

What stage is this document in the process?

## Stage 01: Initial Written Assessment

# P291 'REMIT Inside Information Reporting Platform for GB Electricity'

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

The Regulation on Wholesale Energy Markets Integrity and Transparency (REMIT) is an EU regulation aimed at preventing market abuse in wholesale energy markets. A key requirement is for market participants to publish inside information.

P291 proposes to use the Balancing Mechanism Reporting System (BMRS) as a platform to publish the necessary information to meet the requirements of REMIT inside information reporting for the GB electricity sector.



#### ELEXON:

- Recommends P291 is progressed to an Assessment Procedure by a Workgroup



#### High Impact:

- Balancing Mechanism Reporting Agent (BMRA)



#### Medium Impact:

- BSC Parties



#### Low Impact:

- ELEXON

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## About this Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel on 14 February 2013. The Panel will consider the recommendations and agree how to progress P291.



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### Any questions?

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# 1 Why Change?



## What is REMIT?

The Regulation on Wholesale Energy Markets Integrity and Transparency (REMIT) is an EU regulation (regulation (EU) No 1227/2011)<sup>1</sup> that came into force on 28 December 2011 and is aimed at preventing market abuse in the wholesale energy markets. It establishes a new framework for the monitoring of wholesale energy markets. A key requirement of this framework is for market participants to publish inside information.

The Agency for the Co-operation of Energy Regulators (ACER) recently published the second edition of its non-binding guidance on REMIT<sup>2</sup> which includes details on the reporting of inside information. This guidance states that inside information should be disclosed in a manner ensuring that it is capable of being “disseminated to as wide a public as possible”, and suggests that market participants with inside information should use centralised platforms for disclosing their information if such platforms exist, although they can also use their own websites. The guidance considers that the use of a transparency platform will decrease the organisational burden on market participants, and that the use of such platforms would allow information to be more accessible to all market participants.

## What is the BMRS?

The Balancing Mechanism Reporting Service (BMRS) is a service for publishing and reporting data relating to the Balancing Mechanism. This includes data provided by National Grid relating to balancing actions and indicative data relating to Settlement, including indicative data for each Settlement Period shortly after its completion. All of the data published on the BMRS is indicative data, calculated from the information available at the time, and is not used within Settlement, but its publication helps to facilitate the operation of the GB electricity market. Market participants can choose to receive the information via a ‘high-grade’ service, where the information is sent to them directly via a TIBCO feed, or they can use the ‘low-grade’ service, the BMRS website<sup>3</sup>. The low-grade service is freely available to anyone.

In a similar fashion to the data currently published on the BMRS, inside information would not be used in Settlement, but would help to facilitate the operation of the market. In addition, its publication would enable the Industry to align with the most recent ACER guidance, which expresses a preference for using reporting platforms to publish inside information in a place freely accessible to anyone.

## What is the issue?

National Grid has recently launched a REMIT transparency platform for the GB gas market<sup>4</sup>, but there is currently no such platform in place for the GB electricity market. The Proposer considers that the BMRS would be the most suitable place for a platform.

The BMRS has grown and evolved into an electricity data reporting tool, even where the data is not directly used in Settlement. This combined with ACER’s preference to use existing industry reporting platforms for publication of REMIT inside information makes the

## What is the issue?

A requirement of REMIT is for participants to publish any inside information. The ACER guidance advocates the use of reporting platforms for this.

<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:326:0001:0016:EN:PDF>

<sup>2</sup> [http://www.acer.europa.eu/remi/Pages/ACER\\_guidance.aspx](http://www.acer.europa.eu/remi/Pages/ACER_guidance.aspx)

<sup>3</sup> <http://www.bmreports.com/>

<sup>4</sup> <https://www.remit.gb.net/>

BMRS a logical reporting mechanism for the required REMIT inside information. The BSC contains requirements of all the data submitted to and published by the Balancing Mechanism Reporting Agent (BMRA) on the BMRS. Therefore, in order to allow REMIT inside information to be published on the BMRS website the BSC must be amended accordingly.

The BSC Modification process will provide a path by which to define the platform requirements as well as ensuring the platform meets the REMIT requirements and ACER guidance. This will include aligning with the guidance with what should be published on the platform and how the platform should operate.

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### Proposed solution

P291 proposes to amend the BSC to allow a REMIT inside information reporting platform to be introduced on to the BMRS website. This will enable the publication of necessary information for market participants to meet the requirements of REMIT inside information reporting for the GB electricity market, as well as establishing expected standards and methods for the input of such data.

