



Brexit: Implications for UK and EU Renewables and Emissions Policy

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UK and EU Climate Change Policy

EU ETS is a crowning achievement of EU energy and climate policy.

UK a major driving force in setting it up.

UK a major force in its tightening to 2030.

2030 targets indicate supremacy of EUETS among policy instruments supporting decarbonisation.

EU Policy now set to 2030, so short term implications appear to be limited on both sides.

However UK's own targets more ambitious and recently reaffirmed 5th Carbon Budget, 2028-32.

UK and EU Climate Policy

- Brexit carbon pricing questions:
 - What will happen to the price of EUAs if the UK leaves the EU ETS?
 - *What does world leadership on carbon pricing for UK/EU now look like?*
 - Can UK continue to be part of EUETS and what terms?
 - *Could UK participate in another ETS (e.g. California-Quebec, RGGI, Australia 2.0)?*
 - Can UK impose border taxes on imported electricity to reflect Carbon Price Floor?

UK and EU RES policy

- UK 2020 RES target (15%) undoubtedly more ambitious than any domestic policy would have been.
- Criticism of how UK target was arrived at well documented.
- Reworking/dropping RES target (currently reportedly costing £4.7bn p.a. could save a lot of money (in theory!).
- Current policy indicates two more CfD auctions before 2020 and closure of ROC (in 2017) scheme.
- However longer term implications unclear as EU RES targets beyond 2020 not binding.

UK and EU RES policy

- Brexit RES questions:
 - How much money could be saved by rationalising RES policy in UK (or would more be wasted)?
 - Should UK now reduce commitment to 2020 to RES subsidies and refocus on carbon reduction (e.g. to finance nuclear, via auctions for nuclear and RES)?
 - Can/should UK enter into bilateral agreements with other EU countries on trading RES permits/joint CfD auctions (e.g. Ireland), prevented by current EU RES policies?

Related Issues

- *What about energy efficiency?*
- UK could abandon commitment to Energy Services Directive (2012/27/EU)
 - This could allow reduction of energy efficiency policy and Smart Meter Roll Out.
- *What other aspects of Carbon/RES policy are motivated by desire of UK to be seen to be leader in EU, which might fall away in absence of EU membership?*