

15 January 2020

UKTF (2020) 5 – Commission to EU 27

Subject: Internal EU27 preparatory discussions on the future relationship: "Energy"

Origin: European Commission, Task Force for Relations with the United Kingdom

Remarks: These slides are for presentational and information purposes only and were presented to the Council Working Party (Article 50) on 15 January 2020. The contents are without prejudice to discussions on the future relationship.

Published on the UKTF website on 15 January 2020

Internal preparatory discussions on future relationship

Energy

AD HOC WORKING PARTY ON ARTICLE 50 (*Seminar mode*)

15/01/2020

General introduction

If UK withdraws with agreement on 31 January 2020:

Transition period of 11 months for:

- 1. adoption of negotiating directives;**
- 2. conduct of negotiations;**
- 3. signature/conclusion and entry into force of future agreement by 1 January 2021**

=> Complex and politically sensitive negotiations

Purpose of the seminar series

- Respect established EU principles and objectives:
 1. European Council (Art. 50) guidelines on the framework for the future EU-UK relationship, 23 March 2018;
 2. Revised Political Declaration agreed with the UK government on 17 October 2019, setting out the framework for the future relationship between the EU and the UK.
- Preparing the negotiating directives.
- Take into account Member States' views.
- Commission will present the recommendation after UK withdrawal.
 - no surprises.
 - allow for swift adoption.

General approach (1)

General principles (relevant for the economic partnership) – §5 of European Council’s Guidelines of April 2017 and §3 and 7-8 of the European Council’s Guidelines of March 2018

- Partnership should cover trade and economic cooperation;
- Balanced, ambitious and wide-ranging free trade agreement “*insofar as there are sufficient guarantees for a level playing field*”;
- Balance of rights and obligations and ensure a level playing field;
- UK’s status as a third country: a non-member of the EU that does not live up to the same obligations as a member cannot have the same rights and enjoy the same benefits as a member;
- Autonomy of the EU’s decision making and legal order;
- Integrity of the Single Market and the Customs Union; indivisibility of the four freedoms; no “cherry picking”.

General approach (2)

Political Declaration (§§4-5):

- Broad, deep and flexible partnership across trade and economic cooperation with a comprehensive and balanced free trade agreement at its core;
- The future relationship should be approached with high ambition with regard to its scope and depth, but it cannot amount to obligations/benefits of membership.

Political Declaration (§17):

- Ambitious, wide-ranging and balanced economic partnership. This partnership will be comprehensive, encompassing a free trade agreement, as well as wider sectoral cooperation where it is in the mutual interest;
- It will be underpinned by provisions ensuring a level playing field for open and fair competition;
- It should facilitate trade and investment between the Parties to the extent possible, while respecting the integrity of the EU's Single Market and the Customs Union.

A. Energy

I. Electricity and gas

II. Civil Nuclear

(p.m. other energy goods)

Electricity and gas (§64-65 Pol. Decl.)

Objectives

- Support the delivery of cost efficient, clean and secure supplies of electricity and gas, based on competitive markets and non-discriminatory access to networks.
- Establish a framework to facilitate technical cooperation between electricity and gas networks operators and organisations.

Electricity and gas (§64-65 Pol. Decl.)

Principles

- Competitive markets and non-discriminatory access to networks;
 - ✓ Effective unbundling of network operators;
 - ✓ Independent regulation;
 - ✓ Prevention of abusive practices on wholesale energy markets.
- Guarantee the level playing field, including effective carbon pricing, state-aid, and environmental protection;
 - ✓ Seminar held on 14/1
- Commitment to clean energy system, including renewable energy.

Key instruments

- Information sharing on risk preparedness and crises;
- Mechanisms to ensure as far as possible security of supply and efficient trade over interconnectors over different timeframes:
 - ✓ No undue disruption of energy flows in crisis
 - ✓ Market based use of interconnectors
- Prohibition of import and export restrictions and dual pricing.

Civil Nuclear (§66-69 Pol. Decl.)

Principle

- In view of the importance of nuclear safety and non-proliferation, wide-ranging provisions on peaceful uses of nuclear energy.

Key elements

- ❑ Commitment to maintaining the high standards of nuclear safety applying at the end of the transition period / respecting international conventions and treaties;
- ❑ Facilitation of trade in nuclear materials and equipment;
- ❑ Enable cooperation and the exchange of information between Euratom, the United Kingdom and its national authorities, including in relation to nuclear safeguards, safety and physical protection of nuclear materials and exchanging information on levels of radioactivity in the environment as well as on the supply of medical radioisotopes.

Euratom research and training programmes

- EU and UK will establish general principles, terms and conditions for the United Kingdom's participation in Union programmes, subject to the conditions set out in the corresponding Union instruments (§11 Pol. Decl.);
- Political Declaration (§67) recorded UK's intention to be associated to Euratom research and training programmes;
- UK could continue its contribution to the ITER project via participation to the Euratom Joint Undertaking Fusion for Energy (F4E) as a third country.

Conclusions

- Not business as usual - UK will leave the EU's Single electricity market and its tools;
- New EU-UK mechanisms in some selected areas, taking into account FTA proposals to other third countries;
- New framework requires strong level playing field guarantees.