

# STATES OF JERSEY



## **ENERGY POLICY (S.R.12/2013): RESPONSE OF THE MINISTER FOR PLANNING AND ENVIRONMENT**

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**Presented to the States on 7th January 2014  
by the Minister for Planning and Environment**

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**STATES GREFFE**

**ENERGY POLICY (S.R.12/2013): RESPONSE OF THE MINISTER FOR  
PLANNING AND ENVIRONMENT**

<b>Ministerial Response to:</b>	S.R.12/2013
<b>Ministerial Response required by:</b>	9th January 2014
<b>Review title:</b>	Energy Policy
<b>Scrutiny Panel:</b>	Environment

**INTRODUCTION**

The Minister welcomes the Environment Panel's report on the Energy Plan: Pathway 2050 and is grateful for their thorough consideration of this important document.

The Minister would like to thank the Scrutiny Panel, their officer and the Panel's advisor (Roger Levett) for the detailed consideration they have given to this wide-ranging and complex subject. The Minister would also like to thank all those that gave evidence to the Scrutiny Panel in the 15 public hearings with energy providers, energy experts, representatives of industry, pressure groups and Ministers.

The set of recommendations is very beneficial in suggesting how this cross-departmental policy should be progressed. I value the Panel's thoughts on this matter and recognise, as they do, the cross-cutting nature of the subject of energy and the requirement for its importance to be recognised beyond just the scope of the environment ministry. I have outlined my approach to progressing the Energy Plan through the States Assembly in my response below.

The Panel's recommendations outlining some suggested key priorities for action within the next 12 months are welcomed. Again I find much common ground. The Panel have noted that if there is to be any criticism of the Plan, it is less focussed on delivery than they would like. The Panel's suggested priorities for action fit well with my own, and will allow the Department to direct their activity in the first implementation phase of the Energy Plan. I am delighted that the Panel agree that a priority is the considered expansion of the Energy Efficiency Service into the able-to-pay sector. Helping Islanders to minimise their energy use is one of the key areas in which the 3 goals of the plan – energy sustainability, security and affordability – can all be met. It is a key priority of mine to address the energy efficiency of much of the existing housing stock, ensuring that people live in warmer homes, have more affordable bills and that the Island's carbon footprint is lessened and its reliance on the importation of fossil fuels is minimised.

## FINDINGS

	<b>Findings</b>	<b>Comments</b>
1	<i>The 80% carbon reduction target in the draft Plan is justified by climate science and consistent with many other jurisdictions.</i>	The Panel's comments are accepted and are consistent with the Plan.
2	<i>Jersey has a responsibility to contribute to global efforts to combat climate change. Doing so will improve resilience to uncertain energy futures, and could potentially enable the Island to benefit from UK and European carbon reduction commitments.</i>	The Panel's comments are accepted and are consistent with the Plan.
3	<i>Extending Eco-Active Energy Efficiency Service activities into the 'able to pay' sector should improve energy efficiency standards in existing buildings, but a careful approach will be needed to ensure that new initiatives are effectively targeted and provide value for money.</i>	The Panel's comments are accepted. Action statement 3 will be expanded to incorporate this finding in more detail. The EES business plan will be revised to include the development of programmes for the 'able-to-pay' sector. The development of new initiatives will be based on good practise and will be subject to an economic evaluation prior to implementation. An audit of the activities of the EES to date has commenced and will be helpful in developing effective targeted plans for the future.
4	<i>High profile public education/ awareness-raising/ motivational campaigns may assist in promoting energy saving behaviour.</i>	The Panel's comments are accepted. Action statement 6 will be revised to reflect this finding. The revised scope of the EES will include additional awareness raising and public campaigns in order to encourage implementation of energy efficiency measures in the able-to-pay sector.
5	<i>More direct interventions are also likely to be needed to achieve the savings targeted in the policy. These could include direct grants or subsidies, 'smart tariffs' to reward energy saving, or other measures.</i>	The Panel's comments are accepted. Action statement 3 will be updated to reflect this finding. The requirement for and suitability of incentives will be researched as part of the ongoing development of new initiatives targeted at the able to pay sector. Phase 1 will be based on a subsidised home energy audit, depending on take up the requirement for incentives will be considered. The development of any incentive driven programme will include an economic analysis.