In the absence of a central inside information reporting platform, BSC Parties (and others participants within the electricity industry) have to comply with the REMIT requirements by reporting inside information on their own websites (or by other reporting channels, for example social media) which makes it difficult to locate all the published information. Publishing inside information reported by market participants on a single platform will make it easier to locate. Furthermore, this will also align GB practices with the most recent version of the non-binding ACER guidance on REMIT, which expresses a preference for reporting inside information on central platforms where these exist.

REMIT data reported on the BMRS will not be used in Settlement, but reporting the information in this way will help facilitate the wholesale electricity trading market by providing near to real-time reporting and historic market information. An additional benefit of reporting this data under BSC governance is that the BSC Modification process will allow a Workgroup to define the platform requirements. This will ensure that the transparency platform meets the REMIT requirements and aligns with the ACER guidance, including what should be published, how the platform should operate, what IT standards it should adhere to, and meeting the reporting and data storage requirements (see Section 3 for more details).

### Applicable BSC Objectives

The Proposer believes that P291 would better facilitate the achievement of:

- **Applicable BSC Objective (c)**, as publishing wholesale inside information on a public platform will ensure that this information is freely accessible to all Parties, which would better enable effective competition; and
- **Applicable BSC Objective (e)**, as, although the ACER guidance is not legally binding, this Modification Proposal would align with the spirit of this objective. It would also better facilitate Parties' compliance with the relevant REMIT regulations.

### Implementation approach

As P291 would require changes to the BMRS website, it is recommended that it is implemented as part of a scheduled BSC Systems Release. Which Release is suitable will be determined based on the lead time required to implement the changes and when Ofgem's decision is received, but it is unlikely that P291 would be implemented any earlier than the February 2014 BSC Systems Release, if approved.

#### What is the solution?

P291 proposes to introduce a REMIT inside information reporting platform to the BMRS website.



#### What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

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## 3 Things to Consider

In this section we highlight areas which we believe the Panel should consider when making its decision on how to progress this Modification Proposal, and which a Workgroup should consider as part of its assessment of P291. We recommend that the areas below form the basis of a Workgroup's Terms of Reference, supplemented with any further areas specified by the Panel.

### What inside information should be reported?

Article 4(1) of REMIT states that disclosures "shall include information relevant to the capacity and use of facilities for production, storage, consumption or transmission of electricity ... including planned or unplanned unavailability of these facilities". The ACER guidance considers that the following pieces of information should be included in any publication that Parties issue on inside information:

- The caption "Publication according to Article 4(1) of REMIT / UMM – Urgent Market Message";
- A subject heading that summarises the main content of the publication;
- The name and contact information of the market participant;
- If applicable, the name and location of the respective asset;
- If applicable, the balancing area or market area concerned;
- The time and date of the relevant occurrence, including e.g. the (estimated) duration of outages;
- The time and date of publication;
- If applicable, the reasons for the unavailability of generation units, consumption units or parts of the electricity or gas grid; and
- If applicable, a history of prior publications regarding the same event e.g. if a prognosis is updated or an unplanned outage becomes a planned outage.

The Workgroup should consider what information participants would need to publish on the BMRS.

### What are the system requirements for the platform?

The REMIT regulations are silent on the system requirements for inside information reporting systems. However, the ACER guidance outlines a series of IT standards which it considers are appropriate and should be applied to any inside information reporting platform. The guidance considers that platforms should fulfil the following Regulated Information Service (RIS) requirements:

- Have adequate policies and arrangements in place to make public inside information on behalf of market participants as close to real time as is technically possible on a reasonable commercial basis;
- Be able to efficiently and consistently disseminate inside information on behalf of market participants in a way that ensures fast access to the information on a non-

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discriminatory basis and in a format facilitates the consolidation of the information with similar data from other resources;

- Ensure high availability consistent with market expectations;
- Operate and maintain effective administrative arrangements designed to prevent conflicts of interest with market participants;
- Have sound security mechanisms in place designed to guarantee the security of the means of transfer of information, minimising the risk of data corruption and unauthorised access and to prevent information leaking before publication, maintain adequate resources and foresee backup facilities for their platforms to avoid temporary technical problems as much as possible and define emergency procedures describing what market participants shall do in the unlikely event that the platform application is out of order;
- Be able to report the inside information received from market participants for disclosure to the Agency and NRA's as non-aggregated and individual data once the REMIT implementing acts apply; and
- Keep the historic inside information available for a period of at least 2 years.

The Workgroup should consider the RIS requirements and any other system requirements when developing the BMRS reporting platform.

Currently the only participant who submits data to the BMRA is National Grid, who has developed automated processes for doing so. The Workgroup will therefore need to consider how other participants would be able to submit the relevant information to the BMRS going forward, for example via email or a through a login procedure and whether automated processes are required, and also what security would need to be applied, such as only allowing authorised persons to submit data. The Workgroup should also consider whether any back-up processes are required for use in the case of BMRS issues arising.

