



## Press release

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### **ENERGY AND WATER REGULATORY COMMISSION LAUNCHES THE FIRST IN THIS YEAR TRAINING WORKSHOP UNDER THE PROJECT „IMPLEMENTATION OF EURO ELECTRICITY MARKET IN BULGARIA – II PHASE“**

*Activities under the Project that started in 2014 contribute to the implementation of approved regulation models and integrity and transparency of the electricity market in Bulgaria*

The importance of Regulation (EU)1227/2011 on wholesale energy market integrity and transparency /REMIT/ from market participants' point of view, as well as the national regulator's role to prevent electricity market manipulations, were the main focus at the first in a row workshop under the Project „Implementation of Euro electricity market in Bulgaria – II phase“. The Energy and Water Regulatory Commission is the Project Promoter, headed by EWRC's member Mrs. Evgenia Haritonova from Bulgarian side and Mrs. Gunn Oland from Norwegian Water Resources and Energy Directorate /NVE/ to the Ministry of Petroleum and Energy of Norway. The main goal of the project that started in 2014 is to facilitate the establishment of a competitive electricity market in Bulgaria, fully integrated with the European internal electricity market and in compliance with the EU legislation and ACER commitments. Activities are financed under the European Economic Area Financial Mechanism 2009-2014 and amounts to EURO 1 520 000. EWRC members and experts took part in the discussions that day, as well as representatives of the Ministry of Energy, ESO EAD, NEK EAD, IBEX EAD, Kozloduy NPP, Maritsa East 2 TPP, BFIEC, electricity traders and generators associations and others.

The workshops organized regarding the role of Regulation (EU)1227/2011 /REMIT/ are an important stage in the Bulgarian experts training in order for them to participate in the transparent European electricity market, said at the opening EWRC Chairman assoc. prof. Ivan Ivanov. The main Regulation's task is to establish tools for ACER and the national

regulatory authorities to effectively prevent any possible market manipulations and thereby ensure a level playing field, imposition of transparent rules for market functioning, increasing consumer confidence in price formation mechanisms and ultimately - a gradual transition towards an integrated European energy market. According to assoc. prof. Ivanov the project activities implementation will significantly enhance the Bulgarian experts' capacity to apply effective practices in the field of market regulation. EWRC has the will and expertise, on an accelerated basis, to overcome the delay in the liberalized electricity market implementation in the country and in that respect, the support and cooperation of the Norwegian partners is of great importance, he pointed out.

Mrs. Gunn Oland from NVE stated that the launch of the Bulgarian power exchange is a major success and this requires efforts to be focused on specific ways to regulate the exchange in line with ACER practices. As basic regulator's principles in this regard she outlined the public engagement, transparency, sharing of benefits and market surveillance.

The main speaker at the first day seminar - the Nord Pool Spot expert Christian Giswold familiarized the participants with the basic REMIT requirements as a set of rules of wholesale energy markets operation in Europe. Presenting concrete examples of the Regulation application that disable market manipulation by its participants, he pointed out the obligation of market participants to report all their transactions to the national regulator. At the same time, the regulator should have the power at any time to request information from any participant and to perform site inspections. As especially effective measures against power exchange manipulation he mentioned the national regulator's powers to sequester or to freeze assets of the companies-violators and temporarily to remove them from participation in power exchange trading. When applying sanctions it is particularly important for regulators to comply with the principles set by REMIT stipulating that penalties must be effective and proportionate to the violations. According to Christian Giswold, power exchange manipulation done by its participants may have different forms - spreading misleading information about prices and traded products, making false transactions, where one and the same actor makes purchase and sales orders at one and the same time and others. It was recommended the power exchange internal procedures to prevent the submission of such simultaneous offers as a precaution.

Activities under the Project „Implementation of euro electricity market in Bulgaria – II phase“ are to continue on 10 and 11 February. Nord Pool Spot experts are going to present to EWRC and IBEX experts REMIT practical aspects in identification, investigation, detection and reporting of conflicts of interest among market participants, contacts with market participants and others. On the last day of training, 11 February, NVE representatives will present and discuss with EWRC members the national regulator's obligations under REMIT and the Network Code on capacity allocation and congestion

management - CACM. Main topics will be the ACER role and responsibilities of national regulatory authorities regarding the electricity market surveillance and coordination - registration of participants, investigation of violations and enforcement measures. Special attention will be paid to the practical methods used by market participants' surveillance department, market manipulation detection and identification methods, as well as regulator's duties under the provisions of CACM Network Code.