	<b>Findings</b>	<b>Comments</b>
6	<i>Continuing help for vulnerable households will still be needed. Care will be needed to protect the less well-off from the side-effects of energy policies, if these involve changes to existing tariff structures to discourage excessive energy consumption.</i>	The Panel's comments are accepted. Action statement 3 will be updated to reflect this finding. The EES will continue to provide support for the socially vulnerable sector. In addition a study of fuel poverty and energy affordability will be undertaken to inform the development of further policy initiatives. This will be carried out in partnership with relevant stakeholders e.g. CICRA.
7	<i>To meet the needs of the draft Plan, Jersey businesses will need to supply and install more energy efficient and renewable energy technologies. This should be encouraged through training opportunities and by accreditation of suppliers and installers.</i>	The Panel's comments are accepted. Action statements 3 and 4 will be updated to reflect this finding more explicitly in the Plan. The revised business plan for the EES will include the development of training and support for the local construction sector. This will be developed in partnership with the Jersey Construction Council and Highlands College and other relevant stakeholders.
8	<i>Demanding standards for energy efficiency in new construction will be needed to drive improvements and raise expectations in the industry. However, a requirement for carbon neutrality is unrealistic in the short term.</i>	The Panel's comments are accepted. Action statement 2 will be updated to reflect this finding. The draft Energy Plan has been amended to reflect the views and concerns of the construction sector that were submitted during the public consultation in early 2013. The wording has been amended to 'low carbon, working towards zero carbon' to enable a stepwise approach to be taken.
9	<i>New building bye-laws should be framed in consultation with industry to ensure that objectives are realistic and sustainable. A flexible and proactive approach to regulation will be needed to ensure that the Island's construction industry can employ new and innovative technological solutions without undue restriction.</i>	The Panel's comments are noted. Action statement 2 will be updated to reflect this finding. Revised building bye-laws will be developed in full consultation with the local construction sector. Training support will be provided as outlined in response to finding #7 to ensure that the construction sector are able to respond to revised requirements and standards.
10	<i>By virtue of its size Jersey has an opportunity to make a major shift to electric vehicles. The Island could potentially position itself as an example for other jurisdictions to follow if action was taken soon.</i>	The Panel's comments are accepted and are consistent with what is proposed in the Plan, although I refer to all Ultra Low Emissions Vehicles (ULEVs) and not just Electric Vehicles.

	<b>Findings</b>	<b>Comments</b>
11	<i>For this to be successful it would require dedicated support from an individual or group prepared to champion the change campaign and co-ordinate the efforts of relevant stakeholders, together with States support.</i>	The Panel's comments are accepted. Action statement 13 will be updated to reflect this finding. I will liaise with the Minister for Transport and Technical Services on how this issue can be included when the sustainable transport policy documents are revised.
12	<i>The most promising potential source of renewable energy for Jersey is offshore wind, because of the scale of the resource and the availability of tried and tested technology.</i>	The Panel's comments are accepted and are consistent with the conclusions in the Plan.
13	<i>The lowest estimate of potential for offshore wind is considerably greater than that for all other renewables combined, including tidal power.</i>	The Panel's comments are accepted and are consistent with the conclusions in the Plan.
14	<i>Possibilities for exploiting offshore wind resources through licensing arrangements or commercial partnerships should include consideration of partnerships with other Channel Islands, France and/or other European neighbours. The EU currently has a need for more capacity to enable it to meet its 2020 targets, although opportunities may vary as technology and targets evolve.</i>	The Panel's comments are accepted and are consistent with the conclusions in the Plan. Action statement 22 will be updated to reflect recent developments that have taken place. I will continue to work with the CIMREG on these issues. CIMREG has an MOU in place with French partners and has commenced dialogue with DECC regarding the UK's EU renewable energy targets.
15	<i>Jersey should position itself as a 'fast follower' of tidal power technology, and be prepared to exploit tidal power as and when it becomes technically feasible and economically viable.</i>	The Panel's comments are noted.
16	<i>Electricity generation at the Energy from Waste plant at La Collette provides a useful resource, but the efficiency of the operation could be enhanced by exploring the potential to harness waste heat energy from cooling water.</i>	The Panel's comments are accepted and are consistent with the conclusions in the Plan in action statement 24. I will liaise with the Minister for Transport and Technical Services and the Minister for Housing on how this issue can be considered.

