



Key EU and UK law and policies affecting the energy sector



The underpinning of EU and UK law and policy in the energy sector is very similar – this is partly because the UK is implementing EU rules and partly because the UK has led the way in liberalising energy markets

- Internal energy market
- Third Package and Network Codes
- Independent regulation
- Market coupling
- REMIT (transparency)
- Possible new power market design
- Cross-border Infrastructure Regulation

EU Emissions Trading Scheme

- State aid guidelines on energy and environment
- Decisions on individual competition and state aid cases (e.g. sector investigation of capacity markets)

- Renewables Directive
- 2030 Renewables policy
- Possible new power market design

- Energy Using Product rules
- Energy Efficiency Directive (targets)
- Energy Union Measures

- Air pollution directives (LCPD, IPPC, IED, MCPD, NEC)
- EIA, habitats, birds, water and waste framework, environmental liability directives
- Offshore Safety Directives

Nuclear: positive policy etc (EURATOM)

- Oil Stocking Directive
- Energy Union proposals on energy security

Principles and drivers of relevant law and policy	
EU law/policy	UK domestic law/policy
Single, transparent market	Open, market-based system; constrained public funding; desire not to (over-)burden bill payers with subsidy costs; promoting consumer interests through competition
Competition ✓ State Aid ✘	
Mitigation of climate change/encouragement of renewables	Climate Change Act 2008 and carbon budgets; earlier measures promoting renewables
High levels of protection for natural environment and human health in other respects	Little that is not EU-based (exceptions include nuisance and aesthetic policy antipathy to some renewable technologies)
Energy security	Energy security
Energy efficiency	Energy efficiency
Nuclear: promotion and safety	Nuclear: promotion and safety
[No equivalent to MER UK at EU level] [Currently no firm policy/legislation on fracking at EU level]	Maximising economic value of recovery of petroleum from UK Continental Shelf (MER UK) Promotion of fracking (onshore)

- Gas Act 1986 and Electricity Act 1989 licensing system
- Independent regulation
- Industry Codes
- Ofgem competition powers, - Interconnectors: cap and floor

- GHG Emissions Trading
- Climate Change Levy/Carbon Price Floor
- Emissions Performance Standard, "no new coal without CCS" policy

- ROCs, FIT, RHI
- Degression, early RO closure, CfDs (Levy Control Framework)

- Capacity Market
- Positive planning policies WPS/WPPF
- Oil stocking, Refineries policy

- Implementation of air pollution and other environmental directives
- Environmental duties on licence holders/Ofgem

Heat policy? Energy Efficiency Directive implementation?

Nuclear: positive policy and site licensing etc

- Petroleum Act 1998 and Energy Act 2016; MER UK strategy
- Other Oil and Gas Authority plans and strategies
- Positive planning policy

Much of the EU regulation that is central to the functioning of the UK energy sector would be equally applicable if the UK were to leave the EU but remain within the EEA (the "Norwegian model"). If Brexit takes a more radical form (e.g. if the government is prepared to sacrifice "single market" benefits in order to be able to limit EU immigration, the position will be more complicated, but in legal terms, a significantly wider range of UK energy policy choices would open up