
EU Update

Brexit & EU Data Exchange

Transmission Workgroup, 2nd August 2018

Brexit White Paper

- On 12th July 2018, the Government published its White Paper setting out its view of its future relationship with the EU
- Key points that we noted on energy were:
 - *“The UK has worked closely with European partners to liberalise and open energy markets, with wide-ranging UK energy sector expertise being highly regarded across the EU”*
 - *“The UK seeks broad cooperation with the EU on energy post Brexit, including arrangements for trade in electricity and gas, cooperation with EU agencies and bodies, and data sharing to facilitate market operations”*
 - Participation in the EU Internal Energy Market (IEM)
 - If the UK is outside the IEM, *“need to explore what would be needed to ensure trade over interconnectors would continue”*
 - If the UK remains within the IEM, this would *“preserve the existing efficient trading practices over interconnectors. In this case, the UK would need a common rulebook with the EU on the technical rules for electricity trading, such as the market coupling mechanism – as well as a consistent approach to carbon pricing necessary for the market to function, which, for example, could be delivered by remaining in the EU’s Emissions Trading System. However, the UK does not believe that participation in the IEM should require a common rulebook on wider environmental and climate change rules.”*

Brexit White Paper (cont'd)

- The UK wants to explore the options for continued membership of ENTSO-E and ENTSO-G with the EU
- *“The UK is also putting in place arrangements so that, when trading after exit, businesses will have certainty that they will not face substantially different requirements compared to their current obligations under the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT)”.*
- *“The UK should continue to participate in certain EU bodies and agencies. UK participation would be important for different reasons, but could relate to enabling mutual recognition of standards, sharing essential expertise and personnel, and exchanging data and information.”*

Feedback from Brexit discussion at BEIS / Ofgem EU Gas Stakeholder Meeting – 25th July 2018

- Ofgem have not identified anything in UNC or licences to be inoperable on 'Day 1', though have identified references which need clarification
- Ofgem confirmed that no SCR was planned for Brexit changes, preferring an industry led code modification process and that any Licence and UNC changes may need to run in parallel
- Ofgem are preparing for all possible outcomes with the aim of preserving as much continuity as possible

- BEIS are currently drafting Statutory Instruments (SIs) to adopt EU legislation, including gas network codes, into UK law
- BEIS are preparing for a 'no deal' scenario but are hopeful that a withdrawal agreement for the UK will be concluded by October 2018 to enable the future relationship negotiations to start
- BEIS advised that 'dispute resolution' is a key issue cutting across all policy areas including energy – an alternative mechanism to the European Court of Justice is required

Feedback from Brexit discussion at BEIS / Ofgem EU Gas Stakeholder Meeting – 25th July 2018

- The future of REMIT reporting was discussed. Concern was expressed about a potential scenario where GB trading parties do not report but EU counterparties do.
- National Grid advised that its preference is to remain as a full voting member of ENTSOG, though this is likely to be influenced by EU/UK discussions on post-Brexit energy arrangements
- Consideration is also being given to how UK companies can remain as members of GIE
- National Grid considered that the timeframe for any Licence, UNC, Interconnection Agreement changes post SIs being laid before Parliament and pre 29 March 2019 looks very challenging
- If you wish to discuss this issue with National Grid, please contact emma.piercy@nationalgrid.com, 01926 654269

EU Data Exchange Consultation Update

- The majority of stakeholders expressed a preference for harmonisation of data exchange for nominations to be extended from IPs only to include:
 - Virtual trading points (i.e. ‘trade nominations’ at the NBP)
 - Storage
 - Other transmission entry and exit points
- ACER & ENTSOG will publish the consultation report this week
- We expect further EU level discussion on the solution in September and will continue to keep the Workgroup informed
- If you wish to discuss this issue with National Grid, please contact philip.hobbins@nationalgrid.com, 01926 653432

Note: ENTSOG and EASEE-gas will jointly host a full day workshop on EU data exchange in Brussels on 4th October 2018. Further details will be communicated to GB stakeholders by National Grid in September.