

Unveiling market manipulation in EU energy markets - Insights from ACER enforcement cases

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Abstract – Market manipulation poses significant challenges to the integrity and transparency of EU wholesale energy markets. This paper examines REMIT enforcement decisions published by the European Union Agency for the Cooperation of Energy Regulators (ACER), identifying key trends, manipulation tactics, and regulatory responses. By analysing publicly available ACER enforcement cases, this study provides insights into the most common market abuse practices, including capacity withholding, wash trades, and cross-border manipulation, as well as disparities in enforcement activity across Member States.

The findings highlight the growing role of fines in deterring market abuse, with 2024 recording a €73 million penalty—the highest to date. With the introduction of REMIT II, regulatory enforcement is expected to intensify, introducing stricter reporting obligations, broader market coverage, and enhanced investigative powers for ACER.

This paper contributes to energy market regulation literature by providing a comprehensive review of REMIT enforcement cases and recommending measures to strengthen market integrity. The findings serve as a resource for policymakers, regulators, and market participants seeking to enhance transparency, detect manipulation more effectively, and ensure a competitive energy market.

Index Terms – energy market manipulation, REMIT enforcement, ACER case studies, market surveillance, EU wholesale energy markets

I. INTRODUCTION

The European wholesale energy markets play a crucial role in ensuring energy security, affordability, and efficiency. However, their increasing complexity and financialization have led to heightened risks of market manipulation and insider trading, necessitating strong regulatory oversight. In response, the European Union (EU) introduced the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) in 2011 under Regulation (EU) No. 1227/2011, creating a dedicated framework to prevent market abuse and enhance transparency [1].

Market manipulation in energy trading has severe consequences, including price distortions, unfair competitive advantages, and financial instability. While EU competition law (Article 102 TFEU) provides tools to tackle anti-competitive behaviour, it has proven insufficient to address certain manipulative practices, such as wash trades, capacity withholding, and cross-border manipulation [2]. REMIT fills this gap by explicitly prohibiting insider trading and market manipulation while mandating strict reporting requirements for market participants (MPs).

This paper analyses ACER REMIT enforcement cases to identify trends and patterns in market manipulation, examining key methodologies such as wash trades, layering, spoofing, and capacity withholding. It evaluates regulatory responses, including fine structures and legal challenges, while assessing the impact of REMIT II on enforcement mechanisms and its broader implications for market oversight. By providing insights into evolving manipulation tactics and enforcement strategies, this study aims to support policymakers, regulators, and market participants in strengthening market integrity and identifying necessary regulatory improvements under REMIT II.

II. REMIT

REMIT is a fundamental piece of EU energy market regulation, specifically governing the wholesale electricity and gas markets. Enacted as Regulation (EU) No 1227/2011, REMIT aims to enhance transparency and integrity, ensuring that energy markets function in a fair and competitive manner [1]. The regulation aims to prevent market abuse, including insider trading and market manipulation, thus fostering a trustworthy market environment that benefits both consumers and market participants (MPs).

REMIT's primary objectives include:

- **Prohibiting market abuse:** Explicitly bans insider trading and market manipulation to ensure fair market practices.
- **Enhancing market monitoring:** Establishes robust monitoring mechanisms through ACER and National Regulatory Authorities (NRAs) to detect and deter market abuse.
- **Ensuring transparency:** Mandates the disclosure of relevant market information to maintain transparency and facilitate fair competition.

A. Stakeholders and reporting obligations

REMIT assigns reporting obligations to various stakeholders to ensure comprehensive market monitoring. The key stakeholders under REMIT include:

1. **MPs:** Entities engaged in trading wholesale energy products, including producers, suppliers, traders, and large consumers.
2. **Registered reporting mechanisms (RRMs):** Authorized entities that report trade and fundamental data on behalf of MPs to ACER, ensuring accurate and timely data submission.

3. **Persons professionally arranging transactions (PPATs):** Brokers and exchanges facilitating energy trades, required to monitor and report suspicious activities.
4. **ACER and NRAs:** ACER oversees wholesale energy markets at the EU level, while NRAs ensure market integrity at the national level, including cross-border trades.

1) Scope of REMIT prohibitions and obligations

REMIT encompasses several key prohibitions and obligations aimed at preventing market abuse, as summarised in Table 1.