Finally, the Workgroup should consider how submitted data should be published and whether the information should be available across all BMRS outputs (i.e. both on the website and via the TIBCO feed), or whether it should be limited to just the low-grade service.

## Should reporting on this platform be mandatory or voluntary?

Article 4(1) of REMIT requires market participants to “publicly disclose inside information in an effective and timely manner”. However, it does not give consideration to the method of disclosure, such as whether it is published on a participant’s own website or through a reporting platform.

The ACER guidance considers that, if a platform exists, market participants with inside information to disclose should use such platforms to disclose their information, unless otherwise specified by the relevant National Regulatory Authority (NRA). It goes on to say that simultaneous publication on the participant’s own website is not necessary. The guidance also considers that if adequate reporting platforms do not yet exist, market participants would be allowed to publish inside information which they possess on their own website. The information must also be made available free of charge.

REMIT market participants may or may not be BSC Parties. In view of this, the Workgroup should consider whether it is appropriate and, if so, feasible for the BSC to make it

mandatory for BSC Parties who are also market participants under REMIT to report GB electricity-related inside information through the proposed platform. It should also consider whether to open up the reporting platform to non-BSC Parties who may wish to use it for reporting inside information.

### **What liability issues could there be?**

Article 4(1) of REMIT requires market participants to “publicly disclose inside information in an effective and timely manner”. Although market participants are responsible for the disclosure of inside information, and would therefore be liable for non-disclosure, ACER recognises that they do not have an influence on the operation of reporting platforms. The ACER guidance considers that market participants would not be responsible for temporary technical problems with any platforms fulfilling the above mentioned RIS requirements. Furthermore, it also considers that if the information was transmitted to the transparency platform before it goes down, the market participant should not be considered to have breached the obligation to disclose inside information. However, if technical problems with the reporting platform persist, market participants may have to use their own website or other platforms to publish the required information, especially if they wish to make use of that information as REMIT prevents participants from trading on the basis of undisclosed information.

The Workgroup should consider any liability issues should the BMRS be unavailable. The Workgroup should also consider any other potential liability issues, such as posting inaccurate data.

### **Should the solution consider the transparency regulations?**

The option of using the BMRS to send fundamental European data from Great Britain to ENTSO-E under the forthcoming Commission Transparency Regulation has been considered. Ofgem is keeping an open mind as to what would be necessary to meet these obligations, but has noted the possibility of using the BMRS as a reporting vehicle for this.

The Workgroup should therefore consider any relationships between P291 and the forthcoming Transparency Regulation.

### **What changes are required to support the proposed solution?**

P291 is likely to impact the BSC, BMRA systems and documentation and the BMRS website. The specific changes required, along with the associated costs and lead time, will be identified through an impact assessment.

P291 may directly impact BSC Parties, depending on what detailed solution is developed; these impacts (if any) will be confirmed during assessment. In any event, BSC Parties (along with other market participants) will be able to publish inside information to and obtain this information from a central reporting platform on the BMRS website following the implementation of P291.



## What are the benefits against the Applicable BSC Objectives?

The Workgroup should consider whether P291 would better facilitate the achievement of the Applicable BSC Objectives.

The primary benefits cited by the Proposer are that P291 would better facilitate the achievement of Applicable BSC Objectives (c) and (e) by allowing Parties to use a central reporting platform for reporting inside information, which would better facilitate competition and Parties' compliance with the REMIT regulations.

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### What is the proposed progression?

P291 should be progressed to the Assessment Procedure for a four month assessment by a Workgroup.

### Next steps

We believe that P291 should go into an Assessment Procedure so that a Workgroup can be established in order to consider the areas outlined in Section 3.

The Proposer is not requesting that P291 is progressed as a Self-Governance Modification Proposal due to the material changes to the existing arrangements, and believes that P291 has no interaction with any on-going Significant Code Reviews (SCRs); we concur with these views.

### Terms of Reference

We recommend that membership of the P291 Workgroup should comprise of members from the Settlement Standing Modification Group (SSMG), along with any other relevant experts and interested parties.

We recommend that the Terms of Reference for this Workgroup should focus on the following areas:

P291 Terms of Reference
What information would participants need to include in their disclosures?
What are the system requirements for the reporting platform? As part of this, the Workgroup should consider: <ul style="list-style-type: none"><li>• How participants would submit their information to the BMRS; and</li><li>• How the information would be reported through the BMRS.</li></ul>
Should reporting on this platform be mandatory or voluntary?
What liability issues would there be if the BMRS was unavailable? What other potential liability issues may there be?
Is there any relationship between P291 and the forthcoming Transparency Regulation?
What changes are needed to BSC documents, systems and processes to support P291 and what are the related costs and lead times?
Does P291 better facilitate the Applicable BSC Objectives than the current baseline?

