

***REA Webinar:  
Approaching the end of the Brexit  
Transition Period***

***9<sup>th</sup> December 2020***



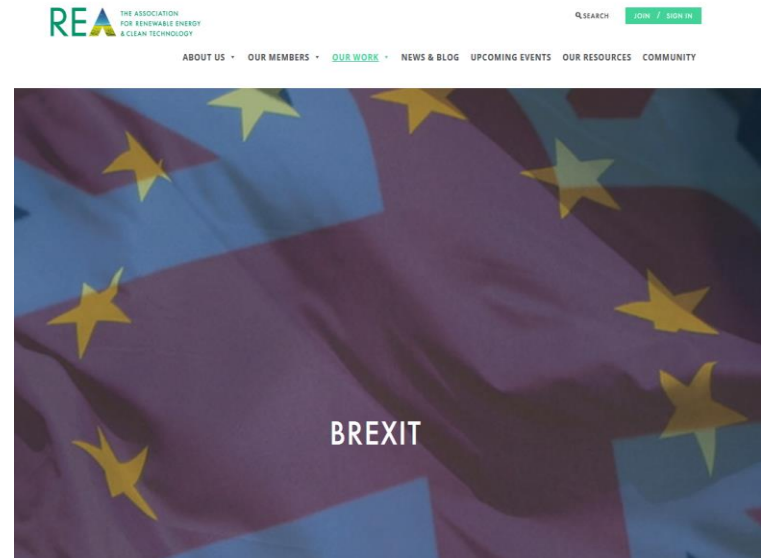
# Agenda

- Review of REA activities on Brexit - **Mark Sommerfeld, REA**
- Update on current negotiations - **Baroness Verma**
- Getting Ready, a month to go: Reviewing supply chains, import/export arrangements, hiring staff, providing services to the EU, Personal Data Transfers, State Aid. – **Mark Sommerfeld, REA**
- Review of Energy Negotiation Issues - **Ashley Hibben and Doran Hanlon, BEIS**



# REA Activities

- Ongoing engagement across Whitehall on energy and trade issues.
- Regular updates on Brexit related issues through the members newsletter and webpage.
- Ongoing work with the EURIS Taskforce to highlight concerns raised around manufacturing industries.
- Assessments of potential tariffs.
- Worked with the the Manufacturers Trade Remedies Alliance to address feared loss of Trade remedies.
- We will monitor impacts following the end of the transition period, to further feed back issues to Government.



EURIS



**Baroness Sandip Verma –**  
*Chair of the Lords EU Sub Committee for  
Goods and Member of the Lords EU Select  
Committee.*



## **Getting Ready, A Month to Go**

Mark Sommerfeld



# Check what actions a business needs to take




If a business wants to find out what changes will apply to them, they should use the checker tool for tailored advice:

- Visit [gov.uk/transition](https://gov.uk/transition);
- Answer a few questions to get a personalised list of actions for their business;
- Then sign up for emails to get updates when things change.

## The UK transition




The UK has left the EU, and the transition period after Brexit comes to an end this year. Take action now to get ready for new rules from January 2021.



### Take action and sign up for emails

Answer a few questions to get a personalised list of actions for you, your family, and your business. Then sign up for emails to get updates when things change.

[Start now >](#)

 Check  Change  Go



# Key Checklist for Preparation

- Map and Audit Supply Chains
- Understanding requirements for certification and labelling of products and materials
- Hiring Staff Outside and Inside the UK
- Providing services to EU markets
- Transfer of Personal data between the UK, EU and select third countries



# Importing and exporting is changing from January



Changes will be introduced in three stages:

## 1 January

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- **Full controls** in place for **exports**.
- **Full controls** in place for staged imports of **controlled goods**.
- **Optional deferred declarations** in place for imports of **standard goods**.

## 1 April

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- **Full controls** in place for:
  - **Animals and Products of Animal Origin;**
  - **Plants and plant products.**

## 1 July

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- **Full controls** in place for **all goods**.





