



Equias Quarterly 2020 - 3rd edition

This is the third edition of Equias Quarterly this year. In it we provide an update on developments in the past three months and we look ahead to the last quarter of 2020.

Our view of the market



After six months of COVID 19 our daily professional and private lives are still being deeply affected. If we focus on the impact the pandemic has had on energy trading in the last three months, we see that both transaction volumes and energy market prices are edging back up. As might be expected, the energy sector experienced the same tentative recovery as other parts of the economy when COVID 19-related restrictions were relaxed over the summer.

Clearly it is too early to know how deeply energy markets will be affected by the latest tightening of rules by governments in response to the recent increase in COVID 19 infection rates. However, since energy markets are closely correlated to economic activity, what happens in these markets in the next three months will depend on how overall activity is affected by the changes in rules that we are currently experiencing. The plans by the European Commission to introduce new REMIT fees are another development that will unfold over the next three months. The current plan is for ACER to begin charging the new fees in January 2021. We expect the final fee schedule to be announced in the next few weeks.

More information on the ACER fees follows, as well as an update on three of our products: eTM, eSM and eBO.

REMIT ACER fees

The REMIT fee mechanism introduced by the European Commission is intended to cover ACER's costs for collecting, handling, processing and analysing information reported under Article 8 of REMIT. In June of this year a public consultation exercise was launched. This ended on 31 August and was followed by a consultation with the administrative board and a meeting of the ACER Board of Regulators. A meeting that was scheduled on 22 September with RRM's to present the results was postponed until October. Equias organised a webinar on 23 September to keep market participants informed about these developments.

At this webinar Hugh Brunswick (our CEO) and Liam Dunne (our COO) provided information on why and how ACER is potentially going to charge fees as of January 2021 and the core principles underpinning the fee scheme.

The final decision on adopting REMIT fees is expected in November 2020. In the meantime Equias are contacting our eRR clients to provide an estimate of fees, based on the current draft fee scheme presented by ACER in July 2020 during the public consultation period. We will also keep the broader eRR user community informed by organising webinars on the impact of the new REMIT fees. Check [our website](#) for the dates of these webinars. For more information, you can always contact us at support@equias.org

Product update



electronic Trade Monitoring (eTM)

Relaunch of eTM

Currently our development team is working very hard on an updated version of our eTM solution, which will be delivered via a new technology platform. The renewed eTM has been developed to incorporate the feedback we received from users and will include a completely new user interface designed for enhanced usability and productivity, especially during the investigation of and management of alerts through to closure.

We expect the new eTM to go live in January 2021, when it will deliver an even better service to organisations seeking to manage their regulatory obligations as well as their organisational and reputational risk relating to investigations by regulators into abusive trading behaviour.

Spot market data

Last August we published a white paper in which we focused on the fact that spot markets generate significantly more data compared to forward/future markets. However, spot data does not always seem to fit abuse pattern analysis that has been developed for forward/future markets and that is a concern. In the white paper we discuss this issue in greater detail. If you would like to read the white paper, [you can download it here](#).

We have established a spot market data group for Equias clients who use eTM - and anyone else involved in compliance with an interest in European energy spot market trade monitoring. This group will provide expertise and ideas relating to European energy spot trading and monitoring. The group will review the analysis presented by Equias and make suggestions regarding analytical methods/techniques that they believe may be relevant for inclusion in the analysis and/or useful for consideration by other members of the group. Members will be asked to evaluate the application of analysis techniques to trade monitoring for certain abuse patterns so that they can determine the applicability of various techniques to practical trade monitoring scenarios. The output from the group's work will be made freely available to participants to use as they wish and to help establish a broader understanding of spot data analysis and best practices related to trade monitoring within the industry.

