



# Department for Energy Security & Net Zero

**Rt Hon Graham Stuart MP**  
Minister of State at the Department for  
Energy Security & Net Zero

**Department for Energy Security & Net  
Zero**  
1 Victoria Street  
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Sir William Cash MP  
European Scrutiny Committee  
House of Commons  
London  
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[www.gov.uk](http://www.gov.uk)

27 February 2023

Dear Bill,

Thank you for your letter of 25<sup>th</sup> January regarding our Explanatory Memorandum of 13<sup>th</sup> December 2022, and the Cost Benefit Analysis (CBA) on possible designs for new efficient UK-EU electricity trading arrangements, based on the concept of 'multi-region loose volume coupling' (MRLVC). The Government recognises the potential of the North Seas in helping the UK to meet its offshore wind, interconnection and net zero ambitions. MRLVC offers the best route to deliver efficient trading across current and future interconnectors.

The Government agrees that commercial and regulatory frameworks for future North Seas energy infrastructure must be considered alongside the development of MRLVC. We have recently signed a Memorandum of Understanding with North Seas Energy Cooperation (NSEC) countries and the EU. This will enable us to share information related to North Seas infrastructure projects and work together to establish an appropriate commercial and regulatory environment. The Government is also working on a range of domestic policies to support these aims and to ensure that potential interactions with MRLVC are considered as these frameworks are developed.

Regarding your questions on whether data access provisions in Annex 29 of the TCA could limit the effectiveness of North Sea offshore renewable energy cooperation, the CBA completed by UK and EU transmission system operators (TSOs) in April 2021 shows the potential benefits of more efficient electricity trading arrangements for offshore renewables development whilst also maintaining our independence from the EU's Internal Energy Market. The SCE Recommendation which this EM refers to is designed to obtain further analysis from the TSOs, including on how the TCA data provisions can be met to support the efficient design and delivery of MRLVC.

The Specialised Committee on Energy (SCE) must ensure these new arrangements are developed as a matter of priority, as set out in Articles 312 and 317(2) and Annex 29 of the TCA. It is the role of the SCE to make recommendations and decisions as necessary to ensure the effective implementation of the articles of the Energy Title for which it is responsible, including Annex 29. At its most recent meeting in September 2022 both Parties reiterated their commitment to discharging these obligations.

I am copying this response to Darren Jones MP, Chair of the Business, Energy and Industrial Strategy Committee and Kenneth Fox, Clerk of the Committee; Lord Kinnoull, Chair of the House of Lords European Affairs Committee, and to Nick Boorer, that Committee's Clerk; to the Parliamentary Scrutiny team; and to Les Saunders in the FCDO.

Yours ever,

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