

MARKET MONITORING UNDER REMIT OBLIGATIONS

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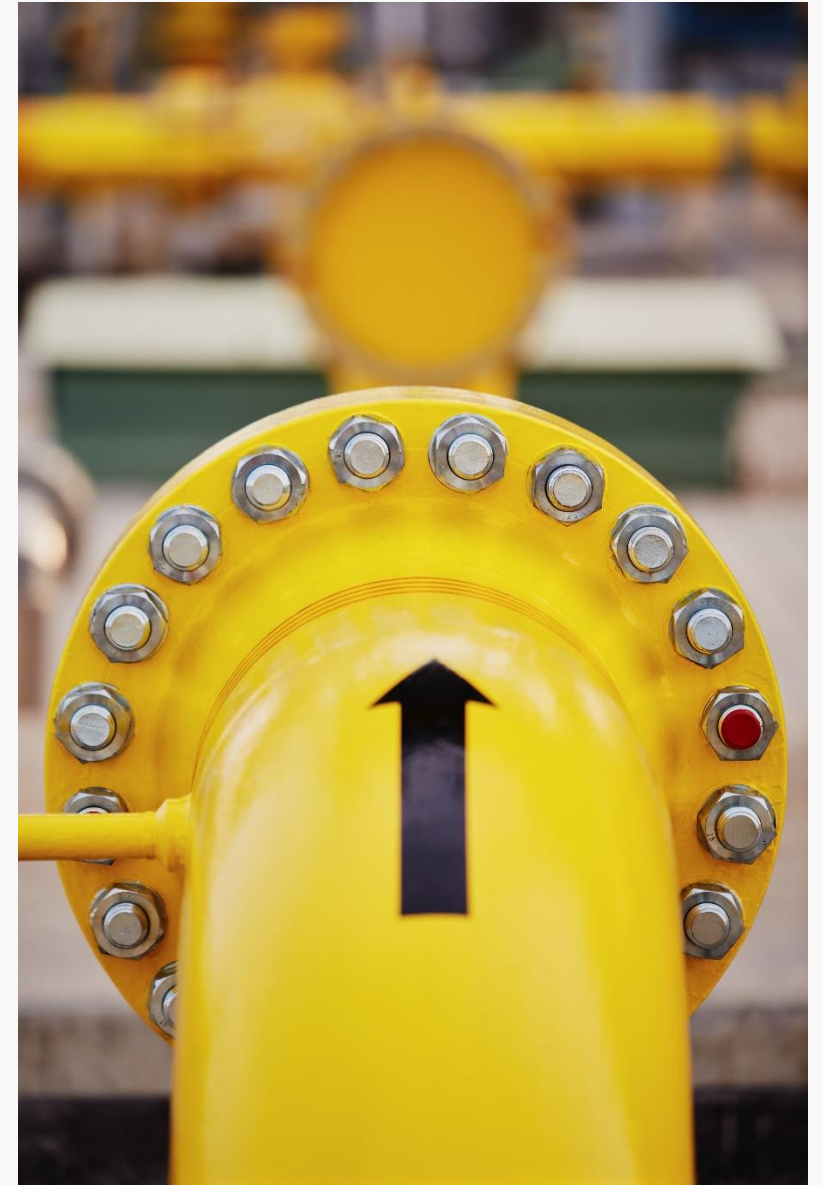
AGENDA