### Timetable

We recommend that P291 undergoes a four month Assessment Procedure, with the Assessment Report being presented to the Panel at its meeting on 13 June 2013.

We believe that the Workgroup will need to undertake the activities shown in the table below, which includes a 15 Working Day Industry impact assessment and a separate 15 Working Day Industry consultation. The timetable below allows for both of these and for the Workgroup to fully consider the areas highlighted in the Terms of Reference.

The BSC allows the Panel to set an Assessment Procedure timetable which is longer than three months where the Panel believes this is justified by "the particular circumstances of the Modification Proposal (taking due account of its complexity, importance and urgency)", (Section F2.2.9), and provided the Authority does not issue a contrary direction.

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Proposed Progression Timetable for P291	
Event	Date
Present Initial Written Assessment to Panel	14 Feb 13
Workgroup Meeting	25 Feb 13
Industry Impact Assessment	14 Mar 13 – 05 Apr 13
Workgroup Meeting	W/B 08 Apr 13
Assessment Procedure Consultation	25 Apr 13 – 17 May 13
Workgroup Meeting	W/B 20 May 13
Present Assessment Report to Panel	13 Jun 13
Report Phase Consultation	14 Jun 13 – 03 Jul 13
Present Draft Modification Report to Panel	11 Jul 13
Issue Final Modification Report to Ofgem	12 Jul 13

## Estimated progression costs

The following tables contain our estimates of the costs involved in progressing P291 through the Modification Procedures under the proposed timetable:

Estimated Progression Costs based on Proposed Progression Timetable	
Meeting costs (including Workgroup member expenses)	£1,500 (based on three meetings)
Non-ELEXON legal and expert costs	£0
ELEXON resource	40 man days, equating to approx. £10k

Estimate of Total Industry Assessment Costs based on Proposed Progression Timetable					
Workgroup support	Est #mtgs	Est #att	Est effort	Est rate	Sub-total
	3	8	1.5	£605	£21,780
Consultation response support	Est #cons	Est #resp	Est effort	Est rate	Sub-total
	3	8	2.5	£605	£36,300
<b>Total Costs</b>					<b>£58,080</b>



### Industry Assessment Costs

Industry Workgroup support and consultation response costs represent an approximation of industry time and effort in attending Workgroup meetings and responding to consultations.

The calculation is based upon an estimate of how many attendees we expect to attend each meeting and how many responses we expect to receive to each consultation.

The calculations assume that each attendee will require 1.5 man days of effort per meeting and each response will take 2.5 man days of effort, multiplied by a standard rate of £605 per man day.

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## 5 Likely Impacts

### Impact on BSC Systems and process

BSC System/Process	Potential impact
BMRA/BMRS	The BMRS will be updated to include an inside information reporting platform. The full impacts will be identified and assessed through an impact assessment during the Assessment Procedure.

### Impact on BSC Parties and Party Agents

P291 may have a direct impact on BSC Parties, depending on what detailed solution is developed; this will be confirmed during the Assessment Procedure.

BSC Parties (and other market participants) will be able to publish inside information to and obtain this information from a central reporting platform following implementation.

### Impact on Transmission Company

None anticipated.

### Impact on ELEXON

Area of ELEXON	Potential impact
Release Management	ELEXON will manage the implementation project.

### Impact on Code

Code Section	Potential impact
Section Q	Changes will be required to implement the solution.
Section V	

### Impact on Code Subsidiary Documents

CSD	Potential impact
BMRA Service Description	Changes may be required to implement the solution.

### Impact on other Configurable Items

Configurable Item	Potential impact
BMRA User Requirements Specification	Changes may be required to implement the solution.

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## 6 Recommendations



On the basis of this Initial Written Assessment, ELEXON invites the Panel to:

- **DETERMINE** that Modification Proposal P291 progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable such that an Assessment Report should be completed and submitted to the Panel at its meeting on 13 June 2013;
- **DETERMINE** that the P291 Workgroup should be formed from members of the Settlement Standing Modification Group and any other interested parties; and
- **AGREE** the Workgroup's Terms of Reference.

### Recommended Progression

ELEXON recommends P291 is submitted to a four month Assessment Procedure.

## 7 Further Information

More information is available in:

Attachment **A**: Modification Proposal Form

You can also find further information on the [P291](#) page of the ELEXON website.

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