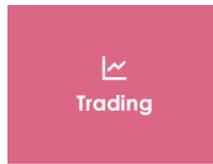
You can join the spot market data group free of charge. If you are interested, send an email to registration@equias.org. Over 35 companies have already done so.



electronic Settlement Matching (eSM)

More than a third of the OTC wholesale market is accounted for by organisations that are a member of Equias' eSM early mover group and are planning to go live with eSM in 2020. There is a clear business case for other market parties to adopt eSM in 2021; this is especially the case now that the integration with SAP and other settlement systems has been mapped out by the early movers, thus minimising the implementation risk for the rest of the industry.

eSM enables industry-wide automated settlement and payment and potentially a move to a shorter settlement cycle - even daily – thus reducing open credit and freeing up cash. eSM delivers clear productivity benefits: swifter payment through invoice matching and broader adoption of netting through automatic generation of netting statements from matched invoice amounts. eSM is a companion service to eCM and eRR - it completes the automation of our back-office systems for standard OTC energy trading.



electronic Back Office (eBO) – ‘Equias inside’

In September our first eBO user went live via Soptim AG, [read the press release here](#).

eBO bundles three Equias services, eCM, eRR and eSM, into one package, which integrates directly into the trading system of certified partners. The effect of this is that ETRM systems from certified partners now have ‘Equias inside’. With eBO, trade automation becomes equally available to all. No IT integration project is required and there is a cheaper package price that is free of charge for the whole range of services for users with 250 or fewer trades per month.

We are working to certify as many ETRM vendors for eBO as is feasible as soon as possible. We have partnerships already in place with the German organisation Soptim AG and Igloo, which is based in the UK. If you would like to experience the benefits of eBO, please tell your ETRM vendor to contact Equias and we will do our best to make it happen.



Client contacts in Q3

As it is still not possible to meet in person, we have been using virtual methods to stay in touch.

Product demo’s webinar

Following the successful product demo webinar which we organised in June, we organised a second webinar with the same format. On Wednesday 16 September four Equias products were presented: eCM, eRR, eTM and eSM. Once again there was great interest in these sessions. The presentations on the products were followed by a Q&A and an invitation to the audience to contact our support team for those wishing to schedule an individual demo and/or meeting. The next product demo is scheduled for 3 December.

ACER REMIT fees webinar

As already mentioned, we organised a webinar on the expected introduction of ACER REMIT fees from January 2021. More of such webinars will follow to keep you informed about progress on this issue. Please see the list of upcoming webinars below. The next ACER REMIT fees webinar is scheduled for 26 October.

ETW online

This week was organised by Commodities People, who combined four events in a single virtual event. We sponsored this event and we were represented in the conference programme of ETOT (Operations & Technology), ETRC (Regulation & Compliance) and the High Growth Traders Forum.

Upcoming webinars

For the coming months we have scheduled a series of webinars (see below). You will receive more detailed information and an invitation to join the webinars that are of interest to you by email. You can sign up for a webinar by sending an email to registration@equias.org and we will send you the joining details.

October:

- 22 October, 10.30 - 12.00 CET (09.30 - 11.00 UK time): Spot market data webinar
- 26 October: 11.00 - 12.30 CET (10.00 - 11.30 UK time): Follow up webinar on ACER REMIT fees
- 29 October: 10.30 - 11.15 CET (09.30 - 10.15 UK time): eSM general early mover group progress update call

November:

- 19 November, 10.30 - 11.15 CET (09.30 - 10.15 UK time): eSM general early mover group progress update call

December:

- 3 December, 10.45 - 13.30 CET (09.45 - 12.30 UK time): Product demo webinar

Presentations and/or recordings are made available afterwards and, as an Equias client, you can find these in the User Area of our website www.equias.org.

Support

We have renewed our ISO 27001 certificate. International Organization for Standardization (ISO) 27001 is a globally recognised voluntary standard in the field of information security that is designed to ensure the confidentiality, availability, and integrity of information within an organisation. Use of this standard helps us to manage the security of information assets such as financial information, intellectual property, employee details and information entrusted to us by clients and other third parties. The ISO/IEC 27001:2013 standard recommends a systematic approach and the application of a risk management process to control the risks associated with people, processes, and IT. For more information on this, send an email to: support@equias.org



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