

STATES OF JERSEY



OFFSHORE WIND (P.82/2023): AMENDMENT (P.82/2023 AMD) – COMMENTS

Presented to the States on 12th April 2024
by the Council of Ministers

STATES GREFFE

COMMENTS

Introduction

Ministers' comments are not a reflection on the many skills and undoubted value Jersey Electricity would bring to such a project. Indeed, the Minister for the Environment has welcomed their offer to act as a trusted partner to government on offshore wind, and recently met with both the Chief Executive and Chair of the Jersey Electricity Board to discuss the many positive aspects of Jersey Electricity's current involvement in helping to deliver our net zero policies on heating and transport. Other ministers enjoy similarly constructive and close working relationships and collectively recognise and welcome Jersey Electricity's ambition to support the island's continuing the journey to carbon neutrality and will continue to work constructively with them on this and in multiple other areas.

However, this amendment cannot be accepted, and Ministers urge that the Assembly reject it. The States Assembly should not accept tying in such a partnership at this early stage of the project. Ministers have serious concerns about the amendment, as follows:-

- The amendment and the report assume that any proposed windfarm would have a French connection; how does the Deputy know this is the best option for the Island? There is a long way to go before we know whether this is in the best interest of the island. All connection options are still on the table, including looking at connection to the UK, France, Jersey or any combination of these. We cannot assume one option is best without doing the full analysis and assessment. If a connection to France is the best option this is not simply or solely about a commercial arrangement with RTE and EDF. The report does not acknowledge or fully recognise the important political and diplomatic discussions and negotiations that would be needed for any kind of connection into the European or UK grid.
- Agreeing a formal policy development partnership as set out in the report would place unhelpful restrictions on Jersey Electricity's potential future participation in any commercial aspects of the offshore wind project, and also potentially other aspects of energy policy development and delivery. This would compromise our capacity and ability to achieve the targets that have been set on behalf of islanders, would be damaging reputationally and to our working relationship with JE, and could unnecessarily restrict future policy choices.

Ministers welcome the fact that Jersey Electricity have, and will continue to, work appropriately with us in important and constructive ways. In particular, their expertise in network infrastructure will be invaluable when it comes to exploring options for transmitting electricity from an offshore station if we land electricity in Jersey, and their existing networks may bring added insight to commercial discussions.

Ministers' considered view is it is simply too early to define this as tightly as the amendment asks at the current time.

Commercial conflict of interest

- The amendment tightly describes future working relations with Jersey Electricity in language that is unhelpfully specific. It has not been solicited by

Ministers, the policy team working on the detail of the issues or by Jersey Electricity, and would directly impact existing and productive joint working on this project by restricting options both in terms of policy development and commercial interest. Now is not the time for that.

- Jersey Electricity have advised ministers and made clear in the media that they would be interested to seek a commercial interest in a potential future project. Yet the report proposes that Jersey Electricity representatives would sit alongside government officers in all aspects of policy making. It would clearly be wrong for Jersey Electricity to be central to developing and setting the policy and parameters for a commercial process that they wish to benefit from. This simply does not meet any kind of impartiality test and is a very clear conflict of interest.
- This conflict would be apparent to potential developers and investors and should be expected to have implications for the commercial leasing phase.
- As members will recognise, we still need to decide the fundamentals before we commit to any working relationship with Jersey Electricity, or any other organisation for that matter. This includes providing time for government, as the majority shareholder in Jersey Electricity, to come to its position – on behalf of islanders – about how it wishes the company to be involved in the project. The recent public consultation showed significant interest from islanders to explore both public private and community ownership models. This work should be done before any formal agreement about joint working.
- Only when we have decided the fundamentals of the policy, such as the route to market for energy from the windfarm, will it be appropriate to conclude the discussion on the right role for Jersey Electricity. I welcome that discussion in the future but now is not the time.

Role of minority shareholders

Jersey Electricity is a public limited company. It is wrong to assume – as the report to the amendment does – that all aspects of an offshore wind project would be appropriate for the company to undertake without further analysis. Importantly, Government is not the full shareholder of Jersey Electricity ; government owns just 62% of the ordinary share capital albeit with 86.4% of the voting rights. The report does not confirm that the minority shareholders have had any chance to consider these issues before they are decided for them.

The consequence of the amendment would mean that Jersey Electricity would attend all meetings, giving the minority shareholders potentially indirect access to government policy making. We do not know who the minority shareholders in Jersey Electricity are other than there are multiple individual investors, including Islanders.

Conclusion

Should P.82/2023 receive the support of the Assembly, Ministers are committed to working with Jersey Electricity in all appropriate ways and fully recognise the value they will bring value to the project.

However, the amendment is premature. It is not thought through and does not recognise the potentially serious consequences and conflicts of interest that it would cause and the risks it raises.

Ministers cannot accept the amendment and urge other members to reject it. The time to formally define Jersey Electricity's role in any project is at a future point when full consideration has been given to all the issues raised here.