



The likely impact of BREXIT on the UK Renewables Sector

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GROWING THE RENEWABLE ENERGY & CLEAN TECH ECONOMY

UK Politics & Brexit (or UK politics = Brexit?...)

- MPs 'clarify' their views
- Theresa May survived Conservative Party Leadership challenge December 2018
- Survived 'motion of no-confidence' in January 2019
- Biggest ever post-War defeat for a sitting Government for Withdrawal Agreement vote (230 votes)
- No Deal preparations intensified
- 'Considerable uncertainties' over coming weeks.....
But:
 - May committed to leaving and against second referendum
 - Corbyn committed to leaving and against second referendum
 - EU have said they will consider an extension to Article 50 but only if there was evidence of UK Parliament agreement on a way forward



Brexit: Where are we now?

- Amendments votes 29/02 'approve Withdrawal Agreement if Backstop altered. 'New' proposals to come back to parliament for 'Meaningful Vote' on the 13th February – Backstop and Withdrawal Agreement.
- Large number of Statutory Instruments have now been laid with a number still due. These amend existing legislation so that they continue to make sense post-Brexit. BEIS has 78, 24 relate to Energy and climate change. These are currently making their way through the clearing committees.
- No Deal Notifications Issued – designed to prepare industry for No deal scenario. REA have circulated briefings on most relevant Notifications including on energy trading, EU ETS involvement and maintaining climate targets.
- **No deal preparation has intensified, with significant amount of civil servant time being spent trying to get industries ready.**
- **REA have a number of meetings with BEIS over the next two weeks to learn more.**



Key Energy Issues

REA have spoken with BEIS and Treasury concerning Brexit Energy Issues:

- **Internal Energy Market:** Government aim to maintaining involvement, although not clear how. Suggests *good will* from the EU on this.
- **EU ETS:** Government intending to remain aligned but in **No Deal** scenario will introduce new Carbon Tax
- **EU Funding:** Government Underwriting EU funding out to 2020 in the event of No Deal
- **Rules of Origin:** Government starting to understand impacts on supply chains.
REA working with EURIS Taskforce.
- **Trade Remedies:** The government will establish its own Trade Remedies Authority through the Trade Bill.
REA working with the Manufacturing Trade Remedies Alliance

5 Initial Steps to Preparing your Business

These may not be relevant to all organisations, however all REA members (and delegates present today!) have supply chains and you need to know if they are going to be disrupted.

- 1. Map and Audit your Supply Chains:** Knowing where your inputs come from, and what product category they fall into can help assess any possible tariffs that might apply. This includes ensuring your suppliers are prepared, if they are not they might not be able to honour their contracts causing you delays.
- 2. Know your employees nationalities:** 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.
- 3. Ensure adequate cash flow for VAT and additional inventory**
Brexit poses a cash flow problem for trading companies because VAT will be charged at the border when importing goods and services plus more complex port procedures could mean businesses need to be prepared to carry out more inventory. This could increase costs from your suppliers.

Preparing your Business... continued

- 4. Audit all international contracts, you may need to renegotiate some** The legal provisions for importing and exporting that define who is responsible for shipping goods across borders has significant tax implications. In the event of no deal, your suppliers will need to ensure that contracts and International Terms and Conditions of Service reflect that they are now an international exporter or importer.
- 5. Understand your Intellectual Property rights** Intellectual property protection, including patents, trademarks, registered designs and copyright could all change after Brexit. The British Government's Brexit IP website seeks to reassure companies that such protections will still apply in the EU after Brexit, but it says it cannot give the same assurances for the UK. The Government says European patents will still apply in the UK but, according to the website, the UK is "exploring options" in other IP areas, such as trademarks and designs, because in many cases these will lapse after Brexit.

Available Government Guidance for *No Deal* Preparation

- Prepare your business for EU Exit
<https://euexitbusiness.campaign.gov.uk/>
- HMRC Partnership Pack: **Preparing for changes at the UK border after a ‘no deal’ EU exit**
<https://www.gov.uk/government/publications/partnership-pack-preparing-for-a-no-deal-eu-exit>
- UK’s future skills-based immigration white paper
<https://www.gov.uk/government/publications/the-uks-future-skills-based-immigration-system>
- Citizens’ rights in the event of a no deal Brexit
<https://www.gov.uk/government/publications/policy-paper-on-citizens-rights-in-the-event-of-a-no-deal-brexit>

No Deal Technical Notifications

<https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal> |



Thank you



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REA Awards Nominations open



Nomination forms in the room! Please speak to Mark Kelly