

Energy and Climate Change Committee inquiry – Leaving the EU: implications for UK energy policy – Energy Institute response

The Energy Institute (EI) welcomes the opportunity to make the following submission to the Energy and Climate Change Committee to support their inquiry into leaving the EU and implications for UK energy policy.

This document is a synopsis of the views of EI members (energy professionals) collected through a call for contributions, focusing on a limited set of the questions posed by the Committee. The questions (What should be the Government's priorities on energy when negotiating the UK's exit from the EU? What would a successful negotiation outcome look like?) were sent by email to 430 EI Fellows, Members, and Graduates (young professionals) from across energy sectors and disciplines who previously responded to the EI's 2016 Energy Barometer survey. We received 30 detailed written responses, from which the main points have been distilled into this response. The views expressed in this document are not those of the EI as an organisation, but of our members who participated in this exercise.

Executive summary

What should be the Government's priorities on energy when negotiating the UK's exit from the EU?

What would a successful negotiation outcome look like?

- Maintain security of supply
- Retain access to EU energy market, and allow EU to access UK market
- Retain movement of labour and access to skilled workers
- Maintain free flow of project finance
- Continue to share information and participate in collective efforts affecting energy system
- Maintain a strong commitment to the environment
- Ensure energy supplies remain affordable (domestic, commercial and industrial)

Summary of responses

1. Security of supply

The most consistent priority for EI members is that the security of UK energy supply is not compromised by Brexit. Some feel that the security of supply of our trading partners in the EU is also an important priority. Several successful negotiation outcomes were identified, most including continued access to trade of electricity and gas across borders and via interconnectors. Important aspects of such arrangement include keeping any tariffs and duties in line with those prevailing in NW Europe or with our other trade partners. Some respondents would like to see free trade of electricity and gas. In addition to assuring security, greater interconnection and integration will enable the UK to expand our supply from renewable technologies (which also links to the importance of ongoing participation in regulation and standardisation bodies, further discussed below).

2. Access to markets, trade and investment

Another major priority among respondents is retaining UK access to the EU energy market, and vice versa, for the trade of products and services. A successful outcome for several respondents would include continued participation in the Internal Energy Market, provided that if we are bound by IEM rules we have opportunity to influence them. Any negotiation of our access to the market should work towards: free trade of and strategic access to fuels and electricity moving via connectors, and/or minimisation of duties applied to imports of energy and energy technology (e.g. power generation equipment); aligning exportable energy-consuming products and other technology with EU regulations to facilitate trade.

EI members are also concerned about retaining the movement of labour and enabling access to skilled workers. A successful negotiation outcome would: protect companies' ability to hire and transfer staff between

the UK and the EU; maintain access to skilled workers from key disciplines including engineering and design; allow the movement of academics and researchers to facilitate research, R&D and demonstration projects (see next section).

Successful Brexit negotiations would assure the UK remains an attractive place to invest and do business. Members would like to see steps taken to ensure flow of energy project finance and to retain UK standing as an attractive place for companies to have their headquarters and for talented graduates to seek work. These outcomes must also be strongly supported by stable and consistent policy and regulatory signals from Government during and after the transition process.

3. International collaboration

EI members would like to see the UK continue to participate in collective efforts that affect the current and future energy system. Specifically they would like continued UK collaboration on international policy strategy and action, including but not limited to that on climate change and emissions, technology development and R&D, and interconnection and grid standards. They also feel that we should maintain our participation in associations of regulators.

Sharing of information about energy is also seen as an important outcome. Continued participation in joint EU research, R&D and demonstration projects will help ensure we have access to information and are able to share information that we hold. Our ability to take part in joint research will be contingent on the free movement of researchers (see previous section), so this should be an important part of immigration and labour negotiations. In particular, collaboration on climate change and environmental goals is seen as vital and therefore an important negotiation priority. Environmental and climate challenges are recognised as global problems requiring joint solutions, and therefore must be dealt with through international cooperation.

4. Climate and environment

Many EI members want to see a commitment to the environment that is not compromised post-Brexit. EU regulation and policies are seen as a strong driver of our climate change and environmental measures to date, and members do not want to those to fall to the wayside, but for UK leadership to continue. Successful outcomes should include: retention of those EU policies which enable the UK's clean energy transition; continued participation in the EU Emissions Trading Scheme (along with participation in its future design and operation), which should help to ensure our access to any future carbon market; and continuation of EU-wide pollution (air, water, noise) monitoring.

5. Affordability

EI members would like to see energy supplies remain affordable for both households and commercial/industrial consumers. This should be a priority when approaching negotiations concerning duties and restrictions which may raise costs for end users. Some members also see an opportunity to negotiate removal of state aid restrictions which might enable the UK to prioritise where investment is made domestically (opinions vary as to where those priorities should fall). A few respondents also point to the potential to favour UK companies in tendering and take other measures to protect the competitiveness of UK industries.

6. General remarks

Responses often included recommendations for future UK energy policy that were not necessarily related to the inquiry questions or the outcome of negotiations. There were many who emphasised the importance of a clear roadmap for the transition out of the EU, including well-articulated strategy and goals which would provide certainty for businesses and investors. Another common point was that Brexit should not affect existing policies significantly as long as those policies are sound to begin with, built on a strong evidence base.

Acknowledgements

On behalf of the Energy Institute, this submission was prepared by Sarah George MCIPR and Deane Somerville GradEI as a summary of comments from EI members collected by email submission.

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