TABLE 1: LIST OF REMIT PROHIBITIONS AND OBLIGATIONS

Article	Title	Key provisions
Article 3	Prohibition of insider trading	Prohibits the use of inside information for trading and the unlawful disclosure of such information.
Article 4	Obligation to publish inside information	Requires MPs to disclose inside information publicly in an effective and timely manner.
Article 5	Prohibition of market manipulation	Prohibits activities that create or attempt to create false or misleading signals regarding the supply, demand, or price of wholesale energy products.
Article 7	Market monitoring	ACER and NRAs are tasked with monitoring wholesale energy markets to detect and prevent market abuse.
Article 8	Data collection	Mandates MPs and PPATs to report orders and trading data to ACER.
Article 9	Registration of MPs	Requires MPs to register with their national regulatory authority.

2) Common practices of market manipulation

REMIT defines several market manipulation practices actively monitored by ACER and NRAs. These include false or misleading signals, price positioning, deceptive devices, dissemination of false information, capacity withholding, insider trading, improper disclosure of inside information, and recommending trades based on non-public information.

TABLE 2: COMMON PRACTICES AND EXAMPLES OF MARKET MANIPULATION UNDER REMIT

Practice	Description	Example
False or misleading transactions	Transactions or orders that give a false impression of supply/demand or price.	Submitting large orders with no intent to execute them (spoofing).
Price positioning	Manipulating prices to artificial levels through strategic orders/trades.	Coordinated trading to influence settlement prices.
Deceptive devices	Employing fictitious means to mislead MPs.	Placing fake bids to manipulate market conditions.
False information dissemination	Spreading incorrect information to influence market conditions.	Spreading rumours about supply disruptions.

Practice	Description	Example
Capacity withholding	Non-disclosure or false disclosure of capacity to manipulate prices.	Falsely reporting outages to create an impression of scarcity.
Insider trading	Trading based on non-public, material information.	Trading based on knowledge of upcoming regulatory changes.
Improper disclosure	Sharing inside information with unauthorized persons.	Informing a third party about supply disruptions.
Recommending on inside info	Advising others to trade based on non-public information.	Tipping off another trader about market changes.

3) ACER approach to market monitoring

Figure 1 illustrates ACER’s market monitoring and enforcement framework, designed to fulfill its obligations under REMIT [3].

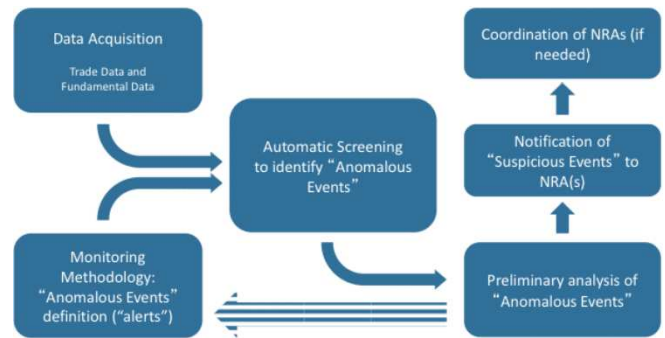


Figure 1: ACER approach to market monitoring under REMIT

The first stage of ACER’s monitoring process relies on pre-defined alerts to identify anomalous market events. These alerts represent codified patterns or sequences of transactions and trade orders that may indicate market abuse. Additionally, they integrate relevant market developments, such as the availability or unavailability of specific resources. ACER has continuously enhanced these alerts to detect a wider range of potential market abuse scenarios. Over time, the scope and sophistication of ACER’s monitoring mechanisms have expanded to encompass more complex trading strategies and manipulative behaviours.

III. COMPREHENSIVE REVIEW AND ANALYSIS OF CASES LISTED ON THE ACER WEBSITE

The enforcement of REMIT breaches is conducted by NRAs with providing oversight and coordination. This analysis delves into the publicly available cases, examining the number of cases, the countries involved, the types of breaches, fines imposed, and the common methodologies of manipulation. The information is compiled from publicly available information on ACER’s Enforcement Decisions website [4].

The analysis covers cases from various countries and includes a range of REMIT breaches. The data has been summarized in tables and graphs to provide a clear understanding of the enforcement landscape.

A. Number of cases and distribution by country

The total number of REMIT breach cases by the end of the year 2024 is provided in the Figure 2.

