



Agency for the Cooperation  
of Energy Regulators

*Head of the Market Integrity  
and Transparency Department*

Ljubljana, 26 July 2019  
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*To whom it may concern*

***Subject: Third Open Letter on REMIT data quality***

Dear Sir or Madam,

The purpose of this letter is to liaise with reporting parties in order to improve the quality of data reported under REMIT. The European Union Agency for the Cooperation of Energy Regulators ('ACER') continues to conduct regular assessments of the completeness, accuracy and timely submission of the data received under Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT).

The current level of data quality allows ACER to perform its surveillance activities through an automatic screening process for transactions of energy products traded on European wholesale markets. For this purpose, ACER has developed and calibrated specific alerts to detect instances of unusual trading behaviour in electricity and gas products. However, in some cases the quality of data prevents ACER and the NRAs from efficiently assessing the collected information, which may lead to potential false positive alerts.

ACER is committed to ensuring a high quality of data, and will continue to devote special supervisory efforts to this endeavour in order to further advance its capabilities. The third Open Letter complements the first and the second Open Letters on REMIT data quality, which ACER published over the past two years. ACER is pleased to report that the previous two Open Letters were effective and have facilitated an improvement in data quality.

#### **Who should read this letter?**

Organised market places (OMPs), market participants (MPs), and registered reporting mechanisms (RRMs) which assist their clients with the transaction reporting obligation under REMIT.

#### **Why should reporting parties read this letter?**

ACER has been reviewing the submitted data in order to assess the completeness, accuracy, and timely submission of the data.

According to Article 11(2) of Commission Implementing Regulation (EU) No 1348/2014, persons required to report data referred to in Articles 6, 8 and 9 of the Implementing Regulation shall have the responsibility for the completeness, accuracy and timely submission of the data to ACER.

In its data quality assessments, ACER has detected some frequent data quality issues (see Annex 1), and therefore advises OMPs, MPs and RRM to carry out their own reviews of their REMIT data reported to date. This will enable them to provide accurate reports in the future, correct previously submitted incorrect reports, and provide additional information when requested by ACER in line with Article 6(8) of the Implementing Regulation.

### **What is ACER doing and why?**

The purpose of ACER's review of the submitted data is to help reporting parties to ensure that the data reported is consistent with the REMIT reporting requirements<sup>1</sup>. This activity will also enable ACER and national regulatory authorities (NRAs) to be effective in fulfilling their market monitoring tasks (Article 7 of REMIT), which require the submission of complete and accurate data to ACER in a timely manner.

### **Where do reporting parties tend to get it wrong?**

Typical errors include failures in the completeness, timeliness and accuracy of the reporting of various field values, inconsistent reporting of similar business events across OMPs/RRMs, misinterpretation of lifecycle event reporting, and similar issues listed in this and previous Open Letters. ACER has determined that seemingly basic errors are often the result of operational system issues, particularly in situations where records of transactions must pass through a series of data management systems before finally being reported to ARIS. One breakdown at any point in the chain can result in an inaccurate transaction report.

### **Key areas for improvement based on recent observations:**

- Accuracy and completeness controls: third party RRM must ensure that the reported data is accurate, as sourced from OMPs or MPs, and that no information is lost or changed in the process. It is advisable to do periodic sample checking. ACER has observed inconsistencies when comparing the data reported by type OMP RRM and third party RRM. ACER believes that the data that passes through any additional interfaces may face the risk of information loss or unintended modification. RRM must ensure continual compliance with Article 11(1) and (2) of the Implementing Regulation and with the requirements of Chapter 5 of ACER's [RRM Requirements document](#).

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<sup>1</sup> Please consult the Agency's RRM Requirements, the Transaction Reporting User Manual (TRUM), the Manual of procedures (MoP on data reporting) and the FAQs documents on transaction reporting, fundamental data and inside information available on the Agency's REMIT portal, <https://www.acer-remit.eu/portal/home>.

- The reporting parties must ensure that regulatory, business or system changes do not lead to non-compliant transaction reporting. Best practice change management procedures often depend on good communication between stakeholders, which includes ACER.
- Reporting parties should not consider file compliance and non-rejection of records by the ARIS validation rules as sufficient proof of proper data quality. If files are compliant with technical standards and there are no rejected records, this does not necessarily mean that the reported data set is complete, accurate and/or timely.

### **What may reporting parties expect from ACER?**

ACER may inform relevant RRMs, OMPs and NRAs of any detected data quality issues. RRMs and OMPs may receive generic and/or specific communication on detected issues, describing the type(s) of issues that ACER has identified in collaboration with NRAs and any actions that are required from RRMs, OMPs or MPs.

