

## **Amendments to our regulatory frameworks in relation to the UK's exit from the EU**

The purpose of this note is to set out the Utility Regulator's position with respect to the changes that may need to be made to our regulatory frameworks for energy and water following the UK's exit from the EU.

As you know, the UK is due to leave the EU on 29 March 2019. At this stage, we cannot know with certainty whether that date will be pushed back following agreement with the EU 27, or on what basis the UK will depart.

The UK Government hopes to leave the EU with a withdrawal agreement in place. The current draft of the withdrawal agreement provides for a transition period until at least 31 December 2020 during which the UK will continue to apply EU law in much the same way as it does now.

Should the UK leave the EU without a withdrawal agreement, the European Union (Withdrawal) Act 2018 will preserve relevant EU law which directly applies in the UK at the date of exit, subject to amendments to ensure that the law thus preserved operates effectively.

Various provisions throughout our regulatory frameworks make reference to, or otherwise apply, EU law. How those provisions might need to change will depend on whether and how the UK will apply EU law following its exit from the EU, and any amendments that have been made to that body of law by the UK Government. The changes that might be required to our frameworks in the event of a 'no-deal' exit are different from those that might be required should there be a transition period under the withdrawal agreement.

The Utility Regulator has been in close contact with the relevant government departments, both in Northern Ireland and centrally over the last two years as the country prepares to leave the EU. We have already completed an analysis of the licences which govern the energy and water industries in Northern Ireland in order to identify those provisions which may be subject to change as a result of the UK's departure. These include provisions which make reference to EU law or EU agencies which may no longer be appropriate in the future.

However, because the nature of the changes that may be required is currently unclear, we do not intend to consult on any changes to the regulatory framework at this time.

Instead, we will continue to closely monitor developments over the coming weeks, liaising with the Department for the Economy in Northern Ireland and the Department for Business, Energy and Industrial Strategy, providing government with information which could be used to inform the approach to negotiations.

If the UK leaves the EU without a withdrawal agreement in place, we shall take steps to make the necessary amendments to manage that scenario.

Given the statutory process for amending licence conditions, we acknowledge that any such amendments will not be in place for 29 March. However, we do not currently foresee any disruption to the energy or water industries as a consequence.

We shall of course keep in close contact with licensees and stakeholders over the coming weeks and will publish further information notes as appropriate.