

THE UK UNPLUGGED – BREXIT AND THE INTERNAL ENERGY MARKET

Energy Trading, Passporting and Financial Services Regulations

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BREXIT and Energy Trading

Enforceability of judgements from English courts in EU and vice versa:

- ▶ Most energy trading agreements are under UK or German law
- ▶ Essential that judgements re contracts are enforceable in the respective other jurisdiction
- ▶ Expected that this will apply as this is a fundamental issue for all sectors

Close-out netting arrangements and collateralisation

- ▶ Unclear, what insolvency regulation applies in UK after BREXIT
- ▶ Risk that close-out netting arrangements would no longer apply
 - In that case higher requirement for risk collateral

BREXIT and Energy Trading

Taxation:

- ▶ Risk that transactions between UK and EU counterparts would become subject to VAT in the UK and the EU
- ▶ Import/export declarations for power and gas may be required (burdensome)
- ▶ UK entities may be required to have a local presence in one EU member state to make import/export declarations

BREXIT and Financial Regulations

MIFID / EMIR

- ▶ Risk that financial licenses need to be duplicated to act in UK and EU
- ▶ MIFID equivalent legislation required in UK to access EU markets
 - UK favours a more relaxed approach towards MIFID commodity exemption
- ▶ Brokers and exchanges would need equivalent status (as some US exchanges just achieved)
 - Impact to the GNV calculation of EU based trading entities
 - Either equivalent status is achieved before BREXIT or brokers and exchanges would need an operating presence in the EU



THANK YOU

Time for discussion



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