market entry requirements (that were dropped in accordance with the harmonisation) into their newly revised requirements for access to the grid, thereby nullifying all facilitations of an EU-wide trading access regime.</p> <p>They argue that every company willing to participate in the trade of physical volumes is faced with the necessity to register and sign grid codes with the relevant control area(s). This is already a form of registration and they especially fear that a trading passport would neither facilitate nor abolish the necessity to sign contracts with</p>	<p>Agree</p> <p>Agree</p> <p>Agree</p> <p>Disagree</p>	<p>REMIT foresees a central registry of all market participants hold by ACER.</p> <p>As REMIT foresees only a simple registration scheme, the question of a trading passport will have to be further analysed, especially within the Commission assessment of the European register of market participants after a year (Recital 20 of REMIT).</p> <p>CEER considers that a wholesale energy trading passport should take into account existing legislation, as a part of its objective to avoid unnecessary barriers.</p> <p>Grid access questions should not be mixed with a license for trading companies. Energy traders do not necessarily have to sign grid codes before entering the energy wholesale market.</p>

Respondents' views	CEER's position	Explanation
<p>TSOs. They believe that high, even higher market entry restrictions / barriers will still be in place as a result. They also see there a form of double regulation.</p> <p>One respondent considers that during the licensing process, the professional capabilities of market participants must be verified.</p> <p>Some respondents ask for the possibility to access documentation, report and submit applications in English.</p> <p>One respondent thought that the timing of licensing procedures must also be harmonised between different Member States.</p>	<p>Disagree</p> <p>Partly agree</p> <p>Agree</p>	<p>CEER considers that the professional capabilities of market participants only concern the market itself, as long as it does not create a systemic risk.</p> <p>CEER considers it positive if information is generally also available in English. Nevertheless, if each trading company only needs to apply for a license in their home country, there is no need for the possibility to submit applications in other languages.</p> <p>CEER considers important that the timing of the licensing process is the same in all Member States.</p>

Consultation question (6b): Are there other or different requirements which should be included in such a regime?

Respondents' views	CEER's position	Explanation
<p>Several respondents wants to stress the following synchronised opinions:</p> <p>The regime should clearly spell out the rights of the holder of a license, limiting the powers of the host country to stipulate additional requirements.</p> <p>No requirements to maintain branch office in host country.</p> <p>National regulation fees abolished.</p> <p>No national reporting obligations to report transactions or maintain records.</p>	<p>Agree</p> <p>Agree</p> <p>Disagree</p> <p>Agree</p>	<p>The intention of CEER is to establish a specific list of requirements which has to be fulfilled by energy traders. It is also foreseen that only the Member State of the traders' headquarter is responsible for licensing issues.</p> <p>This is a key element of the trading passport.</p> <p>The abolishment of general national regulation fees is not in the scope of the advice on the trading passport.</p> <p>These obligations are foreseen under REMIT. Of course, energy</p>

Respondents' views	CEER's position	Explanation
Import and export fees should be prohibited.	Disagree	traders have to observe the law. Cross-border fees are not in the scope of national energy regulation.
Grid tariffs that discourage import and export should be prohibited.	Disagree	Grid tariffs are not in the scope of a trading passport.
A registration process linked to a-check of criminal records of management.	Partly agree	Criminal records of candidates represent a snapshot valid only for the exact time the record is being issued. A straw man could play this role as well.

Annex 1 – CEER

The Council of European Energy Regulators (CEER) is the voice of Europe's national regulators of electricity and gas at EU and international level. Through CEER, a not-for-profit association, the national regulators cooperate and exchange best practice. A key objective of CEER is to facilitate the creation of a single, competitive, efficient and sustainable EU internal energy market that works in the public interest.

CEER works closely with (and supports) the [Agency for the Cooperation of Energy Regulators \(ACER\)](#).

ACER, which has its seat in Ljubljana, is an EU Agency with its own staff and resources. CEER, based in Brussels, deals with many complementary (and not overlapping) issues to ACER's work such as international, smart grids, sustainability and customer issues.

The work of CEER is structured according to a number of working groups and task forces, composed of staff members of the national energy regulatory authorities, and supported by the CEER Secretariat.

This report was prepared by the Wholesale Market Supervision Task Force of the CEER Financial Services Working Group.