1 REMIT - objectives and regulatory area

2 REMIT breaches

3 GAZ-SYSTEM as a PPAT

4 Liability for REMIT breaches



REMIT – REGULATION ON WHOLESALE ENERGY MARKET INTEGRITY AND TRANSPARENCY

OBJECTIVES OF REMIT



TRANSPARENCY

Obligation to disclose
inside information



INTEGRITY

Prohibition of market
manipulation and abuse



MONITORING

Legal framework for
wholesale energy market
monitoring

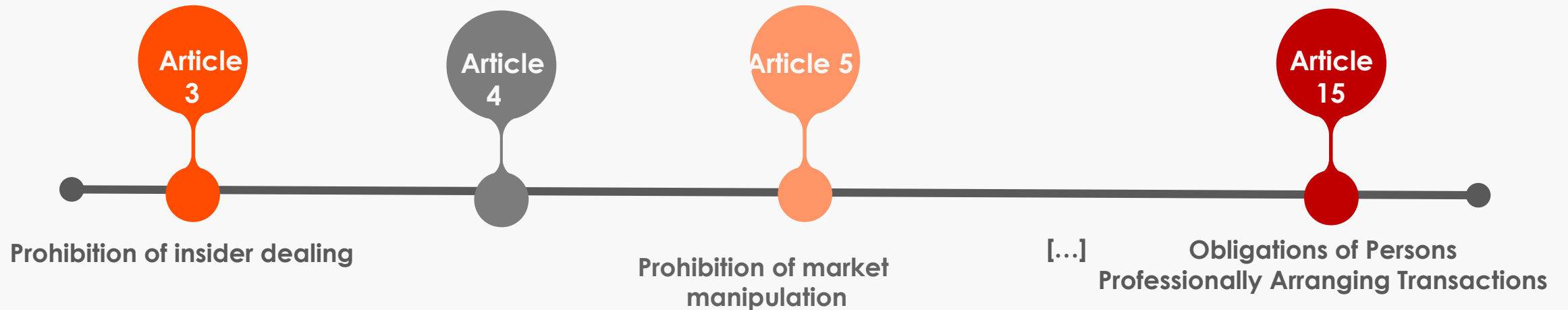


COOPERATION

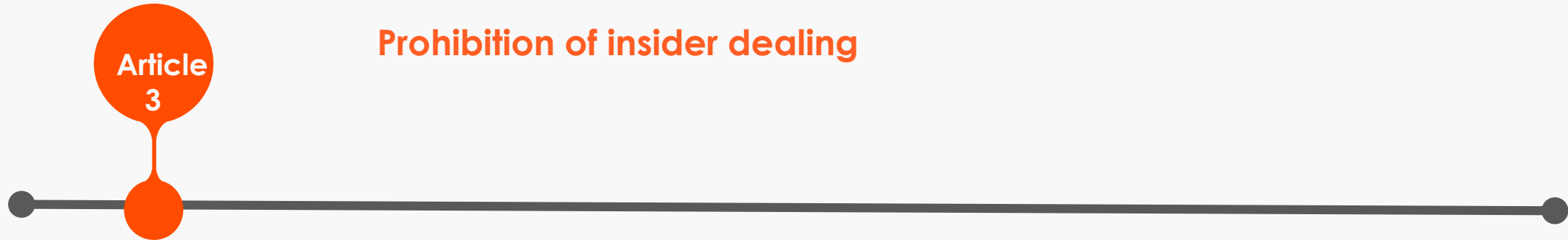
Close cooperation and
coordination of market
supervision between
ACER and NRAs

SCOPE OF THE REMIT FROM THE PERSPECTIVE OF THE MARKET MONITORING FUNCTION

Obligation to disclose inside information



SCOPE OF THE REMIT FROM THE PERSPECTIVE OF THE MARKET MONITORING FUNCTION



Prohibition of insider dealing

Article
3

WORDING OF THE PROHIBITION

- using inside information by **acquiring or disposing of, or by trying to acquire or dispose of, for their own account or for the account of a third party**, either **directly or indirectly**, wholesale energy products to which that information relates;
- disclosing that information to any other person 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 inside information, to **acquire or dispose of wholesale energy products** to which that information relates.

