



UK to Withdraw from Energy Charter Treaty

March 12, 2024

Reading Time : **1 min**

By: Justin Williams, Alex Harrison, Kambiz Larizadeh

On 22 February 2024, the UK announced it is withdrawing from the Energy Charter Treaty (ECT) on the basis that it is incompatible with the energy transition, being the 11th state to do so. However, ECT protections for existing renewable and fossil fuel investments will continue for another 20 years, and new investments may be structured to be protected under other investment treaties.

A feature of the energy transition is investor-state claims related to changes in government support for the transition (as seen with the raft of claims against Spain for its change of policy for solar projects in the 2010s) and the imposition of policies to restrict production and use of fossil fuels (such as the claims against the Netherlands for prohibiting coal-fired power generation and against Italy for banning oil and gas exploration). Such claims are typically brought under investment treaties which provide protections for cross-border investments, including in fossil fuels, and have been criticised as being negative to the transition. A key investment treaty in this area is the ECT, but efforts to reform it have so far been unsuccessful—and the UK has now announced it is withdrawing, following the course taken by 10 other states including Germany, Spain, France and the Netherlands. However, under the ECT's “sunset clause”, qualifying investments made prior to the date of withdrawal will continue to be protected for the next 20 years. Further, new investments may still be protected if they are structured to fall under other investment treaties. Therefore, investor-state claims will continue to be brought.

Read more in our [full client alert here](#)

Categories

Energy Regulation, Markets & Enforcement

Energy

Energy & Infrastructure

© 2024 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. Prior results do not guarantee a similar outcome. Akin is the practicing name of Akin Gump LLP, a New York limited liability partnership authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG. For more information about Akin Gump LLP, Akin Gump Strauss Hauer & Feld LLP and other associated entities under which the Akin Gump network operates worldwide, please see our Legal Notices page.