# Prepare for changes to importing and exporting

## What do businesses need to do?

Businesses will need to take a range of actions, but to get started they should:

- Make sure they have an EORI number starting with GB; (see [www.gov.uk/eori](http://www.gov.uk/eori))
- Consider using a customs intermediary to make declarations for them;
- Check if their goods need an import or export License e.g. for chemicals or food and if so, apply for what they need;
- Make sure they understand their VAT responsibilities and what they may have to pay;
- Consider if they want to make use of deferred declarations if they import goods.
- Further info: <https://www.gov.uk/government/publications/how-to-import-and-export-goods-between-great-britain-and-the-eu-from-1-january-2021>



# Additional Points on Supply Chains

- Tariffs may apply from the 1<sup>st</sup> January; however, most are zero rated
- Delays could impact both access to feedstock or critical replacement parts. Worth getting reassurance from suppliers that contingencies are in place.
- Note that suppliers might face cash flow problems due to capital being tied up in more complicated port procedures. Worth checking what this could mean in terms of costs.
- If you are importing or exporting it is worth ensuring you are up to speed with declaration requirements. [Guidance available.](#)
- Similarly, if there will be new arrangements for movement of waste between GB and EU [Guidance available](#)



# Placing goods on the market from January 2021



## New Approach

Goods with a CE-marking may be placed on UK market until 1 January 2022 (and longer in some cases).

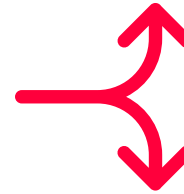
E.G. Toys, PPE, Machinery.



## Old Approach

Changes to existing standalone regulation models depend on specific goods.

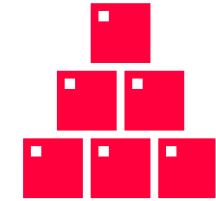
E.G. Chemicals, Vehicles, Aerospace.



## Non-Harmonised Goods

Mutual recognition will no longer apply to non-harmonised goods in the UK.

E.G. Foodstuffs, Furniture.



## Other Goods

There are special rules for some goods including medical devices, construction products, civil explosives and products requiring eco-design and energy labelling.

There are different rules for Northern Ireland – see slides on Northern Ireland



# Placing new approach goods on the market



If businesses have already placed CE marked goods on the EU or UK market before January 2021, they do not need to take any action for those goods.

## Placing CE marked goods on the GB market

- Businesses should take steps to prepare for the upcoming changes to the domestic regime at the earliest opportunity.
- CE marked goods that meet EU requirements can continue to be placed on the GB market in most cases until 1 January 2022.
- For most new approach goods, they will be able to affix the UKCA marking on a label affixed to the product or on accompanying documentation until 1 January 2023.

## Placing CE marked goods on the EU market

- If a business is placing manufactured goods on the EU market they must take steps to ensure compliance with EU requirements by 1 January 2021.



# Trading with Northern Ireland

The Northern Ireland Protocol comes into effect on 1 January 2021.

The Protocol entails some new administrative processes for traders, notably new digital import declaration requirements, and digital safety and security information, for goods entering Northern Ireland from the rest of the UK. Negotiations with the EU are still ongoing and full guidance will be provided by the end of the transition period.

For further guidance on moving goods under the Northern Ireland Protocol visit:

<https://www.gov.uk/government/publications/moving-goods-under-the-northern-ireland-protocol>

For further information on moving goods into, out of, or through Northern Ireland from January 2021, please visit: <https://www.gov.uk/guidance/moving-goods-into-out-of-or-through-northern-ireland-from-1-january-2021>

For more information on the Trader Support Service, visit: <https://www.gov.uk/guidance/trader-support-service>

# Industrial Emission Standards (BAT) Standards

The UK government is introducing secondary legislation under the EU Withdrawal Act 2018, and further legislation in the devolved administrations where required, to ensure the domestic legislation that implements the IED (including the Transitional National Plan) can continue to operate after Transition.

The UK government will make secondary legislation to ensure the existing BAT Conclusions continue to have effect in UK law after we leave the EU, to provide powers to adopt future BAT Conclusions in the UK and ensure the devolved administrations maintain powers to determine BAT through their regulatory regimes.

The UK government will put in place a process for determining future UK BAT Conclusions for industrial emissions. This would be developed with the devolved administrations and competent authorities across the UK.



# Hiring staff from outside the UK



Why do businesses need to take action?



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From 1 January 2021, free movement will end and the UK will introduce a points-based immigration system.



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The **new system** will introduce job, salary and language **requirements** that may impact the ability to hire from the EU.



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This system will enable UK employers to recruit **skilled workers from around the world**.



