

ACER



Agency for the Cooperation
of Energy Regulators



Monitoring Market Power and Prices

Introduction

Alberto Pototschnig

Director ad interim

**14th EU-US Energy Regulators' Roundtable Discussion
Brussels, 18 March 2019**

Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (REMIT)

Insider Trading

Using inside info to trade or trying to trade

Disclosing inside info to 3rd parties

Recommending 3rd parties to trade based on this inside info

Market Manipulation

False/Misleading Signals

Price Positioning

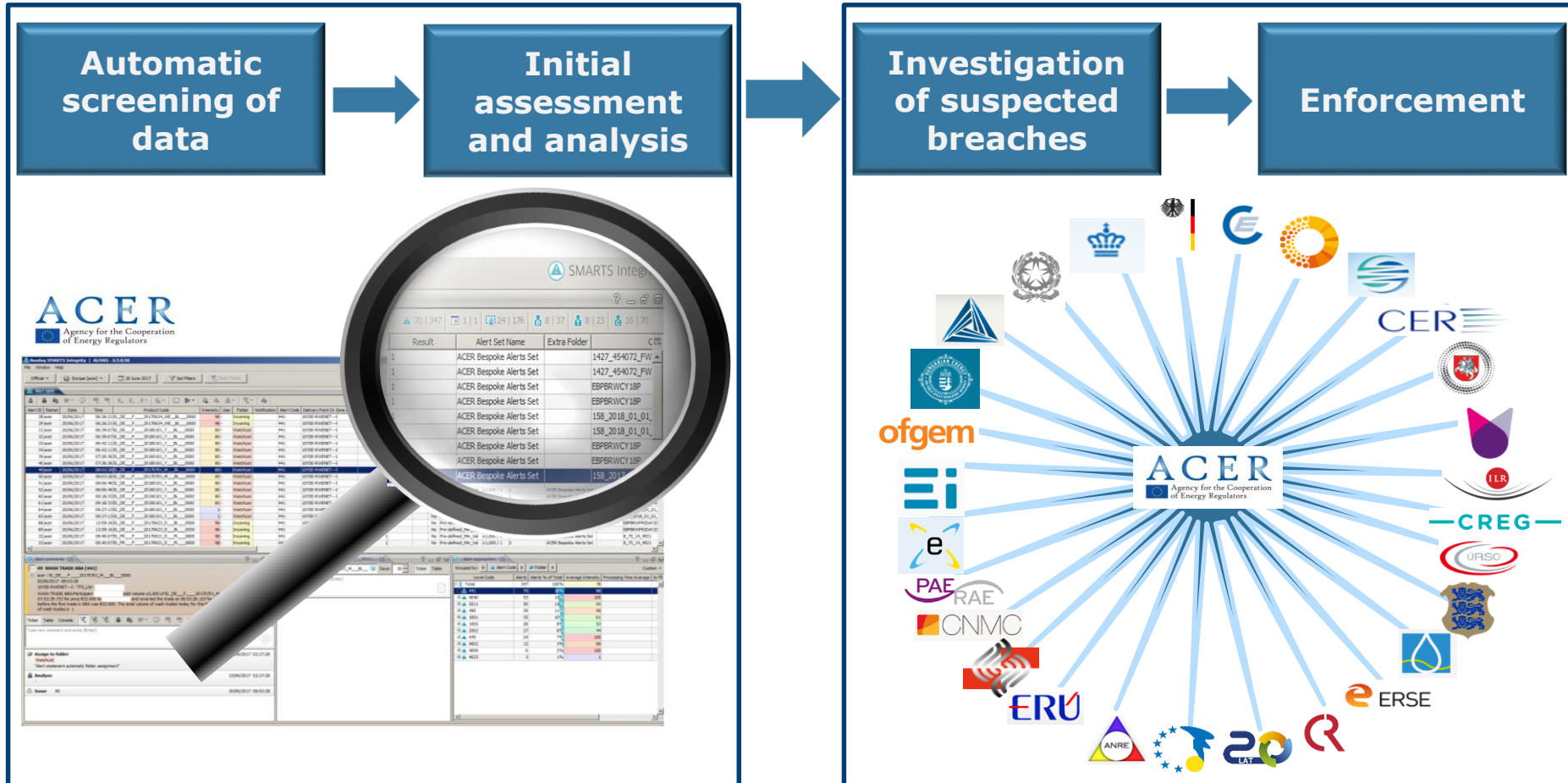
Transactions involving Fictitious Devices/Deception

