

ENERGY MARKET: New legislation on wholesale traders in the EU

New legislation to prevent abuses to the disclosure of deals

New rules were adopted September 14, 2011 by the European Parliament to prevent abuses in wholesale energy trading for the final protection of consumers. According to the legislation, wholesale trading will be monitored independently across the EU, in order to enable Member States to prevent and punish anti-competitive behaviours.

The EU regulation on Energy Market, Integrity and Transparency (REMIT), which will govern all the energy trading in the EU market, covers also contract and derivatives for the supply and transportation of natural gas and electricity. The new regulation was approved with 616 votes in favour, 26 against and 24 abstentions and foresees procedures to ban the use of insider information and market manipulation practices, while national penalties for breach will have to reflect the damage done to the consumers.

Due to the huge number of deals intervening in the energy contracts, the level of transparency to the customer is limited. This regulation aims at protecting the transparency of energy markets and of pricing against abuses. As the energy is the key element to the economy, it should remain affordable for everyone.

ACER and EU register

The newly established Agency for the Cooperation of Energy Regulations (ACER) will supply the data to EU Member States, in order to help them proceed to investigations regarding breaches of the regulation and enforcement of remedies. Further, the independence of the ACER is ensured by provisions guaranteeing that its Director will not be bound by the national regulators' opinions.

All energy traders, upon request of the European Parliament, will be listed in an EU register based on national registers. Consequently and according to the new regulation, no market participant will be able to enter into a transaction, unless it has been registered.

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