

***Head of the Market Integrity
and Transparency Department***

Ljubljana, 22 October 2020

To whom it may concern

Subject: Fourth 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 the 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 the 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 fourth Open Letter complements the first three Open Letters on REMIT data quality, which ACER published over the past three years. ACER is pleased to report that the previous three Open Letters were effective and have facilitated an improvement in data quality as well as initiated discussions to further improve the transaction reporting guidance.

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.

ACER has, in close collaboration with national regulatory authorities (NRAs), detected some frequent data quality issues (see Annex) via its data quality assessments and therefore advises OMPs, MPs and RRM to carry out their own reviews of the REMIT data they have reported so far. 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?

ACER reviews the submitted data in order to help reporting parties to ensure that the reported data is consistent with the REMIT reporting requirements¹. This activity will also enable ACER and NRAs to be effective in fulfilling their market monitoring tasks (Article 7 of REMIT).

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 reporting process. It is advisable to do periodic sample checking. ACER has observed inconsistencies when comparing the data of organised market places reported by type OMP RRM vs. third-party RRM.
- RRM must ensure continual compliance with Article 11(1) and (2) of the Implementing Regulation and with [Requirements for the Registration of Registered Reporting Mechanisms](#).

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

- MPs should ensure that all of the required information is registered in CEREMP and is correct. Submitted records of transactions for reporting electricity and gas transportation contracts have to contain identifiers of market participants (EIC X codes) that are registered in CEREMP, otherwise these records of transactions will be rejected in the future.
- 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 RRM, OMP and NRA of any detected data quality issues. RRM and OMP may receive general and/or specific communication on detected issues, describing the type(s) of issues that ACER has identified in collaboration with NRA and any actions that are required from RRM, OMP or MP.

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 the Annex 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.

RRM should open contingency reports concerning identified data quality issues in a timely manner and ensure the reports are filled out accurately and also updated when necessary with the available information related to the critical incident and the contingency measures taken. 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 NRA.

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 to 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, such as the introduction of new contracts and ways of trading, in its data collection under REMIT. 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 the REMIT reporting obligations (Articles 8 and 9 of REMIT) and/or non-compliance with the RRM Requirements. 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.

Yours faithfully,

signed

Volker Zuleger

Head of the Market Integrity and
Transparency Department

Annex: Common types of data quality issues

Annex: Common types of transaction reporting data quality issues

This Annex describes the most common and critical types of data quality issues that ACER has recently observed. 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](#).

Market coupling transaction reporting issues:

Reference: REMIT Table 1

Since the introduction of Single Intraday Coupling (SIDC), ACER has been analysing the data collected with reference to coupled electricity markets, which represent the main development of the wholesale European market design and an important challenge for the future.

In 2019, ACER 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 cross-border trade executed on a coupled market.

With reference to specific issues, ACER and NRAs started to cooperate with involved parties in order to ensure that all relevant information needed to effectively monitor the market pursuant to Article 7 of REMIT is collected.

Still during 2020, ACER expects the introduction of harmonisation across SIDC records of transactions, including orders to trade, with regard to Table 1 fields Contract ID (21) and Contract Name (22). Furthermore, ACER is cooperating with SIDC parties in order to harmonise the Table 1 fields Order ID (13) and Transaction timestamp (30) in the coming months, as a necessary condition to optimise the analysis on market coupling data.

Incompleteness and inconsistency of OMP data sets

Reference: REMIT Table 1, REMIT Table 3, REMIT Table 4

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.

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 additional guidance on reporting lifecycle events as [Annex VII to the TRUM on 30 June 2020](#).

The guidance provided in Annex VII is based on the previously available documentation, such as the TRUM, FAQs on REMIT transaction reporting, Q&As on REMIT, ACER's own data analysis, as well as on numerous consolidated instructions provided as answers to questions received from MPs, RRM's and OMP's.

With Annex VII, ACER aims to consolidate and further clarify lifecycle reporting requirements. The current version of the guidance (v1.0) covers the reporting of lifecycle events for gas and electricity supply contracts and may be amended in the future to provide guidance on transportation contracts.

The correct and timely reporting including lifecycle events is the obligation and responsibility of market participants. Organised market places should offer a data reporting agreement for trades executed on their platforms. Such a reporting agreement may or may not also include the possibility of updating the original reported records in case of lifecycle events that occur outside the venue. Market participants should be able to provide ACER with all information about any changes in the reported data due to lifecycle events.

All REMIT reportable transaction events, from the start through all stages of the transaction lifetime up to the final act of the execution or cancellation of the transaction, should be reported with the same diligence in order to provide timely and accurate details concerning the content.

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 continues to observe 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, etc., are often reported inaccurately.

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 transaction timestamp reported should reflect the same time granularity as used in OMPs’ systems. If an OMP operates in milliseconds, the timestamp reported should be in milliseconds granularity. For example, if an order was placed in an order book on 08.10.2019 at 14:45:23.123, the same exact timestamp should also be reported. Any rounding should be avoided.

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.

Inaccuracy of reported quantity and amount related fields when compared with each other and the reported delivery profile

Reference: TRUM – Table 1 and 2 Data fields related to quantities and amounts

Description: ACER has observed mismatches between the fields, in particular fields Price (35), Price Currency (37), National Amount (38), National Currency (39), Quantity / Volume (40), Total National Contract Quantity (41), Quantity Unit (42) for fields (40) and (41), and Option Strike Price (47).

While there is a high degree of consistency amongst standard contract trades referring to contract type ‘AU’ and ‘CO’ (see TRUM, Data Field No (23) Contract type), there is room for improvement when it comes to trades done with contracts of other types, since these often contain inconsistencies related to the different styles of reporting. To counteract such issues in the future, ACER plans to further elaborate the guidance related to the reporting of delivery profiles.

Nevertheless, MPs, OMPs, and RRM must ensure that the reported data is accurate and that no information is lost or changed in the reporting process. It is advisable to do periodic sample checking and have accuracy controls in place.

Inaccurate delivery profile definition

Reference: TRUM – Table 1 and 2 Data fields related to delivery profile, in particular Load delivery intervals (54)

Description: ACER continues to observe inaccurate delivery profile definitions. There is extensive guidance provided on this topic in ACER’s REMIT Reporting User Package. The field Load delivery intervals (54) identifies the load intervals for the delivery of the product (gas or electricity) and should be expressed in local time at the delivery point or zone. Also, field Delivery start and end dates (49, 50) should correspond to local time at the delivery point or zone.

ACER is aware that the REMIT XSD allows for various interpretation of delivery profile reporting. In order to harmonise the styles that specific RRM’s have adopted, ACER plans to further elaborate the guidance related to the reporting of delivery profiles.

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.

Action type ‘M’ (modify) should be used in case the original trade report does not have the Beneficiary ID populated but has Data field No (10) Trading capacity of the market participant or counterparty populated with ‘A’ for Agent. In this specific case, the record with Action type ‘M’ must have the same timestamp as the last successfully reported record, given that providing missing information is not regarded as a new business event.

Spread and swap contract reporting

Reference: TRUM - Table 1

Description: ACER continues to observe data quality issues related to the reporting of spreads and swap contract types. The criticalities mainly refer to the correct population of Table 1 fields Contract Type (23), Linked Transaction ID (32), and Price (35).

ACER plans to further elaborate the guidance related to the reporting of these contract types.

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 D+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 D+1 month basis.