

## Connecting Europe Facility energy funding if there's no Brexit deal

### Summary

How applying for and receiving energy grants from the Connecting Europe Facility (CEF) fund would be affected if the UK leaves the EU with no deal.

### Detail

If the UK leaves the EU in March 2019 without a deal, find out how this would affect:

- Projects of Common Interest (PCIs)
- receiving grants from the Connecting Europe Facility

A scenario in which the UK leaves the EU without agreement (a 'no deal' scenario) remains unlikely given the mutual interests of the UK and the EU in securing a negotiated outcome.

Negotiations are progressing well and both we and the EU continue to work hard to seek a positive deal. However, it's our duty as a responsible government to prepare for all eventualities, including 'no deal', until we can be certain of the outcome of those negotiations.

For two years, the government has been implementing a significant programme of work to ensure the UK will be ready from day 1 in all scenarios, including a potential 'no deal' outcome in March 2019.

It has always been the case that as we get nearer to March 2019, preparations for a no deal scenario would have to be accelerated. Such an acceleration does not reflect an increased likelihood of a 'no deal' outcome. Rather it is about ensuring our plans are in place in the unlikely scenario that they need to be relied upon.

This series of technical notices sets out information to allow businesses and citizens to understand what they would need to do in a 'no deal' scenario, so they can make informed plans and preparations.

This guidance is part of that series.

Also included is an [overarching framing notice](<https://www.gov.uk/government/publications/uk-governments-preparations-for-a-no-deal-scenario/>) explaining the government's overarching approach to preparing the UK for this outcome in order to minimise disruption and ensure a smooth and orderly exit in all scenarios.

We are working with the devolved administrations on technical notices and we will continue to do so as plans develop.

## **Purpose**

This notice sets out how project promoters of Projects of Common Interest applying for, and receiving, grants from the Connecting Europe Facility would be affected if the UK leaves the EU with no deal.

### **Before 29 March 2019**

The Trans-European Networks-Energy (TEN-E) regulation sets out the criteria and process for an energy project to earn the status of Project of Common Interest (PCI) (key infrastructure projects that are of EU benefit, especially cross-border projects, that link the energy systems of EU countries) including benefiting from a streamlined permitting process. PCI status is the first step for a project to be eligible for a CEF energy grant award under the linked CEF regulation, which provides the possibility of part funding PCI energy projects for studies and construction. The full eligibility criteria for CEF awards is set out in the TEN-E regulation.

The Innovation and Networks Executive Agency (INEA) has been appointed by the European Commission to manage the CEF fund on its behalf and to put in place the necessary grant agreements. CEF is funded from the EU budget to which the UK is a net contributor.

Grant agreements detail the specific tasks and timelines of the work to be carried out. An upfront award payment for a proportion of the grant award can be made but the remainder of the award is not paid out until all the tasks have been certified as complete.

### **After March 2019 if there's no deal**

In a 'no deal' scenario, the government guarantee means that UK organisations will be able to continue as beneficiaries of CEF energy grant awards that have been made or agreed before exit day without disruption.

The CEF regulation as it applies in UK domestic law will be revoked and specific powers will be introduced to enable payment of the awards in place of the CEF grant awards. Any CEF energy grant awards to UK organisations, which are not honoured in full by the European Commission/INEA, will be underwritten. Similar conditions and certification requirements will apply as with the INEA grant agreements. This will

include CEF energy grant awards to UK organisations in respect of PCIs in the devolved administrations.

The linked TEN-E regulation as it applies in UK domestic law will also be revoked, with a saving provision in respect of the streamlined permitting process for PCIs in Great Britain and Northern Ireland. This means that where the statutory permit granting procedure for a PCI had already started before exit day, the project will still be able to benefit from the streamlined permitting process until conclusion of that permitting process.

## **Implications**

The developers of the relevant projects (PCI project promoters) should be able to progress their PCIs in the knowledge that CEF energy grants awarded to UK organisations before exit will be underwritten by the government guarantee. The PCI streamlined permitting process will also continue for a limited period.

## **Actions for businesses and other stakeholders**

The government guarantee means that, in the unlikely event that the UK leaves the EU with no agreement in place, UK organisations benefiting from CEF energy grant awards will be able to continue without disruption. The Department for Business, Energy and Industrial Strategy (BEIS) will be in contact with relevant project promoters if the guarantee needs to be put into effect.

## **Further information**

For more information on the government's underwrite guarantee, please see the technical notice on this area [HMT technical notice on the Guarantee](<https://www.gov.uk/government/publications/the-governments-guarantee-for-eu-funded-programmes-if-theres-no-brex-it-deal/the-governments-guarantee-for-eu-funded-programmes-if-theres-no-brex-it-deal>)

This notice is meant for guidance only. You should consider whether you need separate professional advice before making specific preparations.

It is part of the government's ongoing programme of planning for all possible outcomes. We expect to negotiate a successful deal with the EU.

The UK government is clear that in this scenario we must respect our unique relationship with Ireland, with whom we share a land border and who are co-signatories of the Belfast Agreement. The UK government has consistently

placed upholding the Agreement and its successors at the heart of our approach. It enshrines the consent principle on which Northern Ireland's constitutional status rests. We recognise the basis it has provided for the deep economic and social cooperation on the island of Ireland. This includes North-South cooperation between Northern Ireland and Ireland, which we're committed to protecting in line with the letter and spirit of Strand two of the Agreement.

The Irish government have indicated they would need to discuss arrangements in the event of no deal with the European Commission and EU Member States. The UK would stand ready in this scenario to engage constructively to meet our commitments and act in the best interests of the people of Northern Ireland, recognising the very significant challenges that the lack of a UK-EU legal agreement would pose in this unique and highly sensitive context.

It remains, though, the responsibility of the UK government, as the sovereign government in Northern Ireland, to continue preparations for the full range of potential outcomes, including no deal. As we do, and as decisions are made, we'll take full account of the unique circumstances of Northern Ireland.