



Press release

Bonn, 20. February 2019

Fines for manipulation of wholesale energy market

Jochen Homann: *"We take consistent action against market manipulation"*

The Bundesnetzagentur has imposed fines of €150,000 on Uniper Global Commodities SE (Uniper) and of €1,500 and €2,000 on two traders in response to a case of gas market manipulation.

"Market manipulation is a serious interference in free and fair competition that can weaken confidence in the functioning of the electricity and gas markets", said Jochen Homann, Bundesnetzagentur President. "The Bundesnetzagentur looks into indications of anti-competitive practices and takes decisive action if it discovers breaches of the European prohibition of market manipulation."

Trading bids used to block the market

The market manipulation occurred on the gas trading platform PEGAS, which is used by market area manager NetConnect Germany (NCG) to cover short-term balancing energy requirements.

In October 2016, two traders from Uniper placed bids and offers in such a way that they were able to deliberately exclude other market participants from trading with NCG. They were active on both sides of the order book simultaneously and used an "iceberg order" on one side to block other market participants long enough for the trade with NCG to go through. As a result, those participants were unable to submit lower bids, even though they wanted to, and NCG was misled about the offer situation.

The energy exchange Powernext SA, which runs PEGAS, and another affected market participant reported five cases of this manipulative trading behaviour to the Bundesnetzagentur. The authority uncovered a further case while evaluating the data.



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Violation of duty of supervision by Uniper

Uniper is accused of having violated its duty of supervision. Both the company and one of the traders stated that the trading behaviour described had been a strategy intended to beat automated trading algorithms. No prior examination of the legality of the actions had taken place; the traders were, therefore, unsupervised, although Uniper had an obligation to have suitable and necessary means of supervision in place that should have prevented manipulative trading strategies or at least made them more difficult.

Uniper's unlawful gain to be wiped out

The six manipulative transactions made Uniper a profit of about €70,000, which was taken into account in the calculation of its fine.

The fines are not yet final and absolute. The Higher Regional Court of Düsseldorf will decide on any appeals.

Market manipulation: background

Market manipulation refers to various practices intended to achieve unjust profits by using unfair means to influence pricing on the markets. Such activities must be prevented to protect final consumers and to ensure that people's energy prices remain affordable. Insider trading and market manipulation are therefore banned according to Regulation (EU) No 1227/2011 (REMIT) and the Bundesnetzagentur takes action against them.

The Bundesnetzagentur is an authority under the responsibility of the Federal Ministry for Economic Affairs and Energy. Its core tasks include supervising the energy, telecommunications, postal and railway markets.

As part of its mandate, the Bundesnetzagentur ensures that as many undertakings as possible can use the infrastructure in these sectors so that consumers benefit from competition and favourable prices.

The authority employs over 2,900 people at its headquarters in Bonn, its other main sites in Mainz and Saarbrücken, and at its 46 regional offices.