# Hiring staff from outside the UK



## What do businesses need to do?

From **1 January 2021**, if businesses want to recruit workers from outside the UK, they will need to ensure:

- They are a Home Office licensed visa sponsor;
- The job they are offering is at the required skill level – Regulated Qualifications Framework (RQF 3) or above (A Level and equivalent);
- The job they are offering is above the required minimum salary level;
- The candidate speaks English to the required standard.

## When does this need to be completed?

- If businesses are not already a licensed sponsor and they want to sponsor migrants through the skilled worker route from January 2021, **they should register now**.
- An application to become a licensed sponsor usually takes 8 weeks.





# Hiring EU citizens who already live in the UK



## What do businesses need to know?



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**From 1 January 2021**, free movement will end and the UK will introduce a points-based immigration system



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The new system will not apply to EU citizens living in the UK before 31 December 2020. They can apply to the EU Settlement Scheme before 30 June 2021.



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Businesses can search for 'EU Settlement Scheme: employer toolkit' on GOV.UK to find out more.



# Hiring EU Citizens Additional Points

While existing employees who are EU nationals can be expected to receive the necessary residency status, it is important to plan for cut-off dates and any differential status that might apply to new arrivals to the UK.

Consider upgrading your IT system to be able to track the nationality status of employees.

## ***Recognition of qualifications:***

Qualifications need to be recognised by the relevant regulator in the UK.

The UK will still recognise EEA and Swiss qualifications which are of an equivalent standard to UK qualifications. [Guidance available here.](#)

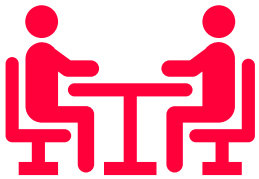


# Providing services to EU markets from January 2021



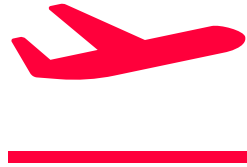
## Do businesses need to make changes?

If they operate in a service sector in the EU or EFTA countries (Norway, Liechtenstein, Iceland and Switzerland), they might need to make changes if at least one of the following applies:



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They are a UK-based supplier providing services to customers based in EU or EFTA countries



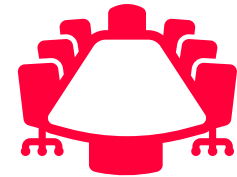
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They travel to the EU or EFTA countries for business



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They have a recognised professional qualification



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They own, manage or direct a company based in EU or EFTA countries



# Providing services to EU markets from January 2021



## What do businesses need to know?

- From January 2021, UK businesses and professionals will be treated by the EU as originating from a 'third country'.
- This means that there will be different rules that businesses need to comply with. The precise rules will depend on which Member State and what sector or sectors they operate in.
- Investment in EU or EFTA country businesses or the establishment of businesses within the EU and EFTA countries will also be affected.

## Further information

- To find more information, visit [gov.uk/transition](https://gov.uk/transition) and search for 'selling services to the EU'



# Check European rules on personal data transfers



## What do businesses need to know?

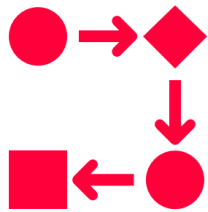
- The EU has an established way to allow for the unrestricted transfer of personal data to countries outside the EU called adequacy decisions.
- The EU's data adequacy assessment of the UK is underway, but if the EU has not made data adequacy decisions for the UK by 1 January 2021, businesses will need to act to ensure they can continue to lawfully receive personal data from the EU/EEA.
- Businesses also need to be aware of data obligations under the Withdrawal Agreement, which requires certain personal data to be protected in line with EU data law in the event the EU has not made data adequacy decisions for the UK.



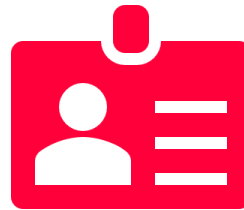
# Check European rules on personal data transfers



## What do businesses need to do?



If businesses receive data from the EU/EEA, they should map their data flows and put in place alternative transfer mechanisms with any relevant EU organisations.



Businesses should take stock of the personal data they hold prior to the 1 January 2021.



Businesses can put in place safeguards by incorporating standard contractual clauses. Search 'keep data flowing' on the ICO's website for more help.