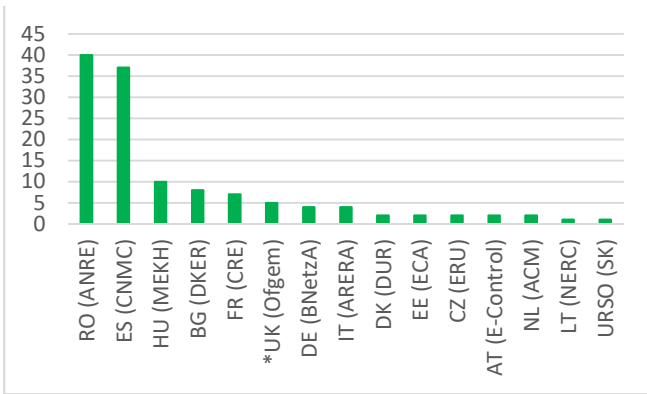


Figure 2: Number of decisions by country

Romania leads with the highest number of enforcement decisions, followed by Spain and Hungary. This suggests higher levels of market monitoring and enforcement activity in these jurisdictions.

B. Types of REMIT breaches

A breakdown of REMIT breaches by type is provided in Table 3.

TABLE 3: TYPES OF BREACHES AND THEIR FREQUENCY

Type of breach	Number of decisions
Article 5 (Market manipulation)	73
Article 9 (Non-registration)	30
Article 4 (Non-disclosure)	16
Article 8 (Non-reporting)	8
Article 3 (Insider trading)	4

Market manipulation violations (Article 5) are the most prevalent, indicating a strong regulatory focus on preventing market distortions. Figure 3 presents a percentage-based visualization of these breaches.

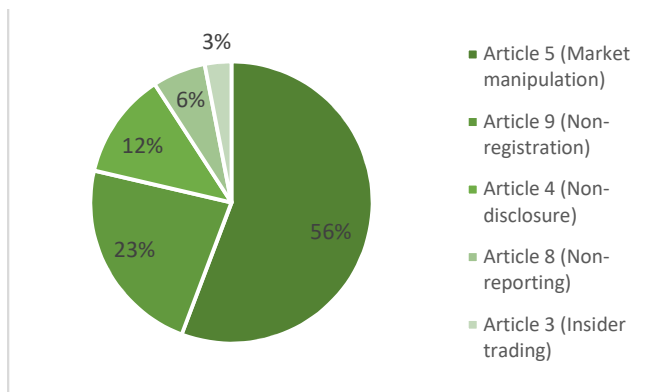


Figure 3: Type of REMIT breach – percentage [%]

C. Fines imposed for REMIT violations

While case law at the EU level remains limited, enforcement actions under REMIT at the national level have been increasing. This trend is primarily driven by ACER’s monitoring capabilities, which rely on registered reporting mechanisms, combined with the investigative and enforcement powers of NRAs [1].

According to ACER data, NRAs have initiated approximately 550 investigations into potential REMIT violations over the past five years [5]. However, the number of finalized cases resulting in financial penalties remains relatively low. Since REMIT entered into force, a total of 73

sanctions have been imposed for market manipulation and four for insider trading. The majority of violations involved wash trades of the A-B-A type, with pre-arranged transactions also appearing in a smaller number of cases. Most fines targeted electricity market participants, with a few exceptions in the wholesale natural gas sector.

Between 2019 and 2022, the Romanian NRA (ANRE) issued 33 fines, ranging from €40,000 to €162,000. However, in 2024, an additional seven cases resulted in penalties between €0.8 million and €73 million, significantly exceeding the previous REMIT record fine of €42 million, which had been imposed on Intergen by the UK’s Office of Gas and Electricity Markets (Ofgem) in 2020 [6].

The remaining 33 sanctions for market manipulation were issued by NRAs across eight EU Member States and the UK. The distribution of cases is as follows: Spain (CNMC): 9 cases; UK (Ofgem) and Hungary (MEKH): 4 cases each; Bulgaria (DKER), France (CRE), Germany (BNetzA), and Italy (ARERA): 3 cases each; Denmark (DUR): 2 cases; and Lithuania (NERC) & Netherlands (ACM): one case each. These sanctions were imposed in both electricity and gas wholesale markets.

- Gas-related violations primarily involved layering, spoofing, wash trades, and marking the close.
- Electricity sector violations focused on capacity hoarding, generation capacity withholding, and the dissemination of false or misleading information regarding generation capacity.

Since the first REMIT sanction in 2015, when Iberdrola Generación was fined €25 million for capacity withholding in a hydropower plant, penalty amounts have varied significantly. By 2023, nine out of 27 market manipulation cases resulted in fines exceeding €1 million, while ten concluded with penalties below €100,000. This disparity in penalties has raised concerns about the deterrent effect of current sanctions, prompting discussions on harmonizing fines under a proposed REMIT amendment [7], [8].

The four insider trading sanctions imposed under REMIT include:

- Three cases by the French NRA (CRE) in 2022-2023;
- One case by the Bulgarian NRA (DKER) in 2024.

