Brexit and energy: Time to make some hard choices
by Sir Philip Lowe
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Brexit means the UK faces some hard choices between economics and sovereignty with regard to its future energy policy. Splitting with the rest of the European Union could free the UK from the regulatory structures of the common European energy market and from restrictions on state aid. But the UK would also be turning its back on the advantages of an integrated European energy market including more competition, better security of supply and lower prices and generation costs

In a new policy brief 'Brexit and energy: Time to make some hard choices' for the Centre for European Reform Sir Philip Lowe, former Director General for Energy and for Competition at the European Commission, argues that the language as well as the economic and commercial reality of integrated, interconnected energy networks do not fit well with the Brexit that the majority of British voters backed. Furthermore, he notes that an overriding concern of the British government has been to release the UK from the control of EU institutions, agencies and courts, after at most a short transitional period.

The biggest energy policy challenge facing the UK and every other EU member-state is to guarantee that supplies of low-carbon electricity are affordable for households and competitive for businesses. Yet there is already a link between the UK's much higher wholesale energy prices and the relatively low level of energy interconnection between the UK and its European neighbours.

"If Brexit means the UK leaving the EU's single energy market, it will have to invest more in new electricity generating capacity, pay higher prices – arguably with less security of supply – and accept a bigger role for the state in the energy sector," Sir Philip writes in the paper.

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