



EuroPEX Position Paper on Information Management and Market Transparency

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1. Proper information management and an adequate level of market transparency greatly enhance the development of liquid and competitive electricity markets.
2. At present, the level of market transparency - and the extent to which market information is made available to market participants and the general public - varies significantly across the different jurisdictions in the EU. So far no comprehensive minimum transparency criteria across the Internal Electricity Market (IEM) have been established.
3. EuroPEX believes that, in order to support the further development of the IEM, it is essential that a ***consistent approach is defined to the provision of market related information*** to wholesale market participants (and the general public) across Member States: suppliers, generators, energy traders, large customers and demand side participants.
4. EuroPEX calls for this approach to be based on the general principle that ***market information should be made available to all market participants and the public in general in a timely, simultaneous and non-discriminatory manner.***
5. This document presents EuroPEX position on information management and market transparency.

Rationale

6. Market participants – generators, traders and retailers - base their commercial strategies on their expectations of demand and supply fundamentals (e.g. generation capacity and demand growth and fuel price developments), on an analysis of the impact of events (e.g. the unavailability of generating units) on market conditions and on the expected state of the transmission system (e.g. available transmission capacity

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between different areas). The availability of historical data on a consistent basis and the timely disclosure of current data are therefore essential in two respects. On the one hand, the analysis of past patterns can provide essential indications about the way in which specific events affect market conditions. On the other hand, timely availability of information is essential for predicting the future evolution of market fundamentals, and in revising such expectations. ***Greater information availability improves participants' understanding of markets and their ability to predict future developments, thus reducing the uncertainty involved in market participation.***

7. ***Greater information availability also reduces the information advantage that incumbents typically enjoy.*** For example, the level of availability of power generation units may significantly impact the supply-demand balance in the market and therefore the equilibrium price. Each generator would have direct information on the current and expected availability of its units and larger generators would control information on several units, the availability of which may have a considerable effect on the market price. Substantial effort is currently being put into trying to overcome the information disadvantage of smaller players in electricity markets, through costly and inefficient means. The disclosure of information on operational conditions of power generating units on a timely and non-discriminatory basis is an effective way of preventing larger generators from enjoying a disproportionate information advantage over other participants.
8. Less uncertainty and a more level-playing field between different agents ***promote market participation***, especially by smaller players and new entrants, ***increasing competition and liquidity of markets.***
9. ***Greater information availability and market transparency also facilitate the monitoring of market developments*** not just by regulatory entities, but by a wider range of stakeholders. Therefore, greater transparency should increase the probability of detecting any abuse of market power or other forms of non-competitive behaviour, thus discouraging these practices. It should also reduce opportunities for insider trading. The result is increased trust in markets and, again, the promotion of their liquidity.
10. Moreover, ***greater transparency and higher standards of information disclosure provide a more level-playing field for the different trading arrangements*** in similar

electricity market products and reduce existing asymmetries between Power Exchange-based and OTC trading. Common higher standards of transparency and information disclosure also reduce the risk that the available data provides a distorted picture of the market, or one which is open to manipulation.

11. EuroPEX urges a swift advance in the definition of a consistent approach to information management and market transparency for the IEM and of a timetable for its implementation. Requirements and procedures on market transparency and information disclosure will then be put in place by national authorities, on the basis of the consistent approach defined at the EU level. Appropriate infringement sanctions will have to be introduced so that a consistent level of compliance is achieved across the IEM. Progress in the implementation at the national level will have to be closely monitored to ensure steadily increasing standards of market transparency and information disclosure in all Member States.

General Principles

12. The approach to information management and market transparency should be based on a number of guiding principles.
13. First of all, in order for the information made available to market participants to be readily and effectively usable, ***EuroPEX believes that this information should be provided according to consistent minimum standards across all Member States*** with respect to:
 - ***coverage*** - the minimum set of information which is made available in a Member State or control area should not depend on the structure of its electricity sector. Individual Member States should then be allowed to require additional information being made available, taking into account the specific factors which may affect market developments in each jurisdiction;
 - ***level of detail*** – the information should be made available according to the same minimum standard of detail in all Member States, again irrespective of the structure of the electricity sector;

- **definition** – the information should be published according to common definitions in all Member States so as to facilitate its use by market participants and other interested parties across the EU;
- **time resolution and updating frequency** – similar information related to different Member States or control areas should be provided according to the same minimum standards of time resolution and updating frequency;
- **format** – the information should be made available in a format which makes it readily usable by IT systems.