Attempted Market Manipulation

Dissemination of False or Misleading Information

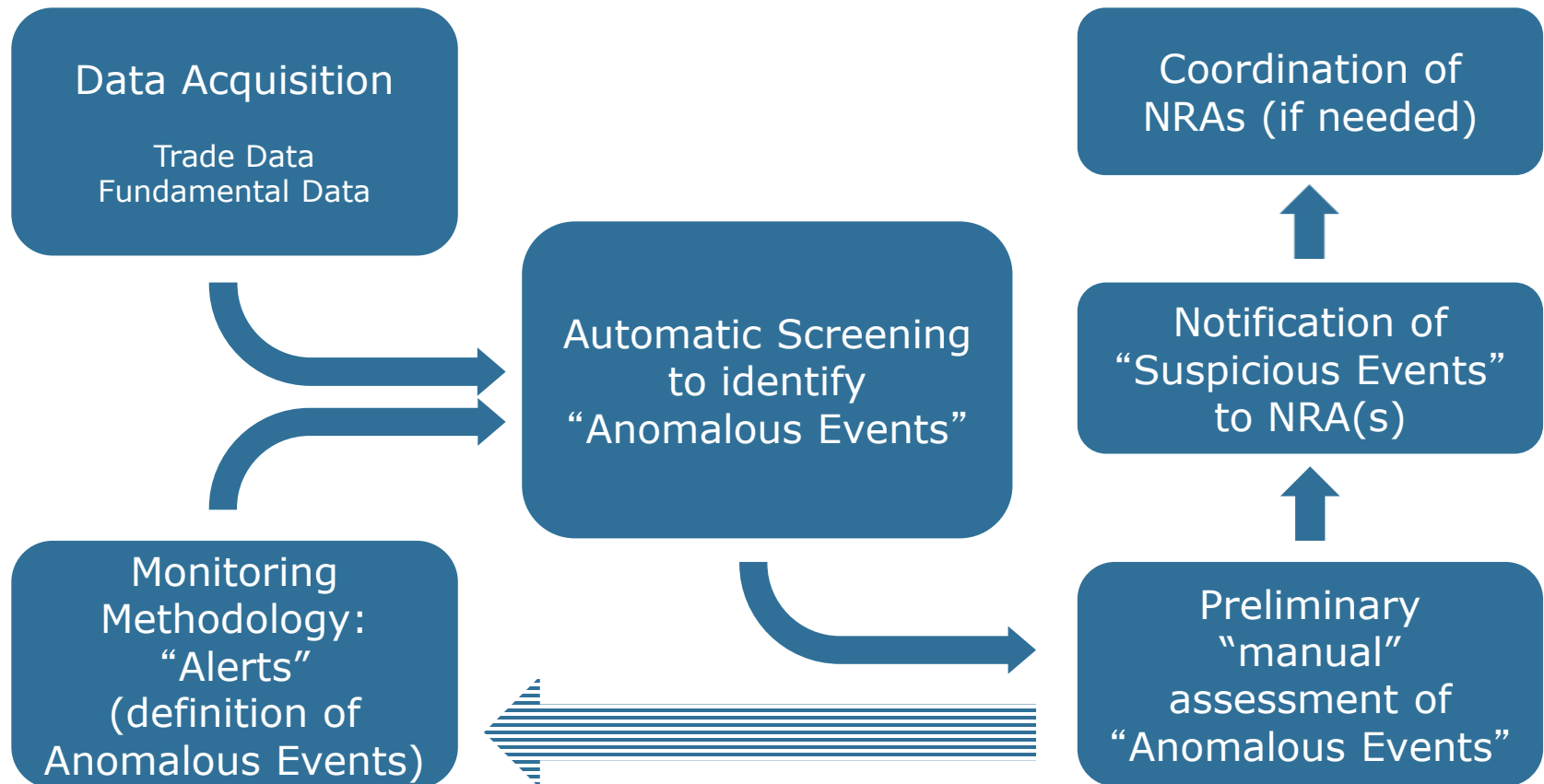
Union wide market monitoring by ACER

