

Specialised Committee on Energy - Minute of the Meeting
30 March 2022, 9:00 to 10:30 BST / 10:00 to 11:30 CEST (Hybrid/EU Host)

1. Opening remarks by the co-Chairs and adoption of the agenda

The co-chairs adopted the agenda as published.

2. Cooperation on security of supply and the safety of offshore oil and gas operations – exchange of views

The Parties exchanged views on the current situation in the energy sector in Europe, which is affected by high energy prices and by concerns about secure supply of energy, in particular gas and oil, following Russia's unjustified attack on Ukraine. The Parties reaffirmed their commitment to end their dependence on Russian hydrocarbons.

The Parties praised the ongoing coordination within the International Energy Agency and G7, and the ongoing senior and technical cooperation between the UK and the EU.

The EU highlighted its plan to make the EU independent from Russian fossil fuels well before 2030 and increased efforts to implement the European Green Deal proposals to diminish dependence on fossil fuels. In the short term, it implies ensuring adequate gas storage ahead of next winter, facilitating common purchase of natural gas, LNG and hydrogen and diversifying fossil fuel supplies away from Russia, in particular by working together with like-minded international partners.

The UK highlighted its commitment to phase out Russian oil imports this year, and stated it would set out an energy strategy to explain the UK's long-term plans for greater energy security.

Both Parties affirmed that accelerating the development of renewable energy sources will be crucial to maintaining long-term security of energy supply for both the UK and the EU.

The Parties underlined the need to strengthen cooperation on security of supply and safety of offshore oil and gas operations under the Trade and Cooperation Agreement (TCA), which is of vital importance in light of the current security situation in Europe.

To this end, the Parties expressed the intention to advance the implementation of the provisions of Articles 315, 316 and 322 of the TCA. In particular, the Parties intend to speedily progress work at technical level to enable regular exchanges on security of supply and to facilitate early consultation in a situation of supply emergency. The Parties discussed establishing a Working Group on Security of Supply under the Specialised Committee on Energy (SCE) by written procedure as a matter of priority, with due regard being had to the need to first complete the Parties' respective internal procedures. The Parties will also consider establishing an early warning mechanism to facilitate consultation and information exchange between the Parties.

3. Offshore renewable energy cooperation

The Parties confirmed the intention to cooperate on development of offshore renewable capacity in the North Seas, based on Article 321 of the TCA.

The Parties exchanged views on the implementation of Article 321 TCA and welcomed the significant progress made in negotiations, launched in October 2021, for a Memorandum of Understanding on technical cooperation on offshore renewable energy between the UK and

the North Seas Energy Cooperation. Both Parties look forward to continuing the exchange at technical level with a view to a successful conclusion of talks in the near future.

The EU highlighted the inclusion of 'Projects of Mutual Interest' (PMI) category within its new regulation for cross-border energy infrastructure development (Trans-European Networks for Energy -TEN-E), which provides a dedicated framework for projects with third countries, including the UK.

4. Electricity trading arrangements – the way forward.

Both Parties affirmed that, while the timeline in Annex 29 to the TCA has not been met, they remain committed to discharging the SCE's obligations under TCA Articles 312 and 317 as a matter of priority. The UK set out its significant concern about the delays to date to the TCA's timetable, and called for accelerated engagement on this issue.

The Parties reviewed the results of the cost-benefit analysis for electricity trading arrangements, based on the preliminary guidance issued in January 2021 to the transmission system operators. The Parties intend to undertake the necessary work to enable the SCE to confirm that preliminary guidance in the near future.

The Parties exchanged on several technical aspects of all options put forward by the transmission system operators for implementing electricity trading arrangements. They noted that the options for capacity allocation and congestion management identified in the initial CBA pose regulatory and delivery challenges.

The Committee noted, having reviewed the work progressed to date, that the ENTSO-E and UK transmission system operators and ACER and UK national regulatory authorities need to undertake a further analysis of the available options in order for the SCE to discharge its obligations under Article 312 and Article 317 TCA.

Further work at a technical level will be carried out to prepare a SCE recommendation to the Parties, as a basis for the Parties to request their transmission system operators and regulators to prepare additional analysis, based on a set of technical questions provided by the Parties. It is intended that EU and UK transmission system operators work together to jointly perform such additional analysis in the shortest possible timeframe.

The SCE is the competent body to take appropriate next steps, once it has reviewed the results of the additional analysis which the Parties intend to request of their respective transmission system operators and national regulatory authorities. Both Parties agreed the SCE will reconvene later this year to review and consider next steps on the trading arrangements, and that the Secretariats of the SCE will facilitate close working between the Parties over the coming months to prepare for that meeting.

The UK stated its expectation that:

- i. the Parties issue the relevant requests, following adoption by the SCE of the relevant recommendations, within 2 months of this meeting;
- ii. the ENTSO-E/UK TSOs and ACER/UK regulatory authority return responses to the Parties within 4 months of receiving these requests; and
- iii. the SCE meets to review and discuss the additional analysis and consider the next steps within 2 months of the Parties receiving the additional analysis, and in any case before the end of the year.

The EU took note of these requests and reconfirmed its engagement to cooperate to implement these next steps at pace, with due regard to the need to complete the Parties'

respective internal procedures. The UK welcomed the discussions and preparations for this SCE meeting and the commitments taken to take work forward.

The UK noted that, while day ahead trading remains the priority, the Parties should not lose sight of the other trading timeframes and the role of the Committee in keeping these under review. The Parties agreed to reflect on these matters in due time at a technical level to consider how to ensure this and any further steps needed.

5. Concluding remarks by the co-Chairs

The Parties agreed to reflect the conclusions in these Minutes.

*Approved by the Joint Secretariat of the
Specialised Committee on Energy.*

Annex 1 – Participants of the Second Meeting of the Specialised Committee on Energy

UK Delegation (15)

- UK Co-chair of the Specialised Committee on Energy
- UK Government Officials from BEIS, Cabinet Office
- UK Mission to the European Union Official
- Scottish Government Officials
- Northern Ireland Executive Official
- Welsh Government Official

EU Delegation (30)

- EU Co-chairs of the Specialised Committee on Energy
- European Commission Officials
- European External Action Service Official
- Delegation of the European Union to the UK Officials
- Representatives of EU Member States