***Ashley Hibben and Doran Hanlon, BEIS  
Climate and Energy – Trade and Europe  
Team***

Review of Energy Negotiation Issues



# 1. Energy Trading at the end of the Transition Period (GB – continental)

## GB-continent energy trading

- Trade of both electricity and gas over the interconnectors between GB and the EU will continue.
- Electricity interconnector capacity **won't be allocated** through the **EU's market coupling process**.
- **Explicit trading arrangements**, based on existing fallback systems, will operate for trading electricity between GB and the continent **in the day ahead timeframe**.
- GB power exchanges have indicated that **order book sharing for the GB day ahead auction will cease** from 1 Jan 2021.
- The final Single Day Ahead Coupled (SDAC) auction in GB is expected to take place on 30th December for delivery of electricity on 31st December 2020.
- Trading at the forwards and intraday timeframes between GB and the continent will be largely unchanged.

**Gas trading over interconnectors will** continue operating using similar trading arrangements to the present, using the PRISMA platform.

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# 1. Energy Trading at the end of the Transition Period (GB – SEM)

## GB-SEM electricity

- Electricity market participants should continue to trade within the SEM as normal from 1 January 2021.
- There will be alternative electricity trading arrangements between GB and the SEM.
- Trading between GB and the SEM on the day-ahead market will cease. Trading between **GB and the SEM using implicit intra day auctions will continue.**
- Market participants will continue to interact with the market in the same way but should be aware that alternative arrangements for GB SEM trading have been put in place.

**Gas trading over interconnectors will** continue operating using similar trading arrangements to the present, using the PRISMA platform.

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# 1. Energy markets regulation at the end of the Transition Period

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## REMIT requirements

- In Great Britain, the majority of the existing REMIT regime will be maintained domestically with minimal changes.
- Market participants in Great Britain who want to trade in EU wholesale energy markets, undertake cross-border trade, or trade within the Single Electricity Market, will need to register with an EU regulatory authority.
- Ofgem issued an open letter on 13 October 2020 confirming the REMIT arrangements that will apply in Great Britain from 1 January 2021.
- The process of re-registration in the EU is controlled by the EU's Agency for the Cooperation of Energy Regulators (ACER). ACER published guidance on re-registration on 8 January 2019.

- **Legislation:** all GB energy markets legislation to implement alternative trading arrangements for the end of the Transition Period has been delivered.
- **Licences:** Ofgem will publish licence changes in the new year.
- **No day one EU exit related inoperabilities** have been identified in industry codes and licences.

VISIT [GOVERNMENT/TRANSITION](#)



# 1. Guarantees of Origin (GoOs) at the end of the Transition Period

## GoOs

- We will continue to recognise GoOs issued in EU countries from 1 January 2021. **Electricity suppliers will not need to take any specific actions.**
- Electricity suppliers in the UK can continue to use EU GoOs and those issued in GB and Northern Ireland to comply with their fuel mix disclosure obligations and ensure that existing supply contracts are not compromised.
- We intend to review this in 2021 so that, longer term, domestic recognition of GoOs issued in EU countries will take place only on a reciprocal basis.

- GoOs issued in GB & NI will **no longer be recognised in the EU.**
- Existing contracts with EU countries' electricity suppliers or traders **may be compromised** if the contract terms require the transfer of a GoO recognised by the EU.

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## 2. Carbon pricing – 2020 Compliance



Businesses need to comply with UK emissions levels for 2020 by 30<sup>th</sup> April 2021.

Submit Verified Annual Emissions Reports by 31<sup>st</sup> March 2021.

Surrender equivalent allowance to 2020 verified emissions by 30<sup>th</sup> April 2021.

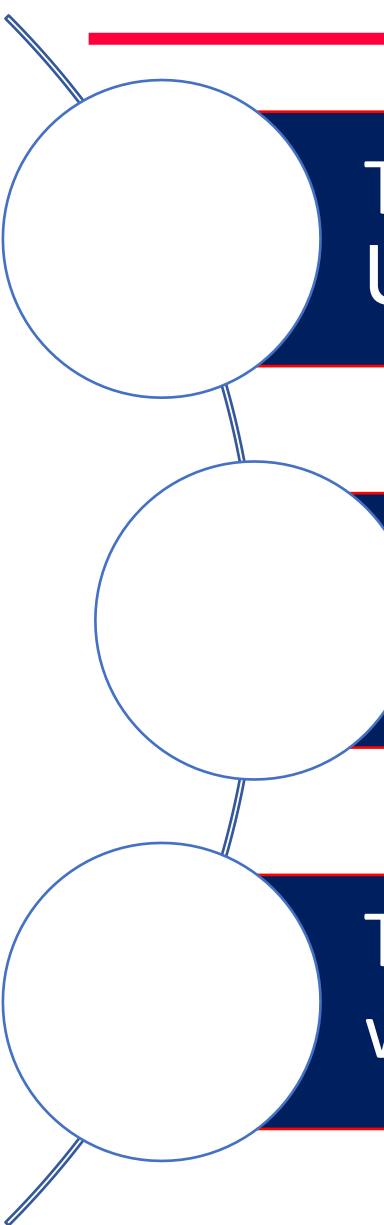
Sell any remaining allowances before losing access to their EU ETS accounts 30<sup>th</sup> April 2021.

