

Specialised Committee on Energy - Minute of the Meeting

14 July 2021, 9:00 to 13:50 BST / 10:00 to 14:50 CEST (Virtual/UK Host)

1 and 2. Opening remarks and adoption of the agenda / Discussion on the practical operation of the Rules of Procedure, as set out in TCA Annex 1.

The co-chairs adopted the agenda as published. Both Parties acknowledged that the Rules of Procedure, set out in Annex 1 of the of the Trade and Cooperation Agreement (TCA), would apply to the Specialised Committee on Energy (SCE), and noted the scope of the SCE as set out in Article 8 of the TCA.

3. Update on new electricity trading arrangements.

Both Parties acknowledged the progress made by UK and EU transmission system operators (TSOs) in delivering the cost benefit analysis (CBA) for Multi-region Loose Volume Coupling (MRLVC) and thanked them for their joint work to deliver this analysis.

The UK proposed the SCE take the steps set out in Article 312 of the TCA, and that the SCE recommend that each Party request its TSOs prepare technical procedures for capacity allocation and congestion management at the day ahead stage in line with Article 317 of the TCA.

The EU recalled the outcome of the CBA and the different options for implementation as set out by TSOs, in particular relating to the requirements of paragraph 4 of Annex 29 of the TCA and in light of the deadlines set out in Annex 29.

The EU referred to the request by EU TSOs for guidance on what should constitute a basis for preparing technical procedures given the results obtained in the CBA. The EU underlined the key role of the SCE under the TCA as the body that gives guidance and makes recommendations as necessary to ensure the effective implementation of the electricity trading arrangements.

The EU set out on this basis to reflect further with the UK on the advantages and disadvantages of each option for implementation put forward by the TSOs and to hear the UK's views as to which option should constitute a basis for next steps.

The UK welcomed the opportunity for reflection, but stated the need for TSOs to work together to develop these options and make a proposal for the SCE to review in line with the timelines set out in the TCA as a matter of priority.

The UK also asked the EU for evidence to support its view that further guidance is necessary, noting that no formal evidence was provided to the UK by the EU in advance of the meeting. The UK asked the EU to set out when this guidance would be provided, noting the obligation on the SCE as a matter of priority to take the necessary steps on this matter in accordance with Article 317 within a specific timeframe.

The EU recalled that the UK Government received the results of the CBA and was in copy of the ENTSO-E letter to the Commission dated 26 April (and of subsequent ACER letters) in which the EU TSOs delivered their analysis of possible options but did not identify a clearly preferred way forward, asking for further indications from the Commission and for this to be aligned with the UK Government.

The UK restated the need for TSOs to work together to develop options and make a proposal for the SCE to review in line with the timelines set out in the TCA as a matter of priority.

The EU informed of its intention to take the results of the exchange in this Committee meeting to discuss internally the way forward before returning to the UK with a Union position.

The EU noted the UK proposal to set up a working group on electricity trading and offered to reflect upon it.

Both Parties reaffirmed their commitment to implement Articles 312 and 317 of the TCA and took note of the January letters sent by the UK Government and Commission and the subsequent work done so far by the UK and EU TSOs.

4. Cooperation between transmission system operators and between national regulators.

Both Parties stated that they had a common interest in the new cooperation arrangements between UK and EU TSOs and between UK and EU National Regulatory Authorities (NRAs) taking effect as soon as possible. The UK Government confirmed that it was content with the draft arrangements the TSOs and NRAs had proposed but noted that some issues had been raised on the EU side. The EU said that it hoped these could be addressed soon and the new arrangements could be subsequently approved by the Parties.

The EU raised the concern that UK TSOs have not yet left the EU TSO bodies (ENTSO-E and ENTSO-G) following the UK's withdrawal from the European Union. The UK made it clear that UK TSOs were ready to leave the EU TSO bodies, European Network of Transmission System Operators (ENTSO) for Electricity and ENTSO for Gas, as soon as possible but were unable to as the EU TSO bodies required six months' notice of resignation to be given. The EU clarified its understanding that the UK TSOs have not yet handed in their resignation letters and should take appropriate steps in this regard without any further delay. The UK agreed that UK TSOs should do this. The EU added that ENTSO-E and ENTSO-G are expected to facilitate the departure of UK entities from these bodies.

The Parties recognised the importance of establishing new arrangements for cooperation between their respective TSOs and NRAs and that these arrangements are introduced as quickly as possible. Both Parties recognised the need for the UK TSOs to leave the ENTOSOs as soon as possible.

5. Security of supply of gas and electricity and offshore safety.

The Parties gave an update on ongoing actions related to the security of supply with respect to gas and electricity and on offshore safety. The Parties highlighted the potential challenges to security of supply presented by the decarbonisation of their energy systems and the mutual benefits that cooperation would bring. They also agreed on the importance of maintaining high levels of safety for offshore oil and gas operations. The EU informed the SCE of working level proposals for the establishment of a Working Group on security of supply and offshore safety and for an early warning mechanism. It informed that both proposals would be submitted for discussion as soon as possible once fully ready at EU level.

The Parties reiterated that security of supply is a priority and confirmed their willingness to work on this topic so as to have in place appropriate frameworks for cooperation. The Parties will continue to discuss how to implement and operationalise the security of supply provisions of the TCA as soon as practicable, and had a first exchange of information on security of supply and the safety of oil and gas operations.

6. Offshore renewable energy.

The Parties affirmed the key role that the development of offshore renewable energy resources will play in meeting their respective net zero ambitions and agreed that cooperation in this area was of mutual benefit. The EU explained that the Political Declaration between the member countries of the North Seas Energy Cooperation (NSEC) and the Commission had been prepared at working level and is intended to be formally adopted at the NSEC Ministerial meeting in December. A Memorandum of Understanding (MoU) between some EU Member States and the Commission on the one hand, and the UK on the other hand was being drafted to meet the commitment in the TCA to set up a specific forum for technical discussions in this area. The UK asked when the draft MoU would be available so that negotiations with the UK on the text could commence. The EU said that it would share the draft MoU with the UK as soon as possible, but could not commit to a date.

The Parties reaffirmed their commitment to cooperation in the development of offshore renewable energy and that a specific forum for technical discussions is established.

7. Forward Look of SCE business.

The EU presented the 'Fit for 55' package of proposals that was adopted by the Commission on the same day the SCE met, setting out that this package, in particular the proposals on energy efficiency and renewables informs the context in which the SCE will be operating going forward.

The UK set out that the SCE is expected to receive draft technical procedures to consider in November and should meet then.

8. Operational conclusions of the meeting.

Both 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 First Meeting of the Specialised Committee on Energy

UK Delegation (18)

- 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 Officials

EU Delegation (39)

- 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