

3.12 Deputy C.F. Labey of Grouville of the Minister for Treasury and Resources regarding the implementation of additional charges by commercial renewable energy producers: [1(231)]

Will the Minister, as shareholder representative, advise whether Jersey Electricity is looking to implement an additional charge to commercial renewable energy producers from November 2017? If so, will he request an explanation of the justification for this measure?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

Sir, if I may, I have asked my Assistant Minister to take this question, as he has responsibility for this area.

Connétable J.M. Refault of St. Peter (Assistant Minister for Treasury and Resources - rapporteur):

First of all, I must apologise through the Chair to the Greffier for not asking his permission before circulating the note which has just gone round to Members this morning. I have done that in order to apprise Members. As they will note it was dated 10th November 2016 and was circulated to the media advertising the changes that were going to be put in place or that are going to be put in place on 1st November this year. I will not read out any more of the detail in there, other than I would ask Members to look at paragraph 3, where we talk about the charges that will only be going to commercial customers. If we look further down at the bottom paragraph on the front page: "Domestic customers with embedded generation will not incur the standby charges."

3.12.1 The Deputy of Grouville:

Yes, this letter was put on our desks about 30 seconds ago, so forgive me if I have to ad lib a bit. This is standby charges; I am talking about a commercial charge for renewables. My question is: is it appropriate for a private company that is unregulated with a monopoly on electricity that posted a post-tax profit of £11,642,000 in 2016 to be instigating a charge on the commercial renewable energy producers, thus making it uneconomical or unviable for anyone, other than Jersey Electricity, to produce renewable energy?

The Connétable of St. Peter:

Yes, it is entirely appropriate. Well, J.E.C. (Jersey Electricity Company) is not wholly owned by the States. We own, I think, around about 60 per cent with 80 per cent of the voting rights. But the requirement is they are listed on the Stock Exchange to make profit, as any businesses do do, so, therefore, yes, it is appropriate. However, there are many businesses currently in Jersey, data centres, hospitals, airports that all run their own standby supplies, irrespective of J.E.C. Equally, this morning out of curiosity I went online and I can purchase for £1,200 a 6 kWh generator which would be more than enough to satisfy a small business. If a small business wanting to not incur the power renewables, did not want to incur the up to £2,000 standby charges, they could simply buy their own standby generator and I am sure many of them have already done that. No, I cannot agree, it is not appropriate. We expect these companies to make profits and return those profits to us as dividends and, in doing so, keep their prices down as far as possible to consumers.

3.12.2 Deputy G.P. Southern:

Does the Assistant Minister not consider that it is entirely inappropriate that this company should be heading in a direction opposite to that of its Government when it seeks to achieve social, economic and, indeed, environmental benefit by the use of alternative methods of generation of electricity?

The Connétable of St. Peter:

I think one needs to really look at what the J.E.C. does and if Members were to look at their annual report you will see the amount of work they already do in the economic and environmental areas.

[11:15]

One particular one in which I have been involved in is the planting of elm trees in Jersey, wholly sponsored by the J.E.C., to help improve the environment. They are also doing as much as they possibly can to encourage more and more people to use electric vehicles, Jersey Post and, I think, Jersey Telecom have a few already, to help to improve the situation here, the environmental situation here in Jersey.

3.12.3 Deputy G.P. Southern:

Surely it is our policy that we should be encouraging the use and the generation of small-scale electricity on the Island by small units, is it not?

The Connétable of St. Peter:

As I said previously, domestic customers who wish to put up a small wind turbine or photovoltaic cells on their doors will not be charged a standby charge at all.

3.12.4 Deputy M. Tadier:

I think it is related but does the Minister find it strange that the Government, of which he is a part, does not have any targets for sustainable or renewable energy? There is clearly going to be some kind of interaction between an absence of policy or certainly an absence of any measureable policy and what we essentially allow Jersey Electricity to do in this regard.

The Connétable of St. Peter:

I do not think initially that we allow them to do anything. They are a freestanding company working in a commercial environment and it is up to them to do that. With regard to the policy, the ongoing policy of the government, different elements of that are coming up. Certainly, the Minister for Environment is very keen on improving wherever he possibly can and has been in discussions of his own as well, I believe, or so I am advised. Equally, the Minister for Infrastructure is also working towards more sustainable targets regarding waste disposal and waste recycling.

3.12.5 Deputy K.C. Lewis:

My apologies, I have not had the chance to study the document in detail. Would the Assistant Minister confirm that this will have no bearing whatsoever on the tariffs and electricity produced by the Energy from Waste plant?

The Connétable of St. Peter:

No, I cannot, the reason being I am not aware of the contractual details that are currently in place between the Minister for Infrastructure and the J.E.C. in this regard.

3.12.6 The Deputy of Grouville:

Does the Minister think that Jersey should continue to import over 90 per cent of its electricity from the Continent and be at risk from fluctuating currency prices and exposure to Brexit or does he believe that J.E.C. ought to be part and at the forefront of producing renewable energy?

The Connétable of St. Peter:

In short, the answer is yes to all parts of the Deputy's question.