If account holders wish to continue holding EU ETS allowances, open a trading account in EU Member State.



## 2. Carbon pricing policy

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The UK will have a robust carbon price - either through a UK ETS or Carbon Emissions Tax - in place on 1<sup>st</sup> Jan.


All the technical work and legislation necessary to operate a UK ETS is on track.

The requirements for operators covered by the EU ETS will remain similar whether we move to a UK ETS or CET.



### 3. Energy-related products labelling at the end of the Transition Period

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From 1 January 2021, products placed on the GB market must comply with relevant UK legislation which includes UK branding and English language text.

Products placed on the GB market must comply with minimum UK Ecodesign and Energy Labelling standards.

UK & EU suppliers placing products on EU or NI markets will have to enter relevant information into the EPREL database.

Products placed on the EU and NI markets must comply with minimum EU Ecodesign and Energy Labelling standards.



## 4. Offshore workers

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- From 1 January 2021, if you are coming to work within 12 nautical miles, or the UK landmass, then you need to apply for a [Skilled Worker](#) Visa unless your activities fall under business travel (previous slide).
- If you are working outside of the 12 nautical miles then a Skilled Worker Visa is not required. If you are working outside of the 12 nautical miles but need to transit through the UK landmass, you will need to apply for a [Transit Visa](#) unless you are a non-visa national (e.g. EU/EEA/Swiss nationals).
- EU, EEA or Swiss Frontier workers who are employed or self-employed in the UK but live elsewhere may be eligible to apply for a frontier worker's permit scheme.



## 6. Energy customs declarations

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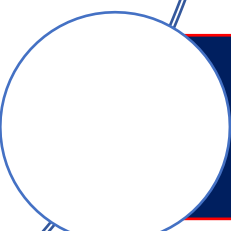
We will offer **two bespoke declaration processes** for energy movements via pipelines, cables and interconnectors collectively known as fixed transport installations (FTIs).



Operators of these FTIs will be responsible for customs processes for energy movements. **Business actions will be taken by FTI operators.**



FTI operators are engaging with HMRC already and should ensure that they have an EORI and the capacity to interact with HMRC Customs IT systems.



Stakeholders should engage with the relevant EU authorities to ensure that they remain compliant with EU customs procedures.





# State Aid

State aid continues to be a major stumbling block in EU negotiations, but also has implications for energy policy.

The UK have maintained a position of not wanting to be controlled by EU State Aid Rules following the transition period, while the EU have stated they will not agree a FTA unless the UK sets out their intentions for subsidy control.

Under EU State Aid any subsidy introduced by a member state must be pre-approved by the European Commission

For the UK this is a sovereignty issue, wanting to avoid any transfer of EU set rules. It remains up to the UK if they want to introduce subsidy control at all. A lot of countries do not have any subsidy control; however, it is a frequent requirement of an FTA.

Subsidy control also likely important to avoid subsidy race between devolved administrations.

After the Transition the UK will be bound by WTO anti-subsidy and countervailing measures, however due to a state-to-state enforcement mechanism these are generally seen as weak.

A UK Designed subsidy control mechanism could be better tailored to UK interests. This includes changing the scope of exemptions, increasing priority for support for renewables and clean technologies or infrastructure deployment that supports the energy transition. A independent regulator will be needed to control it.



# Further Information

- **gov.uk/transition**
- **REA Website: <https://www.r-e-a.net/work/brexit/>**
- **[msommerfeld@r-e-a.net](mailto:msommerfeld@r-e-a.net)**



# Thank You

msommerfeld@r-e-a.net