SCOPE OF THE REMIT FROM THE PERSPECTIVE OF THE MARKET MONITORING FUNCTION

Prohibition of market manipulation
or manipulation attempt

Article
5

WHAT IS MARKET MANIPULATION (Article 2(2) REMIT)

Entering into any transaction or issuing any order to trade in wholesale energy products which:

- gives, or is likely to give, **false or misleading signals** as to the supply of, demand for, or price of wholesale energy products;
 - secures or attempts to secure, by a person, or persons acting in collaboration, the **price of one or several wholesale energy products at an artificial level** (unless the reasons for doing so are legitimate and that that transaction or order to trade conforms to accepted market practices on the wholesale energy market concerned)
 - employs or attempts to employ a **fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals** regarding the supply of, demand for, or price of wholesale energy products;
- or
- **disseminating information through the media**, including the internet, or by any other means, which **gives, or is likely to give, false or misleading signals** as to the supply of, demand for, or price of wholesale energy products

SCOPE OF THE REMIT FROM THE PERSPECTIVE OF THE MARKET MONITORING FUNCTION

Obligations of Persons Professionally Arranging Transactions – PPATs

Article
15

PERSON

- The entity must be a legal or natural person

PROFESSIONALLY

- Engagement in a specific activity as part of a normal and regular paid activity

ARRANGING TRANSACTIONS

- Undertake activities that aim to: enable/support third parties in a way that leads to transactions (the direct effect is to conclude transactions); facilitate transactions on the wholesale energy market.

OBLIGATIONS OF PPATs



MARKET MONITORING

Establishing and maintaining effective mechanisms and procedures to identify breaches of Article 3 or Article 5



REPORTING OF SUSPECTED REMIT BREACHES

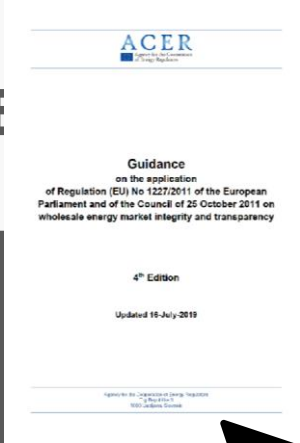
Reporting reasonable suspicions of REMIT breaches to NRAs (by sending STRs)

ENTITIES INDICATED AS PPATS IN THE ACER GUIDELINE



TYPE	PERSON	PROFESSIONALLY	ARRANGING TRANSACTIONS	CHARACTERISTICS
ENERGY EXCHANGES	✓	✓	✓	<ul style="list-style-type: none"> Bringing about transactions by introducing buyer/seller; or Providing a facility that facilitates the entering into transactions by third parties - Allows placement of orders, matches orders and executes transactions
BROKER PLATFORMS/ BROKERS	✓	✓	✓	<ul style="list-style-type: none"> Bringing about transactions by introducing buyer/seller; or Providing a facility that facilitates the entering into transactions by third parties - Allows placement of orders, matches orders and executes transactions
CAPACITY EXCHANGES/ PLATFORMS	✓	✓	✓	<ul style="list-style-type: none"> Bringing about transactions by introducing buyer/seller; or Providing a facility that facilitates the entering into transactions by third parties - Allows placement of orders, matches orders and executes transactions
SECONDARY CAPACITY ALLOCATION PLATFORMS	✓	✓	✓	<ul style="list-style-type: none"> Bringing about transactions by introducing buyer/seller; or Providing a facility that facilitates the entering into transactions by third parties - Allows placement of orders, matches orders and executes transactions

ENTITIES INDICATED AS PPATS IN THE ACER GUIDELINE



TYPE	PERSON	PROFESSIONALLY	ARRANGING TRANSACTIONS	CHARACTERISTICS
TSOs (OR PERSONS ACTING ON THEIR BEHALF) ORGANISING GAS TRADES, ENERGY BALANCING, CAPACITY TRADING	✓	✓	✓	<ul style="list-style-type: none"> Bringing about transactions by introducing buyer/seller; or Providing a facility that facilitates the entering into transactions by third parties - Allows placement of orders, matches orders and executes transactions
SLEEVE TRADE: ARRANGING	✓	✓	✓	<ul style="list-style-type: none"> Bringing about transactions by offering a service to act as an intermediary to sell or to purchase commodities, on behalf of other market participants, that do not have an agreement to trade with each other
SLEEVE TRADE: ENTERING INTO TRANSACTIONS	✓	✓	✗	<ul style="list-style-type: none"> Entering into transactions to allow the sale or purchase of commodities between other market participants that do not have an agreement to trade, without trading on behalf of those market participants
COMMUNICATION FACILITIES	✓	✓	✗	<ul style="list-style-type: none"> It only provides a generic facility not specifically designed for the entering into transactions by third parties



