Council of the European Union

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LIMITE

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PUBLIC

LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject:	COUNCIL DECISION authorising the opening of negotiations with the United Kingdom of Great Britain and Northern Ireland for an agreement on the participation of the United Kingdom of Great Britain and Northern Ireland in the internal electricity market of the Union and an agreement on the financial contribution of the United Kingdom towards reducing economic, social and territorial disparities between the regions of the Union

COUNCIL DECISION (EU) 2026/…

of …

authorising the opening of negotiations
with the United Kingdom of Great Britain and Northern Ireland
for an agreement on the participation
of the United Kingdom of Great Britain and Northern Ireland
in the internal electricity market of the Union
and an agreement on the financial contribution of the United Kingdom
towards reducing economic, social and territorial disparities
between the regions of the Union

PUBLIC

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article194(2), first subparagraph, Title XVIII, Part Three, in particular Articles 175, third subparagraph, Article 177 and 178, in conjunction with Article 218(3) and (4) thereof,

Having regard to the recommendation from the European Commission,

Whereas:

(1) The Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part[1](the 'Trade and Cooperation Agreement') was concluded by the Union and the European Atomic Energy Community on 30 December 2020 and entered into force on 1 May 2021. It is, together with the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community[2] (the 'Withdrawal Agreement'), the cornerstone of bilateral relations between the Union and the United Kingdom of Great Britain and Northern Ireland (the 'United Kingdom').

(2) On 31 December 2020, when the transition period provided for in the Withdrawal Agreement ended, Union law ceased to apply to the United Kingdom, and the Protocol on Ireland/Northern Ireland (the Windsor Framework)[3], which forms an integral part of the Withdrawal Agreement, became applicable.

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1 OJ L 149, 30.4.2021, p. 10, ELI: http://data.europa.eu/eli/agree_internation/2021/689(1)/oj.
2 OJ L 29, 31.1.2020, p. 7, ELI: http://data.europa.eu/eli/treaty/withd_2020/sign.
3 OJ L 102, 17.4.2023, p. 87.

(3) Since 1 January 2021, the electricity markets of the Union, on the one hand, and the United Kingdom, on the other hand, have been separated from each other and, therefore, separate legislation and policies have applied to them. However, provisions of Union law governing wholesale electricity markets, as well as, inter alia, certain rules of relevant Union law on the environment and State aid, continue to apply to and in the United Kingdom in respect of Northern Ireland, in accordance with Articles 9 and 10 of, and Annexes 4 and 5 to, the Windsor Framework, underpinned by the Withdrawal Agreement's general, as well as the Windsor Framework's specific governance arrangements.

(4) Article 299 of the Trade and Cooperation Agreement provides for the objectives of the energy cooperation, which are to facilitate trade and investment between the Union and the United Kingdom in the areas of energy and raw materials, and to support security of supply and environmental sustainability, notably in contributing to the fight against climate change in those areas.

(5) More specifically, Article 311 of the Trade and Cooperation Agreement establishes high level principles for the efficient use of electricity interconnectors and Article 312 thereof establishes rules for electricity trading arrangements at all timeframes. For capacity allocation and congestion management on the day-ahead market, the Trade and Cooperation Agreement requires the development of arrangements in accordance with the concept of multi-region loose volume coupling as set out in Annex 29 to the Trade and Cooperation Agreement. However, those arrangements have proven more difficult to implement than was originally anticipated.

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(6) As part of the outcomes of the United Kingdom-European Union summit of 19 May 2025, the European Commission and the United Kingdom shared the view that close cooperation on electricity is in the interest of both the Union and the United Kingdom and agreed to explore in detail the necessary parameters for the United Kingdom's possible participation in the Union's internal electricity market, including its participation in Union trading platforms in all timeframes. Since that summit, the European Commission and the United Kingdom have identified those necessary underlying parameters.

(7) To ensure a balance of rights and obligations between the Union and the United Kingdom, the negotiation of an agreement on the participation of the United Kingdom in the internal electricity market of the Union should be conducted in parallel with the negotiation of an agreement establishing a legally binding mechanism for the appropriate financial contribution of the United Kingdom towards reducing economic, social and territorial disparities between the regions of the Union. The latter agreement should ensure an appropriate level of financial contribution that reflects the level of the United Kingdom's participation in the internal market of the Union.

PUBLIC

(8) Negotiations should therefore be opened with the aim of simultaneously concluding and applying two agreements with the United Kingdom on the participation of the United Kingdom in the internal electricity market of the Union and on the financial contribution of the United Kingdom towards reducing economic, social and territorial disparities between the regions of the Union. The Commission should be nominated as the Union negotiator,

HAS ADOPTED THIS DECISION:

PUBLIC

Article 1

1. The Commission is hereby authorised to open negotiations with the United Kingdom for:

   (a) an agreement on the participation of the United Kingdom in the internal electricity market of the Union; and

   (b) an agreement on the financial contribution of the United Kingdom towards reducing economic, social and territorial and social disparities between the regions of the Union.

2. The negotiations shall be conducted on the basis of the negotiating directives of the Council set out in the addendum to this Decision, subject to any directives which the Council may subsequently issue to the Commission.

Article 2

The Commission is hereby nominated as the Union negotiator.

PUBLIC

Article 3

The negotiations shall be conducted in consultation with the Working Party on the United Kingdom, acting as a special committee in accordance with Article 218(4) of the Treaty on the Functioning of the European Union.

Article 4

This Decision is addressed to the Commission.

Done at …, …

For the Council
The President

PUBLIC