



Press release

Bonn, 5 October 2021

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Fines for manipulation of wholesale energy market

The Bundesnetzagentur has imposed fines of €200,000 on Energi Danmark A/S and €175,000 on Optimax Energy GmbH for manipulation of the wholesale electricity market in connection with the system imbalances in June 2019.

"Dangerous shortfalls in balancing groups must not bring gains. Reaping profits at the expense of system stability is against the law," said Peter Franke, Bundesnetzagentur Vice President. *"We are committed to taking action against market manipulation."*

Market manipulation by selling electricity that was not available

The manipulation consisted of placing offers to sell electricity in intraday trading on the EPEX Spot SE energy exchange that gave misleading signals as to the supply of electricity, since the electricity offered or sold was not in fact available, nor was there any intention to procure or generate it.

The offers of electricity were placed at the end of the trading period – shortly before the electricity was due to be supplied – and either remained open until the close of trading or led to the conclusion of trades. The fact that the electricity was not available and the companies did not intend to supply it indicate the severe shortfalls in their balancing groups at that time, among other things.

In addition, the price on the exchange was unusually high, making it possible to predict that it would be higher than the expected imbalance price. This created an economic incentive for the companies to sell expensive electricity and pay for the cheaper balancing energy for the electricity not supplied.

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Investigations following the system imbalances in 2019

On three days in June 2019, there were serious imbalances in the German electricity system. On these days, the transmission system operators had to make full use of balancing energy for longer periods and take other measures in order to keep the system stable and maintain the electricity supply in Germany.

The Bundesnetzagentur analysed trading activity during these periods for evidence of breaches of the prohibition on market manipulation. This involved detailed evaluations of over one hundred million pieces of trading and balancing group data. In September 2020, the Bundesnetzagentur opened administrative fines proceedings against three companies. The proceedings revealed manipulative trading behaviour by Energi Danmark A/S in eight situations and by Optimax Energy GmbH in seven situations.

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

Further background information on these market manipulation proceedings can be found on the Bundesnetzagentur's REMIT information portal at www.remit.bundesnetzagentur.de (in German).

In April 2020, the Bundesnetzagentur had already found that five companies had not adequately upheld the commitments made in their balancing group contracts in connection with the imbalances in the system. In response to the incidents, the Bundesnetzagentur drew up a comprehensive package of measures requiring balance responsible parties to manage their balancing groups more carefully and enabling imbalances to be cleared up more quickly.



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Information from ACER

While the Bundesnetzagentur is responsible for monitoring Germany's wholesale electricity and gas markets, ACER, the European Agency for the Cooperation of Energy Regulators, is responsible for European market monitoring in accordance with Article 7(1) of Regulation (EU) No 1227/2011 (REMIT). In the course of the monitoring, conspicuously high prices were observed on the German intraday market in some of the periods in question. ACER found several market participants, including the two companies now fined, with high sales volumes that appeared to lead to unusually large short positions. ACER then informed the Bundesnetzagentur about the suspicion that these market participants' trading behaviour may have given misleading signals on the market as to the actual availability of electricity.

Background to market manipulation

Market manipulation refers to various practices that influence pricing on the markets using unfair means. 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 prohibited under 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 and Mainz and its 46 regional offices.