Total final energy expenditure (£139bn):
- 43% Petroleum Products
- 25% Electricity
- 16% Gas
- (+ coal, crude oil and other fuels)

Tax Revenue:
- £38bn (6% of total)

Net energy imports:
- £11bn (only electricity £0.68bn)
- Effected by exchange rate movement.
- Net exporter of gas to EU-27 (+43 TWh), but some seasonal imports (64 TWh from EU-27).
- Net purchaser of EU ETS permits in 2016 (0.7m - negligible)
The Energy Sector in the UK

• UK is 15% EU-28 GDP, 12% of total final energy consumption, 16% of gas consumption, 11% of electricity consumption, 13% of CO2e production (8.5% of redeemed EUAs).

• Of EU-28 net imports, UK is 10% of all fuels, 11% for gas and 6% of electricity.

• UK is small and focus should be on near neighbours.

• Northern Ireland (1/4) of All Ireland electricity and gas.

• Irish gas consumption is 5% of UK gas consumption.

• Energy demand is falling for electricity and gas. Final demand for gas was 20% below 2004 peak in 2017; final demand for electricity was 14% below 2005 peak in 2017. We need to economise on investment!
How UK Energy policy should develop after Brexit

• Materiality of any likely interruption of EU trade to UK - EU-27 energy and climate trade is small.

• (Pollitt and Chyong (2017) estimated -$0.16/mmbtu at NBP if no flow to NWE; +£0.08/MWh per GW future interconnection lost).

• Possible benefits of freedom from EU rules:
  • More merchant interconnectors
  • Locational transmission charging for interconnectors at UK end
  • Border tax adjustment to carbon content of electricity imports
  • Exemption from large combustion plant directive (LCPD) and capacity market

• These benefits, even if realisable, are small.

• More focus on avoiding domestic policy mistakes.