GAS-SYSTEM AS A PPAT

GAZ-SYSTEM fulfils the function of a PPAT in the scope of:

Surveillance of the wholesale energy market in Poland:

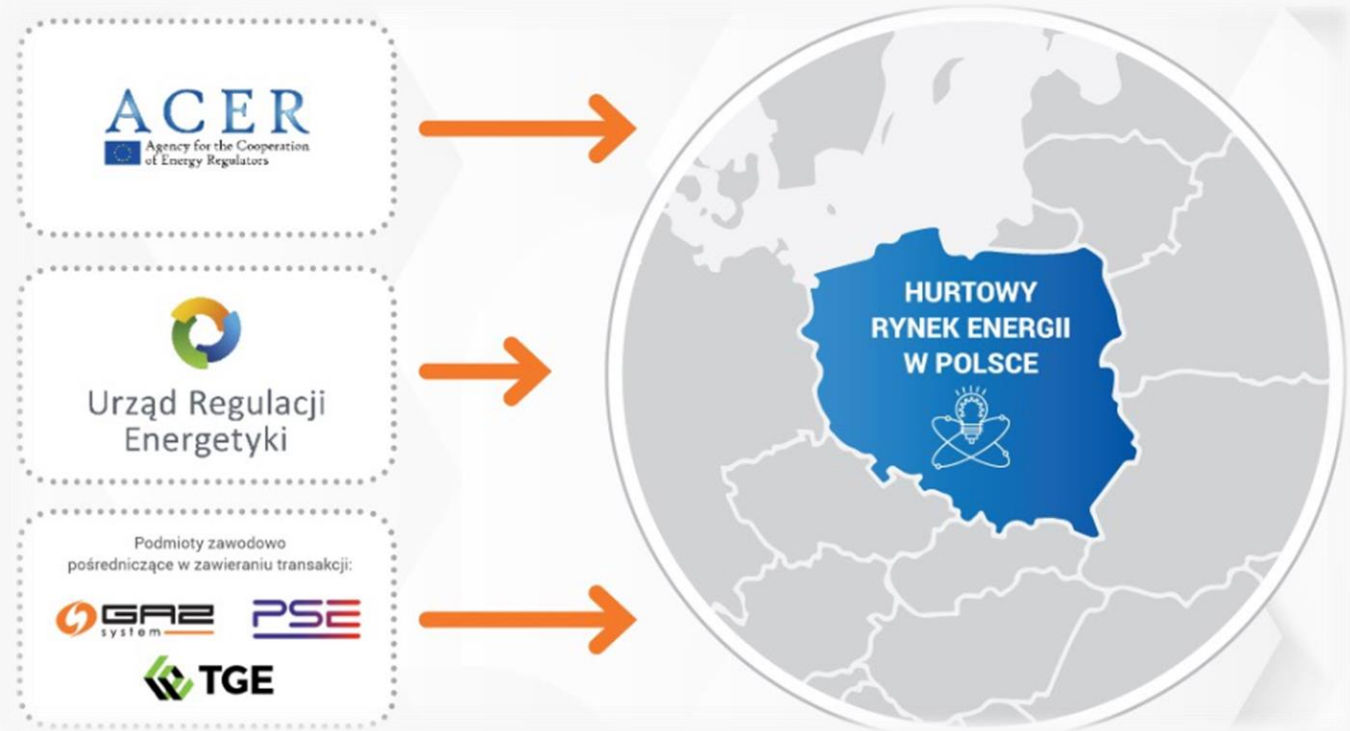
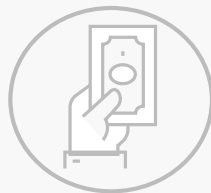