ACER actively monitors REMIT investigations and maintains a list of NRA decisions imposing sanctions [4]. However, the public dataset does not include cases closed without sanctions, nor does it provide details on administrative decision reasoning or subsequent legal proceedings. Greater transparency on these aspects could enhance legal certainty and improve understanding of REMIT’s enforcement. Moreover, the proposed REMIT amendment seeks to expand ACER’s investigative mandate, granting it authority to investigate market abuses with cross-border implications [8].

In total, fines for REMIT breaches since 2015 have amounted to €238.3 million, with 2024 alone accounting for €122.6 million, marking the highest annual penalty amount to date. This figure represents over 50% of all fines imposed under REMIT enforcement since the first sanction in 2015.

In 2024, a total of 19 REMIT enforcement cases were concluded, more than double the seven cases finalized in 2023. These fines were imposed across five regulatory jurisdictions—Bulgaria, Germany, Romania, Italy, and

Spain—consistent with previous years. The majority of violations (63%) involved breaches of Article 5 (Prohibition of market manipulation), accounting for 12 cases. Additionally:

- Five breaches of Article 4 (Obligation to publish inside information).
- One insider trading case under Article 3.
- One case involving Articles 8 and 9 (failure to register with ACER and report transactions).

Among these 19 cases:

- Two cases resulted in a final ruling.
- Eight cases remain under appeal.
- Nine cases had the right to appeal at the time of publication.

The high fines imposed in 2024 were largely driven by exceptionally high penalties in Romania, which accounted for 91% of the total fines for the year. The highest fine—€73.12 million—was imposed against a single entity, as shown in Table 4. A detailed retrospective analysis of each case is available on CubeLogic's website [9].

TABLE 4: LARGEST FINES IMPOSED UNDER REMIT

Year, country	Market participant	Type of breach	Fine (in EUR)
2024, RO	Tinmar Energy SA	Article 5	73,120,000
2024, RO	Nova Power&Gas SRL	Article 5	20,110,000
2024, RO	EFT Furnizare SRL	Article 5	10,145,000
2020, UK	Intergen (UK) Ltd	Article 5	42,500,000
2015, ES	Iberdrola Generación S.A.U.	Article 5	25,000,000

(*RO = Romania, UK = United Kingdom, ES = Spain)

Significant fines, particularly in Romania's energy market in 2024, emphasize the severity of market manipulation cases and highlight regulators' strong commitment to enforcing REMIT compliance.

D. Preventive measures and lessons learned

To reduce the occurrence of REMIT breaches, regulators have implemented preventive measures aimed at enhancing market transparency, strengthening compliance obligations, and improving surveillance mechanisms. Table 5 outlines key preventive measures adopted by ACER, NRAs, and market participants to mitigate the risk of manipulation and ensure fair trading practices.

TABLE 5: PREVENTIVE MEASURES AND LESSONS LEARNED

Measure	Description
Enhanced surveillance	Strengthening real-time monitoring to detect manipulation early and prevent harmful market distortions.
Stricter reporting requirements	Expanding trade and order reporting obligations for MPs, ensuring transparency in market transactions.
Market transparency	Increasing public disclosure requirements for energy supply, demand, and outages to reduce asymmetry.
Automated compliance tools	Encouraging the use of AI-driven monitoring tools to help MPs detect and prevent internal regulatory breaches.
Educational initiatives	Conducting training programs for market participants and compliance officers to increase awareness of REMIT obligations.

A key takeaway from recent enforcement cases is that manipulative behaviour is often more sophisticated than initially anticipated. Regulators must continuously evolve their strategies, adopting new surveillance technologies and fostering closer regulatory cooperation at the EU level.

IV. FUTURE OUTLOOK ON REMIT ENFORCEMENT UNDER REMIT II

The substantial enforcement activity observed in 2024 represents a milestone in the evolution of REMIT implementation. However, this does not guarantee that enforcement levels will continue to rise at the same pace. Notably, most REMIT enforcement cases exhibit a significant lag between the occurrence of infringements and the subsequent announcement of enforcement actions, often spanning a year or more. Consequently, the majority of cases finalized in 2024 still fall under the REMIT I framework [1]. Despite this, several factors suggest that enforcement activity is poised to intensify under REMIT II in the coming years.

First, REMIT II imposes more stringent reporting obligations on market participants, including PPATs and Persons Professionally Executing Transactions (PPETs). These entities are now required to actively monitor and report suspicious transactions to NRAs and ACER [5].