These minimum standards should be reviewed and improved over time.

14. In some cases, information should be provided on an ex-ante forecast basis. This is for example the case of system load, which provides information on overall demand and supply conditions and is essential to evaluate market evolutions and future developments. When forecasts are made available, they should be compiled on the basis of objective criteria, to avoid the risk that these forecasts are manipulated to distort the market. Moreover, in order to provide an indication of the reliability of forecasts, EuroPEX believes that whenever these are published, the *ex-post* realised values should also be published as soon as possible.
15. Moreover, whenever information relates to technical standards or constraints - e.g. available transmission capacity on interconnectors - disclosure and transparency provisions should apply not only to the standards and constraints themselves, but also to the methodologies used to define them.
16. Given the importance of information availability and transparency, as illustrated in the previous points, ***EuroPEX believes that it is essential that when information is to be disclosed, it should be published, rather than being made available on request,*** unless a strong case can be made in favour of disclosure on demand.
17. Furthermore, given the increasing role of electricity-based financial instruments, requirements and arrangements for the publication of electricity market information should be compatible with those applied in financial markets.
18. Most of the information which is relevant to electricity markets is held by TSOs and DSOs, but other stakeholders (Power Exchanges and market participants) may also own relevant information. In many jurisdictions TSOs and DSOs are part of a

vertically-integrated conglomerate and only legally separate from the other affiliates of the integrated concern operating in competitive businesses, such as generation and supply. In this case, EuroPEX considers it essential that the disclosure of information is conducted in a non-discriminatory manner and simultaneously to all market participants, including TSO- or DSO-sister affiliates. Adequate rules and procedures should be in place to avoid that these sister affiliates have prior or otherwise preferential access to the information, which would represent an unfair competitive advantage with respect to other market participants. The methods used in order to ensure effective ringfencing and “firewalls” between the grid operation branches and the rest of vertically integrated companies should be publicly disclosed in order to raise trust in the market.

19. Finally, there are instances when the benefits of timely publication of information are less clear and a case can be made for not disclosing the information or delaying its disclosure. Any departure from the general standard of information transparency and disclosure should, however, be based on a cost-benefit analysis at the market level, approved by the competent authority and reviewed on an ongoing basis.
20. Whenever some information is not disclosed or its publication is delayed, rules and procedures should be put in place to ensure that the information cannot be accessed discriminatorily. In particular, when the information is held by a TSO or a DSO which is part of a vertically-integrated conglomerate, these rules and procedures should prevent other affiliates of the vertically-integrated concern to gain advanced or otherwise preferential access to the information.

Information Disclosure, Common Information Publishers and the role of Power Exchanges

21. EuroPEX stresses the importance of information management and its governance and that the identification of the party responsible for publishing information is key to ensuring effective information disclosure and transparency. In this respect, ***EuroPEX considers that the responsibility for publishing the information could be assigned to parties different from the natural information source, if this approach better supports non-discriminatory access to the information.*** This is in fact the case in

several jurisdictions within the IEM today and the practice has proven to very effective in terms of enhancing overall transparency.

22. ***Such open access may be promoted if all relevant information related to one or more jurisdictions were made available through a common information publisher,*** who would ensure the timeliness and logical consistency of the published data.
23. The ***common information publisher*** should have the ***technical ability and competence*** to deal effectively with a large amount of market-related data, the ***capability of managing commercially-sensitive information***, and should guarantee that it will ***act independently from market participants*** to ensure non-discriminatory access to information.
24. The common information publisher would be responsible for publishing the electricity market-related information that is subject to disclosure requirements. – especially that which is frequently updated and directly affects the daily price settings in the physical and financial (long-term) electricity markets. It could be suitable from both a practical and legal perspective in each jurisdiction to nominate two or more publishers, each responsible for compiling and/or publishing parts of the overall information flow. In any event the publisher would be under an obligation to publish it according to specified criteria that will ensure non-discriminatory access to the information. Other organisations which are sources of information would be required to provide the information to the common publisher in a format and timeframe which are consistent with the publishing obligations of the latter, and would remain responsible for the accuracy of the information provided.
25. Common information publishers could be identified by voluntary agreement among all stakeholders. Alternatively, the competent authority in each jurisdiction may designate an organisation to act as common publisher.
26. ***Power Exchanges (PXs) may effectively act as common information publishers as they satisfy all the criteria identified above.*** In fact, PXs are already geared to receive, manage and disclose a significant amount of information in an effective manner, and have proven their ability to maintain the confidentiality of commercially-sensitive data and to operate in a non-discriminatory manner.