PROVISION OF
PRIMARY AND SECONDARY CAPACITY

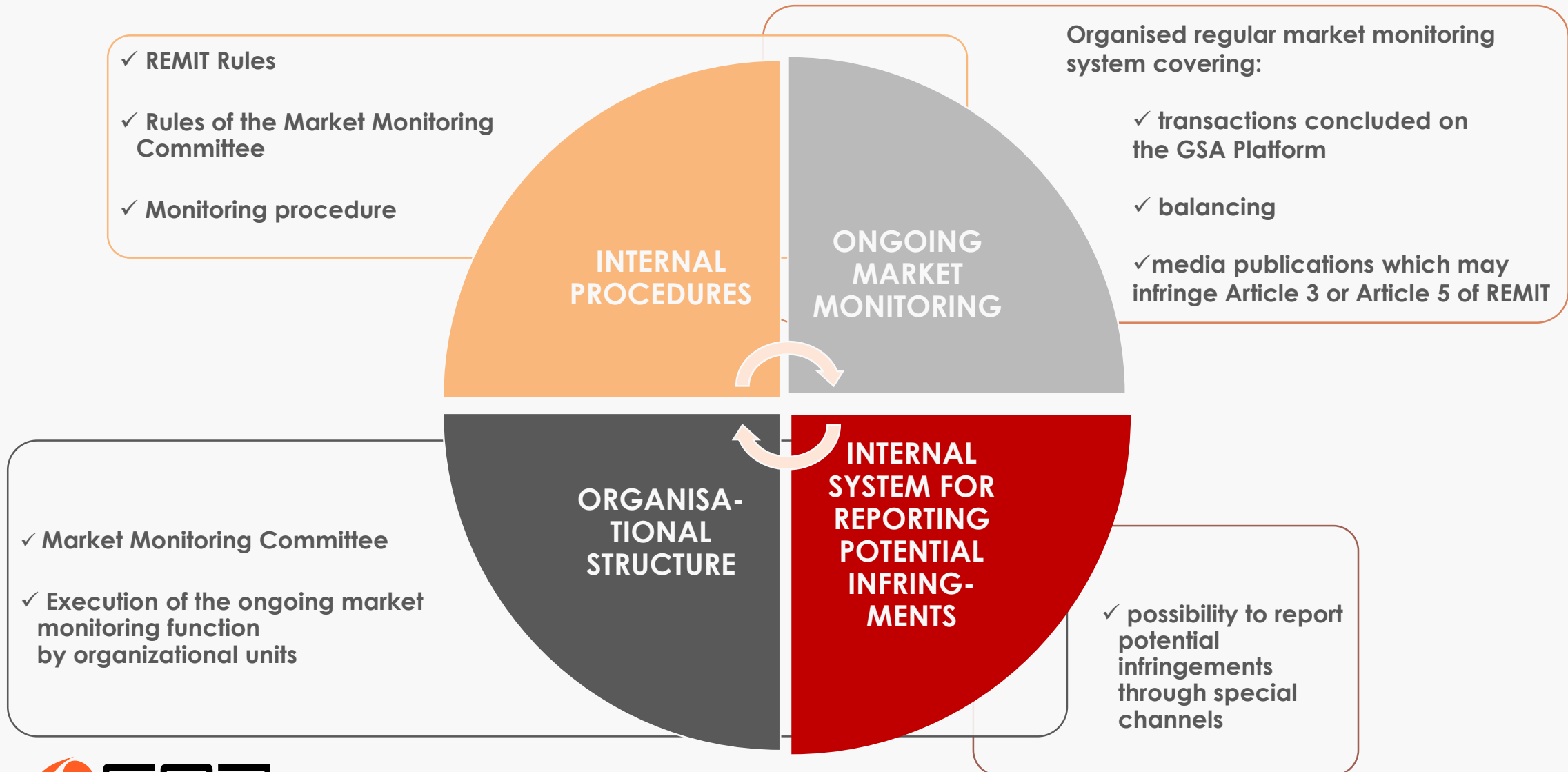
 **Platforma GSA**



BALANCING SYSTEM ACTIVITIES



PERFORMANCE OF THE MARKET MONITORING FUNCTION BY GAS-SYSTEM



PENALTIES FOR REMIT INFRINGEMENTS / 1

PENALTIES UNDER THE ENERGY LAW

TYPE OF BREACH (Article 57a-57b(1) of the Energy Law)	CRIMINAL SANCTION FOR COMMITTED OFFENCE
Market manipulation	<ul style="list-style-type: none">▪ a fine of up to 2,500 daily rates,▪ penalty of restriction of liberty or deprivation of liberty from 3 months to 5 years
Engaging in collusion with another person for the purpose of market manipulation	<ul style="list-style-type: none">▪ a fine of up to 1000 daily rates
Using inside information to acquire or dispose of (or attempt to) energy products (...)	<ul style="list-style-type: none">▪ a fine of up to 2,500 daily rates,▪ penalty of restriction of liberty or deprivation of liberty from 3 months to 5 years

PENALTIES FOR REMIT INFRINGEMENTS /2

PENALTIES UNDER THE ENERGY LAW

TYPE OF BREACH (Article 57b(2) of the Energy Law)	CRIMINAL SANCTION FOR COMMITTED OFFENCE
Using inside information by members of administrative bodies, management boards, supervisory boards and employees with access to such information	<ul style="list-style-type: none">▪ a fine of up to 2,500 daily rates,▪ penalty of restriction of liberty or deprivation of liberty from 6 months to 8 years
Disclosure of inside information to any other person	<ul style="list-style-type: none">▪ a fine of up to 1000 daily rates,▪ penalty of restriction of liberty or deprivation of liberty for up to 3 years
