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Mr Donald Tusk
Council of the European Union
Rue de la Loi 155
1040 Brussels
Belgium

Brussels, May 16, 2018

Subject: **The importance of energy and climate change in the Brexit negotiations**

Dear Mr Tusk,

The Roundtable for Europe's Energy Future¹ is comprised of leaders in the European energy sector, including companies responsible for managing the energy system and providing energy to more than 220 million consumers across the European Internal Energy Market.

Together we recognise that secure, affordable and sustainable **energy is the backbone of our modern European society**. A successful energy transition can only be lead through cooperation and a strong sense of shared responsibility to act on behalf of all citizens. To date, energy cooperation among European countries has been excellent. The UK, in particular, has been a strong supporter of the Internal Energy Markets (IEM) and the EU Emission Trading Scheme (ETS). Looking beyond Brexit, we strongly believe that we need to continue the development of transnational well interconnected systems in order to make energy more secure, affordable, clean and sustainable for all end consumers across Europe.

For all these reasons, the **Roundtable for Europe's Energy Future recommends that energy and climate policies are set as a priority in the Brexit negotiations**. To strengthen continued cooperation, Brexit negotiators are invited to develop a comprehensive **Energy and Climate Chapter to be included in the Political Declaration of October 2018**. If there is no political agreement on energy by October 2018, considerable uncertainty would prevail and the end of the transition period in December 2020 would quickly turn into a situation with no deal in place for the future relationship between UK and EU.

This Chapter should set out a clear and effective framework for cooperation between the EU/EEA and the UK and provide for:

1. **Close cooperation on climate change and energy issues**: in particular with a cost-efficient decarbonisation of our sectors through the continued UK participation in a strong **EU ETS** and effective carbon pricing, and also through a strong coordination between the EU and the UK to exploit the green energy potential of the **North Sea** region;
2. Continued cooperation within a framework **as close as possible to the Internal Energy Market** in order to secure the efficient use of energy infrastructure through **barrier free trade of energy** between the EU and the UK based on market principles. It is key to preserve the existing efficient

¹ The Roundtable for Europe's Energy Future consists of CEOs from leading European energy companies, TSOs and technology providers (Elia Group/50Hertz, MAVIR, National Grid, RTE, APG, Statnett, Statkraft, TenneT, ABB, GE & Amazon Web Services).

trading mechanisms and cross border cooperation to guarantee security of supply and access to a clean energy;

3. **Long-term and continued regulatory alignment on energy matters** to enhance investments in key infrastructure, such as interconnectors, that give our countries access to diverse sources of flexible, clean, and cheap electricity. For instance, regulatory alignment is crucial in areas such as market coupling and capacity mechanisms.

A comprehensive Energy and Climate Chapter will provide both regulatory stability for our industry and **foster innovation and economic growth** for all European citizens, and will help ensuring that the EU and UK remain **leaders in the global battle against climate change**.

We understand that these negotiations are complex and therefore offer to set up a cross UK-EU/EEA forum to support these negotiations and contribute to an Energy and Climate Chapter that both sides can sign up to.

Yours sincerely



Boris Schucht

CEO 50Hertz Transmission / Chairman of the Roundtable for Europe's Energy Future (REEF)

Copy of this letter is also sent to Mr Barnier, Mr Davis, Mr Verhofstadt, Mr Ristori and to the Offices of Director-Generals of the EU and EEA Energy Ministries.