Investigation and Enforcement by National Regulatory Authorities (NRAs)*

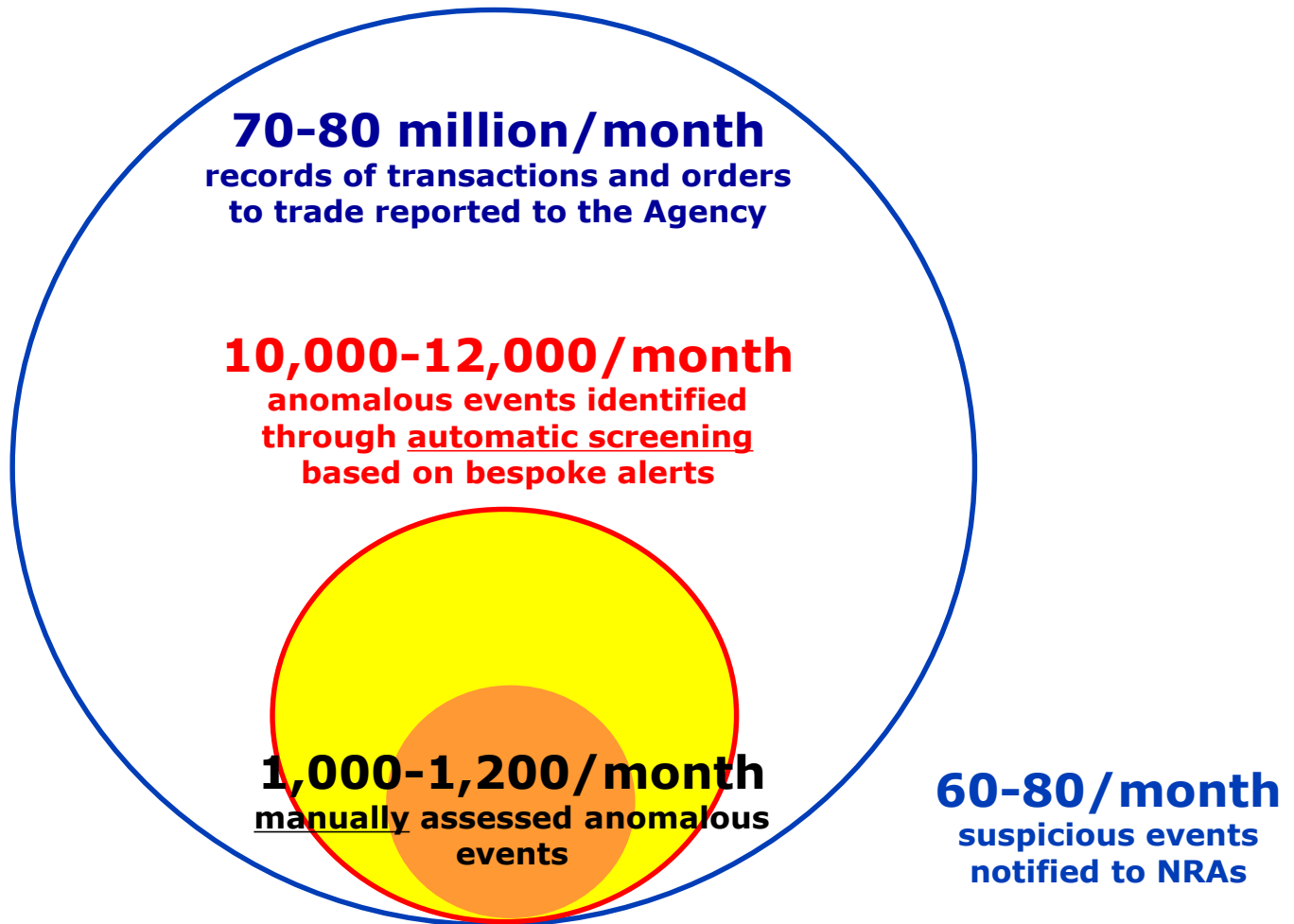


* NRAs may monitor markets at national level.

