

THE CONVERSATION

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Electricity bills could rise if Brexit threatens Northern Ireland's unique energy agreement with Ireland

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The two countries have been collaborating in a single electricity market for more than a decade.
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Given the deluge of coverage, comment and analysis of the UK's chaotic exit from the EU, it's tempting to conclude that the exhausting subject of Brexit has been talked into the ground and analysed to death.

But that is far from true. Take the issue of the Irish border. Many keenly understand that creating a hard border between Northern Ireland and the Republic of Ireland would threaten the fragile peace that has held for two decades since 1998's Good Friday Agreement.

Theresa May's proposed withdrawal agreement – which goes to a parliamentary vote on December 11 – endeavours to avoid a hard border if the UK and EU cannot reach an alternative agreement, by temporarily aligning Northern Ireland with some EU single market rules, and the UK as a whole with EU customs rules.

Before the Good Friday Agreement, the border was heavily fortified and crossings were tightly controlled. Its post-1998 incarnation is more than just an improvement in practical terms; it has come to symbolise progressive peace and openness in a place marked by violence and militarised division.

The border's uncertain future in light of Brexit has attracted a tremendous amount of attention – and rightly so, given its enormous importance. But Brexit's cyclops eye struggles to look meaningfully at more than one dimension of an issue at a time, and other areas that are crucial to people's everyday lives are being neglected. One key issue concerns the potentially damaging impact of Irish border divisions on Ireland's all-island energy market.

ISEM - The Integrated Single Electricity Market - social media ve...



A unique energy market

Northern Ireland and the Republic of Ireland operate an **Integrated Single Electricity Market (ISEM)**, which covers most energy generation on the island. This bespoke market is regulated by a special committee composed of northern and southern regulators, and overseen by a **Single Electricity Market Operator (SEMO)**.

This groundbreaking set up was created in 2007 by the then Northern Ireland secretary, **Peter Hain**, during a period of direct Westminster rule, after **devolution** had collapsed. Working in tandem with the Irish government, Hain's team drew the northern and southern electricity markets together into a single all-island market, with most of the island's electricity bought and sold through one overall market. A two-party legislative framework locked the ISEM in place on either side of the border, supported by a "**memorandum of understanding**" between the two governments.

Energy is a devolved matter under the UK's constitutional arrangements, and when devolution was restored in 2007 the reins were passed to the Stormont administration, which continued to operate the electricity market jointly with the Irish government. The **Democratic Unionist Party's** alleged **mismanagement of a renewable heat incentive scheme** has since collapsed the devolved institutions **once more**, and so the Northern Irish elements of the ISEM are currently being overseen by Belfast civil servants until the situation can be resolved.

The ISEM improved on the conditions that preceded it, increasing competition and dampening consumer prices. It has also bolstered north-south energy security, and has had positive effects on

energy efficiency and integrating renewable energies.

The Brexit effect

But Brexit is currently pulling this UK-Ireland innovation in opposite directions. A target model has been issued by the EU that requires member states such as the Republic of Ireland to strive for greater energy integration, whereas the Northern Irish/UK momentum is disengaging from the EU initiative as a consequence of Brexit.

Meabh Cormacain, manager of the Northern Ireland Renewables Industry Group (NIRIG), offered insightful comment on this crucial issue, suggesting that the Irish border might function as an “electric fence”, cutting the ISEM market in two if Brexit is not carefully managed. Consumers on both sides will bear the brunt of any diplomatic failure because it will likely increase their energy costs over time.



Renewable energies are an important part of the unique single market operation. SSE Ireland

It has been pointed out that these difficulties might be solved if Northern Ireland continues to operate as a distinct zone within the UK that remains largely subject to EU law in this area post-Brexit, meaning Northern Ireland would continue to be in regulatory alignment with the republic. May's withdrawal agreement by and large adopts this approach.

While sticking with this type of collaborative approach clearly solves problems, I suggested in a recent lecture to the Irish energy industry that it seems undemocratic to subject Northern Irish citizens to significant EU energy laws while depriving them of the democratic mechanisms to influence those laws – bearing in mind Northern Ireland will have left the EU along with the rest of the UK.

At any rate, the overall principle is clear: the ISEM is a novel, bespoke energy market specific to the island of Ireland, and so its preservation and maintenance will require a similarly novel, bespoke set of agreed UK-EU arrangements for the post-Brexit period. May's proposals may achieve this in practice, but it seems unlikely that the UK parliament will vote in favour of her deal as a whole.

The Irish and UK governments support the protection and continuation of the ISEM, as does the European Commission. With the Brexit clock ticking down to the make-or-break parliamentary vote in December, the sooner the parties responsible can agree on the specific policies that will underpin arrangements for the future, the better. Markets need certainty – and so do the people of Northern Ireland.

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