



Joint statement on the Free Trade Agreement

2nd June 2020

The **British and Irish Chamber of Commerce**, the **European Federation of Energy Traders**, the **Electricity Association of Ireland**, **Energy UK**, **Eurelectric** and **WindEurope** welcome the publication of the EU and the UK's respective legal texts on the future EU-UK relationship, which represent a positive first step to achieve a successful deal on energy.

We believe that while there are differences in approaches, the EU and the UK need to work towards a common goal of reaching zero emissions by 2050, which can only be delivered with strong, resilient and efficient energy systems. The energy sector has a long history of collaboration between the countries of Europe. This cooperation has enabled available resources and capacity to be shared across borders to reduce costs, improve security of supply, better integrate renewable energy and achieve climate change targets. Those concrete outcomes, which have benefited to all EU & UK consumers, should encourage negotiators to ensure the maximum continuity with the existing provisions applicable to the EU-UK relationship in the energy sector.

Mindful of the challenging timeline to achieve a comprehensive deal, we would like to make the following comments:

- **Carbon pricing:** We welcome that both Parties recognise the benefits of a UK ETS linked to the EU ETS. It should be agreed with urgency that this link will be negotiated, and further details and timing should be provided on the implementation of a linked ETS. We believe that this is the best arrangement possible to support deep decarbonisation of the traded sectors.
- **Cooperation and collaboration:** Both Parties show strong commitments to collaboration and cooperation between regulators, system operators and other relevant stakeholders and we fully agree. Our organisations and our members continue to make the case that the UK should retain some form of participation in bodies such as, but not limited to, ENTSO-E, ENTSOG and ACER. We believe more work is needed on how this can be done to ensure that both the EU and the UK continue to benefit from each other's expertise and can effectively collaborate on the required transition to a low carbon energy system.
- **Island of Ireland:** While the Northern Ireland Protocol protects the single electricity market (SEM) on the island of Ireland, it is limited to the functioning on the island and does not cover the trading between the SEM and Great Britain. This means that as it stands there are no arrangements in place to maintain the Day-ahead market between GB and Ireland and no mechanisms to enable the collaboration of GB and SEM regulators on cross-border matters. The Energy deal will need to address these deficiencies to ensure that Ireland continues to function according the IEM rules and to ensure that customers on the island of Ireland are not penalised with higher prices resulting from lesser levels of efficiency and segmented, less liquid markets. The wind resources that can be activated in Ireland (on/offshore wind) are greater than are likely to be used in Ireland, so the decarbonisation of Europe overall is advanced by enabling integration and cooperation.

- Electricity and gas trading: Efficient cross-border trading, supported by harmonised trading rules and regulatory cooperation, supports security of supply and low energy bills for all consumers, while helping to balance the penetration of renewable generation. So we welcome that both sides agree on the need and the benefits of efficient and cost-effective trading over interconnectors. Further details are needed on how this can be achieved with clear and transparent rules that do not discriminate. We would suggest that the framework presented in the UK legal text is more likely to achieve such an outcome.
- Climate change: We welcome that both negotiating Parties remain fully committed to the goals of the Paris Agreement and to their own domestic legislations and climate targets. We are confident that considering the commitments in law and from governments, reaching zero emissions by 2050 remains the priority.
- Offshore grid projects in the Northern Seas: Both Parties commit to continued collaboration which is a positive step, but further details are however needed. There again, continuity should be ensured in order to avoid any delays to projects and the risk of diverging approaches on standards and rules with long-lasting effects.

This agreement will form the basis for future cooperation between the UK & EU on energy, as we all head down a decarbonisation route that will see a rapid evolution of the sector. Linkages are needed both to preserve the functioning of current systems and to enable the evolution of future systems.

Our organisations encourage the negotiators to continue constructive conversations at pace to achieve such a deal and to provide enough clarity and time to prepare for this future we are currently trying to shape out.

Signatures



John McGrane, **Director General of the British Irish Chamber of Commerce**



Dara Lynott, **Chief Executive Officer, Electricity Association of Ireland**



Audrey Gallacher, **Interim Chief Executive, Energy UK**



A handwritten signature in blue ink, appearing to read "Kristian Ruby".

Kristian Ruby, **Secretary General, Eurelectric**

A handwritten signature in black ink, appearing to read "Jan van Aken".

Jan van Aken, **Secretary General, European Federation of Energy Traders**

A handwritten signature in black ink, appearing to read "Giles Dickson".

Giles Dickson, **Chief Executive Officer, Wind Europe**