27. ***Many PXs already collect information from other stakeholders*** related to load forecasts as well as operating conditions and constraints of generating plants, consumers' installations and the transmission system. While some of this information is collected for market assessment, audit and surveillance purposes and is not released, most of it is published. In particular, the Nordic (NordPool), Spanish (OMEL), Italian (GME) and German (EEX) PXs currently publish a large amount of data originating from the TSO, generators and other market participants. Annex 1 contains a list of the information which is already published by PXs. This is a very important role that PXs play as they provide a single interface where all the relevant published information can be accessed in a user-friendly manner. Some information is published in an aggregate form to protect the confidentiality of commercially-sensitive data at the individual agent/plant level. In these cases, PXs are called to produce releasable aggregate statistics from the confidential data received.
28. Moreover, most of the parties who are or will be required to provide the information to be disclosed, and those who are interested in accessing such information, are typically market participants and therefore are already accustomed and equipped to deal with PXs to provide or access information.
29. ***PXs' role as information publishers will also facilitate cross-border access to information and governance of the information management process.*** In fact, PX participation is already multinational. Moreover, most PXs have procedures already in place for stakeholders' participation in the management of trading rules, typically under regulatory oversight. Similar procedures could be implemented in the management of information disclosure rules. In fact, in some jurisdictions these rules were developed in consultation with market agents, within the framework set by energy and financial regulatory authorities.
30. Finally, ***PXs are typically independent from market participants and have not a direct commercial interest in the markets they operate; therefore they can gain no advantage from withholding information. In addition, their activities are internally supervised and typically subject to oversight by sectoral or financial regulatory entities.*** Even in those cases where PXs are owned collectively by market participants, governance and regulatory provisions are in place to ensure that PXs operate in a way which does not favour individual participants.

Annex - Information currently published by Power Exchanges

The following information related to the daily markets is currently published by at least one Power Exchange operating in the European Union.

Note: some of the provided data only “exist” in some countries due to established regulations, market rules and technical aspects in those countries that are not applicable in other jurisdictions. In other words the list does not represent a view on what Power Exchanges should publish concerning own and other parties disclosed data and plans, but rather it is only a list that demonstrates the fact that many Power Exchanges are actively engaged in both compiling and subsequently transparently publishing of relevant market information.

a) Information published ahead of the daily market

- (Day-ahead and week-ahead) load forecast per control area
- Day-ahead value of available interconnection capacity
- Total and available installed generation capacity
- Planned outages for major production, consumption and grid line units up to 3 years ahead in time continually and “immediately” after plan has been set
- Immediate reporting of incidental failures for major production, consumption and grid lines
- Immediate reporting of special information that affect transmission capacity or availability of production or consumption short-term and up to 3 years ahead in time

b) Information published after the daily market

- Actual load per control area
- Market hourly price
- Aggregate supply and demand curves
- Market hourly traded volumes
- Planned hourly flow day-ahead between countries (Bid Areas) based on the spot market implicit auction (i.e. it shows planned usage of capacities made available to the market day-ahead and thus also planned overall hourly balance per Area)

- Commercial interconnection capacities by electrical border after the daily market
- Commercial interconnection capacities by electrical border after technical restrictions
- Marginal price-setting technologies
- Cross border physical flow per hour **continually** one hour after delivery hour
- Production level per country and hour **continually** one hour after delivery hour
- Consumption level per country and hour **continually** one hour after delivery hour
- Daily generation by technology
- Congestion income, volumes and prices
- Average and marginal prices of accepted balancing bids/offers
- Imbalance prices
- Imbalance volumes by control area

c) Information subject to delayed publication

- Daily market bids and offers
- Energy after daily matching process
- Base daily matching schedule
- Base daily operating schedule
- Daily viable schedule
- Unavailable power units (Note: In some areas continuous reporting as shown in *b) Information published after the daily market*)