



9 May 2018

Greg Clark MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London, SW1H 0ET

Dear Greg,

European Commission Notices to Stakeholders relating to energy

The European Commission has been publishing a series of Notices to Stakeholders, setting out the consequences for UK trading and legal arrangements in the event that no Brexit deal is reached and there is no agreement on mutual recognition.¹ A number of these notices relate to the energy sector, specifically those specifically regarding EU rules in the field of guarantees of origin of electricity from renewable energy sources,² Euratom,³ and the Internal Energy Market.⁴

The Notices give rise to a number of questions, as follows:

1. Guarantees of origin issued by designated bodies in the UK would no longer be recognised by the EU – what would be the effect of this on UK-based traders of renewable energy?
2. Installers of certain types of energy generation who have been certified by the UK would not be recognised by the EU – how many UK-based installers would this affect and what is the economic value of the business that would be lost?
3. A signature from the Euratom Supply Agency on contracts for the supply of nuclear materials in connection with the UK would cease to have effect – what proportion of the UK's contracts for the supply of nuclear materials would this apply to, and what would the effect on those contracts be?
4. EU Member States would need to establish an agreement with the UK before they are able to ship spent fuel and radioactive waste to the UK – how much spent fuel and radioactive waste is currently shipped from the EU-27 to the UK, and is it possible for these agreements to be reached before the UK leaves the EU? What is

¹ https://ec.europa.eu/info/brexit/brexit-preparedness_en

² https://ec.europa.eu/info/sites/info/files/notice_to_stakeholders_brexit_energy_origin_final_2.pdf

³ https://ec.europa.eu/info/sites/info/files/notice_to_stakeholders_brexit_euratom_final.pdf

⁴ https://ec.europa.eu/info/sites/info/files/notice_to_stakeholders_brexit_energy_market_final.pdf

the economic value of the business that would be lost if those agreements were not reached?

5. A transmission system use fee would have to be paid on all scheduled imports and exports of electricity from the UK – how much would this fee be, and what would be the financial impact on UK businesses and consumers if it were applied to current trading levels?
6. UK-based operators would not be able to participate in the EU's common platforms for allocating forward interconnection capacities, balancing, or day-ahead and intraday coupling – what impact would this have on the price paid by consumers for their energy?
7. UK Nominated Electricity Market Operators (NEMOs) would not be entitled to carry out market coupling in the EU – how many NEMOs would this apply to, and what is the economic value of the business that would be lost if they could not operate in the EU?
8. UK-based companies would need to re-register with an EU-27 national energy regulatory authority (NRA) in order to continue trading wholesale electricity or gas with EU Member States – is it possible to obtain this registration in the time remaining before the UK leaves the EU?
9. Transmission System Operators (TSOs) controlled by UK persons but operating in the EU would need certification from the relevant Member State's NRA – how many TSOs would this apply to, and is it possible to obtain this certification in the time remaining before the UK leaves the EU?
10. Authorisation for the prospection, exploration and production of hydrocarbons in the EU could be refused to entities controlled by the UK on the grounds of national security – what is the economic value of the business that would be lost if this authorisation were refused?

We look forward to your response.

Lord Teverson
Chair of the European Union Energy and Environment Sub-Committee