### **What does ACER expect from reporting parties?**

ACER expects reporting parties to be proactive in informing ACER of data quality issues, as well as to be responsive and engage with ACER in order to clarify and resolve any reported detected inconsistencies in a timely manner. If reporting parties determine that they have reported data erroneously, either based on their own assessments or on the common types of data quality issues referred to in Annex I of this and previous Open Letters, they should liaise with their RRM in order to make the necessary corrections. The relevant RRM should then inform ACER accordingly.

Reporting parties should open contingency reports concerning data quality issues in a timely manner and ensure the reports are filled out accurately. Additionally, they should also ensure that contingency reports are closed in a timely manner following the necessary corrections and data submission. The reporting parties should be aware that ACER shares the contingency log with NRAs.

ACER strongly believes that it is in the reporting parties' best interest to ensure that any important changes that could affect their data reporting process are notified to and coordinated with ACER in a timely manner. This should help reporting parties avoid any unnecessary expenses related to the implementation of technical changes in their data reporting process that may subsequently have to be corrected for REMIT reporting purposes.

ACER is ready to accommodate new market developments in its data collection under REMIT, such as the introduction of new contracts and ways of transacting. To avoid data quality issues occurring in the first place, the reporting parties should liaise with ACER *ex ante* whenever a reporting party changes its reporting pattern or introduces new contracts that may not be addressed in the existing [REMIT Reporting User Package](#).

In case of any questions on how to report REMIT records of transactions, the reporting parties should contact ACER using the standard channels, such as the [REMIT Query form](#).

In ACER's view, reporting parties that actively engage with ACER in the prevention and resolution of data quality issues strengthen their compliance with the REMIT reporting obligation. A cooperative attitude towards improving data quality is appreciated.

**Actions to be taken by ACER next:**

ACER prefers to resolve data quality issues by cooperating with reporting parties. However, enforcement action may be initiated if necessary. Specifically, a lack of engagement, unreasonable delays in responding to ACER's requests, non-reporting, continuous submission of poor quality data, or repetitive resubmission of data that is not in line with the provided guidance can be considered failure to comply with REMIT reporting obligations (Articles 8 and 9 of REMIT). ACER ensures that relevant NRA(s) are informed of any such issues so that they may take enforcement action.

ACER will continue to conduct periodic data quality assessments in order to monitor data quality, and will update stakeholders regularly on this matter. ACER remains committed to creating opportunities and practices for the exchange of information, such as roundtables and bilateral meetings, RRM user group meetings and webinars, and any other activity that may assist interested parties in actively engaging with ACER in order to solve REMIT data quality issues.

Should you have any questions, please do not hesitate to contact us at [remit@acer.europa.eu](mailto:remit@acer.europa.eu).

Yours faithfully,

*signed*

Volker Zuleger

Head of the Market Integrity and  
Transparency Department

Annex I: Common types of data quality issues

### ***Annex I: Common types of data quality issues***

This Annex describes the most common types of data quality issues ACER has observed in the last year. It should not be considered exhaustive. For a better understanding of how to report in full compliance with the requirements under REMIT, please refer to ACER's [REMIT reporting user package](#).

## **Transaction reporting**

### **Incompleteness and inconsistency of OMP data sets**

#### **Reference: REMIT Table 1**

ACER has observed incompleteness and inconsistency in data sets referring to particular OMPs. Sometimes specific data is completely missing, while at other times there are inconsistencies between the data reported by OMPs in the role of RRM and the one reported by third party RRM. This observation seems to confirm to ACER that data passing through different entities and interfaces before being reported to ACER may face the risk of information loss or unintended modification.

### **Inaccurate reporting of Delivery point or zone codes**

#### **Reference: TRUM - Table 1 Data Field No (48) and Table 2 Data Field No (41) Delivery point or zone**

**Description:** ACER is pleased to report that the accuracy of delivery point or zone code reporting has significantly improved, mainly due to the implemented validation rules. However, the reporting parties should make sure that the reported delivery point or zone is accurate in terms of the relevant traded contract being correctly identified. In this respect, the relevant List of Standard Contracts should also be maintained in a way that ensures accuracy and consistency with the information provided in the reports to ACER.

## **Inconsistent reporting of lifecycle events**

### **Reference: TRUM - Data field related to lifecycle information, Table 1 Data Field No (58) Action type**

**Description:** ACER has observed inconsistent reporting of transaction lifecycle events. In order to provide additional assistance to the reporting parties, ACER is in the process of preparing extended guidance on lifecycle event reporting. In the meantime, the TRUM, in particular its Annex II, and the relevant FAQs should be consulted and followed for the reporting of lifecycle events.