Second, the expanded scope of REMIT II extends to additional energy market segments, including: auction markets, capacity markets, balancing markets, and the disclosure of inside information are now within the purview of REMIT monitoring. The inclusion of these domains is expected to significantly enhance regulatory oversight, leading to increased detection and enforcement of manipulative practices [10].

Third, REMIT II grants ACER enhanced investigative powers, particularly for cross-border trading activities. Previously, many such cases may have escaped detection or enforcement due to jurisdictional limitations. With these new powers, ACER can independently initiate and conduct investigations, even in complex cross-border scenarios. Past warnings from ACER regarding practices such as cross-border wash trades, along with concerns raised by market stakeholders like the OMPs, highlight areas where enforcement is likely to grow [5], [10].

Finally, the regulatory capacity of ACER and NRAs is also set to expand. ACER's Multi-Annual Work Programme outlines significant investments in surveillance, including the development of advanced detection tools to address shortcomings in existing systems. Additionally, the establishment of a dedicated Investigations Department is expected to further bolster ACER's ability to proactively identify and address market abuse [11]. Similar efforts are underway within NRAs, many of which are enhancing their own monitoring frameworks.

However, these advancements present notable challenges for MPs. Article 15(2) of REMIT II introduces requirements for firms to monitor their physical power and gas trading activities. ACER's updated REMIT Guidance further extends surveillance obligations, mandating firms subject to the Market Abuse Regulation (MAR) to also oversee their physical market trading activities [12]. While this approach may aim to reduce the compliance burden on purely physical market participants, it introduces novel surveillance demands not typically addressed by standard monitoring solutions.

Bridging these gaps will require significant effort from both market participants and surveillance solution providers.

TABLE 6: KEY CHANGES IN REMIT II

Change	Description	Impact
Enhanced definition of market manipulation	Includes behaviours such as quote stuffing, painting the tape, and momentum ignition.	Aligns energy market regulations with financial market standards, improving clarity.
Expanded definition of inside information	Covers intermediate steps in processes.	Ensures comprehensive coverage of information affecting market decisions.
Order book data reporting	Requires OMPs to report order book data.	Increases transparency and aids in detecting manipulative behaviours.
Third-country representative requirement	Non-EU participants must designate an EU representative.	Ensures equal regulatory standards for all MPs.
Reporting of exposures	MPs must report their exposures by product, including over-the-counter transactions.	This provides a comprehensive view of each MP's business strategies and enables risk exposure analysis.
Algorithmic trading notifications	Participants must notify ACER of algorithmic and high-frequency trading.	Enhances monitoring of complex trading strategies.
Digital reference centre	Centralized platform for energy market data.	Improves data accessibility and transparency.
LNG price benchmarking	Collection and publication of LNG market data.	Provides reliable price references, aiding MPs.
Strengthened surveillance powers	ACER empowered to conduct cross-border investigations	Enhances detection and prevention of cross-border market abuse.
Increased NRA cooperation	Mandates regular data sharing between NRAs, financial authorities, and ACER.	Improves collective market monitoring and enforcement efforts.

V. CONCLUSIONS

The analysis of publicly available cases on the ACER website underscores the importance of regular market monitoring and enforcement of REMIT regulations. With significant fines and varied methodologies of manipulation, the need for robust detection systems and preventive measures is evident. The collaboration between ACER and NRAs is crucial in maintaining market integrity and ensuring fair trading practices in the wholesale energy markets.

Moving forward, it is essential for NRAs to continue enhancing their surveillance techniques and for MPs to adhere strictly to regulations. Regular audits, improved data analytics, and increased transparency will play key roles in preventing future manipulations. The implementation of advanced surveillance technologies and data analysis tools will help in identifying and mitigating potential breaches more efficiently.

Ultimately, the goal is to foster a fair and competitive energy market that benefits all stakeholders. Ensuring compliance with REMIT regulations not only protects MPs from manipulative practices but also enhances consumer trust in the energy market. Since the first fine in 2015 up until May 2024, the total fines imposed for REMIT breaches have surpassed 228 million EUR. This significant financial impact underscores the gravity of these regulatory actions and the seriousness with which breaches are addressed.

To achieve this, continuous training and education for MPs about REMIT requirements and the consequences of non-compliance are necessary. Additionally, fostering a culture of transparency and ethical behaviour within organizations can help prevent manipulative practices from occurring in the first place.

In summary, the effective enforcement of REMIT regulations is vital for the stability and fairness of the energy markets. The combined efforts of ACER and NRAs, along with the cooperation of MPs, will ensure that the energy markets operate efficiently and fairly, ultimately benefiting the entire energy sector and its consumers.

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