



Mr Michel Barnier
Chief Negotiator
Task Force for the Preparation and Conduct
of the Negotiations with the United
Kingdom under Article 50 TEU
European Commission
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Dear Mr Barnier,

Eurogas, representing the interests of gas wholesale and retail suppliers and distribution system operators, is awaiting the outcome of the last-stage Brexit negotiations. We hope for an outcome that allows for an orderly exit and a transition period, allowing more time to work on a future relationship that will keep the close ties that currently exist between the EU and the UK conducive to efficient gas markets, and a predictable and stable environment enhancing security of gas supply and business confidence in the future.

As discussed with your team last year, Eurogas sees many mutual benefits that arise from the present close market relationships, and we would want disruption to this current framework from the UK becoming a third country to be minimised. **As such, our view is that energy, covering natural gas as well as electricity, should be included in the political declaration among other key economic sectors to the mutual benefit of both parties.**

Eurogas members are being advised to prepare for all eventualities. Our analysis of gas-relevant issues in Brexit points to the Irish position as the most critical one. However, **we have identified areas of concern that will need to be addressed in a future relationship to minimise any disruption to the gas markets:**

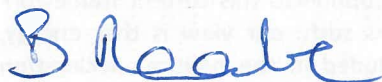
- Continued regulatory alignment underpinned by clear responsibilities and obligations, that supports the liquidity of the north-west European gas market, to the benefit of consumers both sides of the Channel. Dialogue should be kept open to seek to maintain convergence as far as possible, and cooperation among EU 27 National Regulatory Authorities (NRA) and Transmission System Operators and the UK.
- To ensure a smooth transition, legislation should be progressively Brexit-ready, to support continuity of trading and shipping contracts, and continuing streamlined mutually beneficial processes on NRA registration systems, licensing, and supervision mechanisms, avoiding regulatory problems that could complicate or add to the costs of market transactions.
- It is essential to avoid market disruptions and to give all market participants sufficient time to prepare and adapt their business operations.

- The status of gas interconnectors should be made clear to all parties as soon as possible to avoid any disruption to the market, trade, and security of supply.
- With a view to any bilateral continuing solidarity agreement with Ireland on security of gas supply, the UK should remain involved in the Gas Coordination Group.
- Cooperation and exchange of ideas in the areas of the energy transition should continue, including research and development, competition policy, and digitalisation.
- The development of an agreed robust and clear dispute resolution mechanism is needed.
- Continued integrity and transparency of gas trading should be assured through agreed arrangements.

Eurogas considers that the UK's alignment with the Internal Energy Market would be the most logical choice to minimise any disruption in the future that could have market wide implications.

Eurogas also considers that continuity and predictability of the carbon pricing regime are key for preserving well-functioning electricity and gas markets.

Eurogas is sharing a more detailed analysis with your team and is ready to offer inputs on the considerations affecting a more detailed future relationship, when we arrive at that stage.



Beate Raabe
Secretary General