Recommending or inducing another person, on the basis of inside information, to acquire or dispose of wholesale energy products	<ul style="list-style-type: none">▪ a fine of up to 1000 daily rates,▪ penalty of restriction of liberty or deprivation of liberty for up to 3 years

PENALTIES FOR REMIT INFRINGEMENTS /3

PENALTIES UNDER THE ENERGY LAW

TYPE OF BREACH (Article 57f of the Energy Law)	CRIMINAL SANCTION FOR COMMITTED OFFENCE
Failure of a PPAT to report to the President of the Energy Regulatory Office, despite the obligation under Article 15 of REMIT	<ul style="list-style-type: none">▪ fine▪ the penalty of restriction or deprivation of liberty for up to 3 years

PENALTIES FOR MANIPULATION TO DATE

Decision date	National regulatory authority/ EU country	Market participants	Type of infringement REMIT	Penalty
September 2019	MEKH (HU)	MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság	Article 5	HUF 1,000,000 (approx. EUR 3,000)
05.09.2019	OFGEM (UK)	Engie Global Markets	Article 5	£2,128,236.00 (approx. EUR 2,393,427.80)
20.02.2019	BNetzA (DE)	Uniper Global Commodities SE	Article 5	EUR 150,000 and EUR 1,500 and EUR 2,000 fines for each trader
		2 traders		
21.12.2018	Prosecutor/DUR (DK)	Neas Energy A/S	Article 5	DKK 153,000 (approx. EUR 20,400)
28.11.2018	CNMC (ES)	Multienergía Verde, S.L.U.	Article 5	EUR 120,000
28.11.2018	CNMC (ES)	Galp Gas Natural, S.A.	Article 5	EUR 80,000
30.10.2018	Prosecutor/DUR (DK)	Energi Danmark A/S	Article 5	DKK 1,104,000 (approx. EUR 147,000)*
05.10.2018	CRE (FR)	VITOL S.A.	Article 5	EUR 5,000,000
24.11.2015	CNMC (ES)	Iberdrola Generación S.A.U.	Article 5	EUR 25,000,000

THANK YOU!
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