Reporting parties shall ensure that the lifecycle information of orders and/or trades provided within the data reporting process properly reflect the dynamic of such orders and trades visible to MPs.

Notwithstanding any further and more detailed ACER guidance in the future, ACER recommends to all reporting parties to comply with the following 'golden rules':

- a) **Action type N (new)** shall be adopted in order to report any new order or trade.
- b) **Action type M (modify)** shall be adopted in case a reporting party intentionally reports a modification representing a business event, for example modifying values of an order placed in the order book (e.g. price, quantity, hidden volumes, etc.) or to report a modification of an outstanding contract (e.g. modification of the delivery profile within the same Contract ID). In ACER's view Action type M should not be used for correcting wrongly submitted information.
- c) **Action type C (cancel)** shall be adopted in case a reporting party intentionally reports a business event that cancels an order in the order book or in case an existing contract is terminated (e.g. due to a novation).
- d) **Action type E (error)** shall be adopted in case of erroneous reporting, due to wrong information being reported. Any corrections of the reported information using Action type E will result in a logical deletion of the order or trade record from ARIS. The correct record should then be resubmitted using Action type N.

## **Reporting of inaccurate Transaction timestamps**

**Reference: TRUM - Table 1 Data Field No (30)**

**Description:** ACER has observed that sometimes the reported transaction timestamps do not accurately represent the business event, but rather reflect the IT system times or are artificially created by the reporting parties. Since accurate timestamps are key to analysing manipulative behaviour, such as layering, ACER expects the reporting parties to ‘identify the transaction timestamp, meaning the time at which the reported event occurred’.

The issue has been revealed thanks to ACER’s and NRA’s ability to analyse the cross-border integrated markets, match both sides of trades and rebuild order books. It seems that various IT systems and data management procedures in place at some OMPs or RRM’s do not represent actual business events in an accurate and consistent manner.

ACER expects that reporting parties coordinate with ACER during the implementation of any modification of their IT systems and notify ACER of any intention to implement changes to data reporting well in advance in order to ensure compliance with REMIT.

## **Inaccurate reporting of information and values in standard and non-standard contract reports**

**Reference: TRUM - Table 1 and Table 2 Data fields related to order, contract, transaction, option details, fixing index and delivery profile**

**Description:** ACER has observed inaccurate reporting of various data fields in standard and non-standard contracts reports. Information and values describing business events, such as prices, contract types, indexes, commodity identification, OMP IDs, timestamps and dates, linked transaction and order IDs, currencies, notional amounts, total notional contract quantities, volumes, units, delivery profiles, and other are reported inaccurately.

## **Beneficiary ID and Trading capacity of the market participant reporting (hereinafter Trading capacity)**

**Reference: TRUM - Table 1 Data Field No (8) and No (10)**

**Description:** ACER continues to observe different reporting issues with respect to the reporting fields Beneficiary ID and Trading capacity. Three common issues are (i) populating the field Trading capacity with P for Principal and at the same time populating the field Beneficiary ID, (ii) populating the field Beneficiary ID with the code of the MP executing the transaction and (iii) not reporting Beneficiary ID when the field Trading capacity is populated with A for Agent.

Please note that the field Beneficiary ID should only be populated when the MP is acting on behalf of a known third MP. In that case, the field Trading capacity should be populated with A for Agent. In all other cases, the field Beneficiary ID is to be left empty and the field Trading capacity should be populated with P for Principal.

## **Market coupling transaction reporting issues:**

### **Reference: REMIT Table 1**

ACER analyses data collected with reference to coupled electricity markets, which represent the main modification of the wholesale European market design over the past year and an important challenge for the future. On a general level, such analyses have already highlighted some inconsistencies in the data reporting processed by different reporting parties, hence confirming the need to further harmonise the data reporting in order to mitigate, for example, the risk of mismatches between two legs of the same trade executed on a coupled market. With reference to technical and specific issues, ACER will continue to cooperate with involved parties in order to ensure that all relevant information needed to perform an effective monitoring of the market pursuant to Article 7 of REMIT is collected.

## **Timeliness of transaction reporting**

### **Reference: Article 8 of REMIT; Article 7 of the Implementing Regulation**

**Description:** In its assessment of the timeliness of the reported REMIT data, ACER has identified records of transactions that do not comply with the requirements of timely transaction reporting. Transactions related to products admitted to trading at OMPs are subject to the reporting obligations for standard contracts and are reportable on a T+1 day basis, irrespective of whether they are traded on screen or voice-brokered. Transactions related to any other product that is not a standard contract are subject to the reporting obligations for non-standard contracts and are reportable on a T+1 month basis.