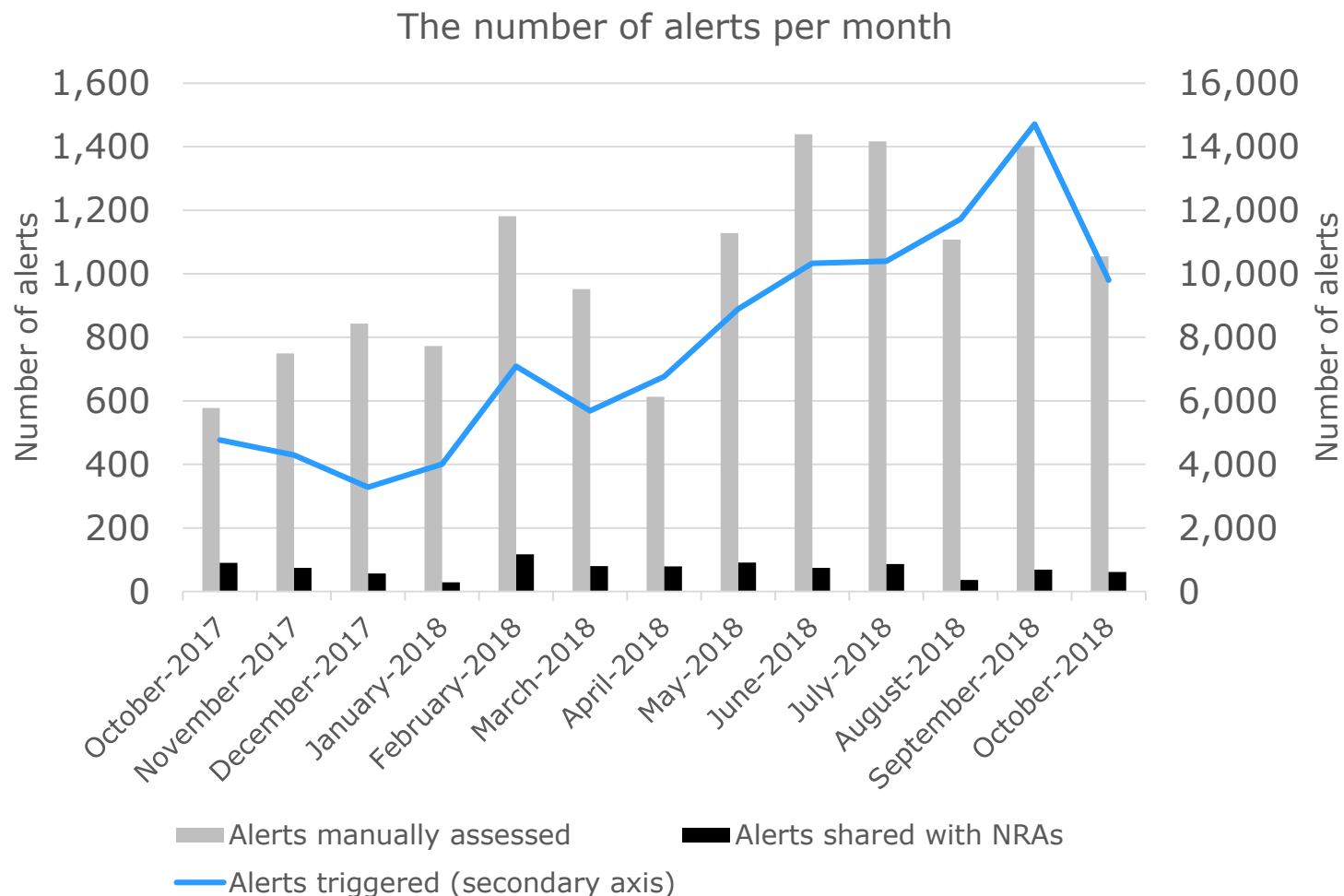
ACER's approach to market monitoring



Wholesale Energy Market Surveillance by ACER



Absolute number of alerts shared with NRAs per trading month



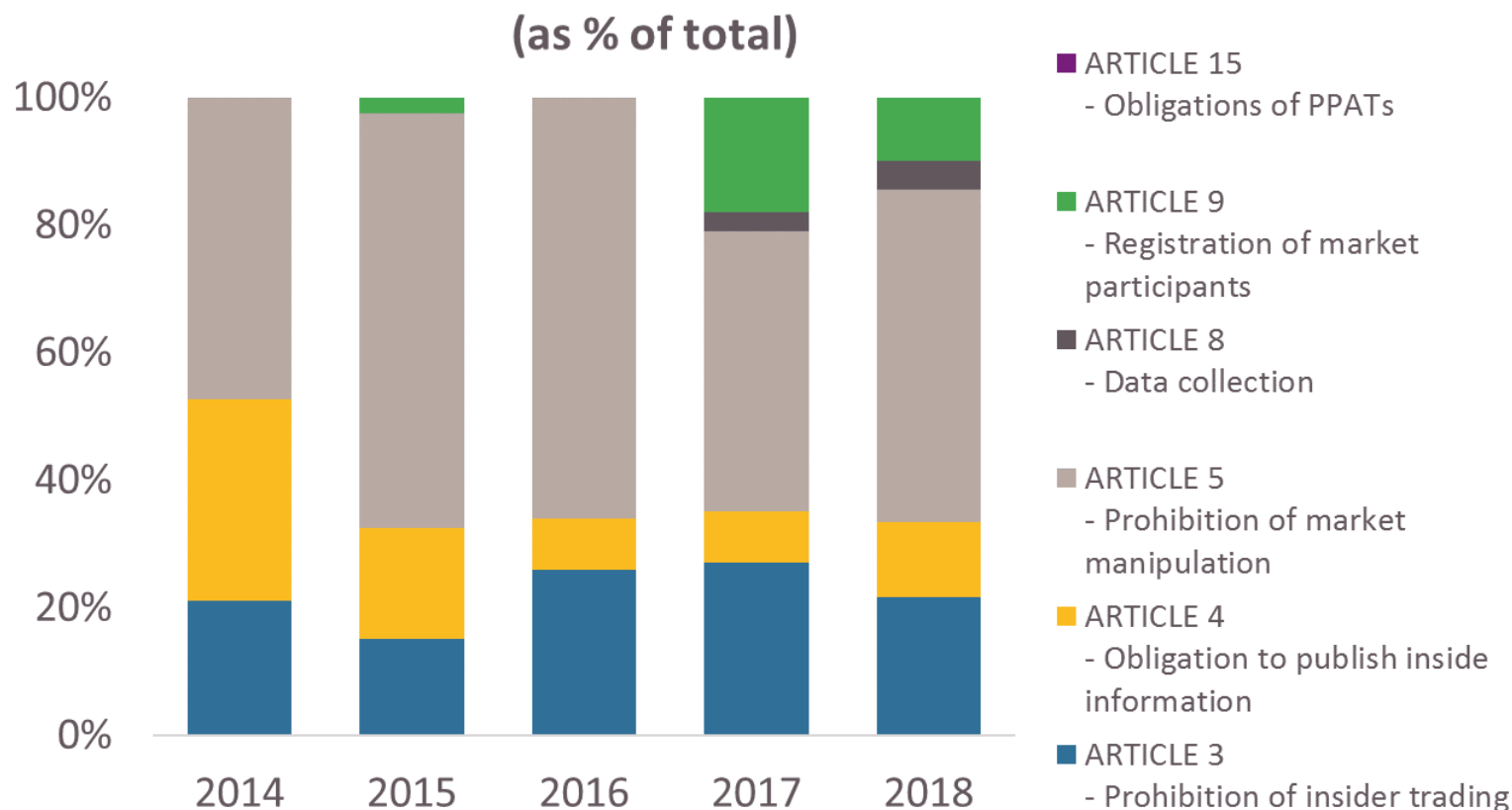
Through the Agency's Market Surveillance activities the following main types of uneconomic trading are detected:

- Front running
- Cross-Border capacity hoarding through wash trade
- Wash trades
- Marking the close

Through the Agency's Notification Platform the following main suspicious transactions are notified:

- Insider trading
- Wash trades and capacity hoarding
- Capacity withholding in power markets
- Layering

Type of REMIT breaches reported to/by the Agency



Note: Includes all notifications received/sent by the Agency in the course of the year.

Includes all potential breaches of Articles 3, 4, 5, 8, 9 and 15 of REMIT.

Some cases include the potential breach of several REMIT provisions.

Source: Case Management Tool (CMT).

- Very high energy wholesale prices are not a REMIT breach *per se*:
 - » Excessive prices > competition law
 - » Artificial prices > REMIT
- In electricity auction markets with a single clearing price:
 - » Prices are considered the result of a REMIT breach if not reflecting actual availability of supply and demand
 - » The reference is the level of the marginal cost, *including* opportunity cost
- In electricity auction markets, prices can reach artificial price levels due to capacity withholding

- What are the main areas of market monitoring covered by your authority?
- In your experience, which types of market abusive behaviour are the most frequently observed in your jurisdiction?
- What would you consider as excessive/artificial prices which would entail market manipulation?
- How specific should regulators be in detailing publicly what they consider as excessive/artificial prices and market abuse more generally? At least in Europe, market participants are asking to have precise guidance, but there are clearly pros and cons in providing it.

ACER

Agency for the Cooperation
of Energy Regulators



**Thank you
for your attention**