	<b>Findings</b>	<b>Comments</b>
17	<i>Farms and other organisations should be encouraged to investigate anaerobic digestion facilities; while this would be expected to contribute only a modest amount of energy, it could generate extra income for owners while enabling productive use of wastes which would otherwise have to be disposed of elsewhere.</i>	<p>The Panel's comments are accepted and are consistent with the conclusions in the Plan in action statement 10.</p> <p>The Department will continue to research the potential and to encourage the agricultural sector to consider the options as appropriate.</p>
18	<i>Positive measures such as grants, loans or the use of 'buy back' or similar tariffs would encourage the uptake of micro renewable technologies and reduce demand on the central electricity grid.</i>	<p>The Panel's comments are accepted.</p> <p>Action statement 4 will be updated to reflect these findings. The requirement for and suitability of incentives will be researched as part of the development of new initiatives targeted at encouraging take-up of micro renewables in the domestic sector. This will include an economic analysis of potential incentives.</p>
19	<i>A corporate commitment to equip States-owned properties with energy-efficient technologies such as photovoltaic panels and solar water heating would reduce States energy bills, boost energy-related technology business activity by providing increased employment and training opportunities for suppliers and installers, and set a good example for private sector developers.</i>	<p>The Panel's comments are accepted.</p> <p>Action statement 7 will be updated to reflect these findings. Jersey Property Holdings continually review the usage of energy-efficient technology on its managed property portfolio, and where the payback on investment is acceptable, implement upgrades, which may include the use of renewables where appropriate.</p> <p>Training support for the construction sector will be provided as outlined in response to finding #7 to ensure that the construction sector are able to respond to revised requirements and standards.</p>
20	<i>A States 'champion' for energy management should be nominated with overall responsibility for co-ordinating key initiatives across all departments.</i>	<p>The Panel's comments are accepted.</p> <p>Action statement 7 will be updated to reflect these findings. Revised energy targets will be adopted as part of the organisations' key performance indicators. In addition, from 2013, an annual sustainability report will be included with the Financial Accounts in line with the UK reporting requirements followed by the Minister for Treasury and Resources.</p>

	<b>Findings</b>	<b>Comments</b>
21	<i>A switch to electric vehicles within the States fleet would provide an example for increased modal shift within Island transport generally and should also help to raise manufacturer interest in a Jersey-based electric transport initiative.</i>	The Panel's comments are rejected on the basis of additional cost at the present time. As outlined in action statement 7, I will continue to liaise with the Minister for Transport and Technical Services on this issue. It is anticipated that the results of the current trial of 10 electric vehicles will inform future fleet tender decisions. It is worth noting that currently leasing electric vehicles in preference to the existing low-emission vehicles (e.g. Peugeot 107, 3 door 1.0 99g/km CO <sub>2</sub> ) carries a considerable cost per vehicle.
22	<i>The structure of the proposed Energy Partnership is vague and ill-defined but will be fundamental to achieving the aims of the draft Plan.</i>	The Panel's comments are accepted. Action statement 1 will be updated to reflect these findings. The structure of the proposed partnership will be further developed in the revised Plan based on best practise from the UK and the findings from the consultation and scrutiny process.
23	<i>Existing advisory groups do not provide the best starting point for the Energy Partnership.</i>	The Panel's comments are accepted. Action statement 1 will be updated to reflect these findings.
24	<i>The Energy Partnership will need to provide a robust framework for delivery, political accountability and oversight of the policy.</i>	The Panel's comments are accepted. Action statement 1 will be updated to reflect these findings. The structure of the proposed partnership will be further developed in the revised Plan based on best practise from the UK and the findings from the consultation and scrutiny process.
25	<i>The prospect of sectoral regulation may be sufficient incentive to ensure that energy suppliers continue to act in the public interest.</i>	The Panel's comments are noted.
26	<i>To prepare for a possible future requirement for regulation, CICRA could be asked to investigate the potential for new tariff structures to assist in delivering the aims of the Energy Plan.</i>	The Panel's comments are accepted. Action statement 27 will be updated to reflect this finding. I will liaise with the CICRA to request their participation in undertaking research on tariff structure options and their potential effects on the affordability and use of energy.

	<b>Findings</b>	<b>Comments</b>
27	<i>If that potential was confirmed, CICRA could be asked to look more closely at detailed design issues, ensuring the protection of vulnerable householders while providing fair and transparent tariff structures to deliver the policy aims.</i>	The Panel's comments are accepted. Action statements 21, 26 and 27 will be updated to reflect these findings. The outputs from these actions will provide the necessary information for further policy development.
28	<i>There is a need for Jersey to diversify and expand on-Island generation capacity (including offshore development) to meet current and future demands and reduce dependence on external supplies.</i>	The Panel's comments are accepted. Chapter 4 will be updated to reflect the findings from the recently completed phase 1 study of energy security and resilience; this will include updating action statements 19 and 20.
29	<i>New generating capacity should be from renewable low carbon sources.</i>	The Panel's comments are noted. Chapter 4 will be updated to reflect the findings from the recently completed phase 1 study of energy security and resilience; this will include updating action statements 19 and 20. The policy on the future energy mix for Jersey will be informed by a phase 2 report following the completion of the actions identified in the phase 1 report. At this stage it is not appropriate to make policy commitments regarding the amount of energy generation that is possible from renewable sources, although these are expected to form part of the mid-term generation mix.
30	<i>Resilience will be improved by minimising the demand for energy through better design of buildings and reducing the need for business travel.</i>	The Panel's comments are accepted. Action statement 2 will improve building design through the revision of the building bye-law standards for building energy performance.
31	<i>While the Plan is right to focus on carbon reduction targets in terms of Jersey's commitments under the Kyoto Protocol, there is also a need to consider other forms of measurement, such as energy demand.</i>	The Panel's comments are noted. Action statement 19 will be updated to reflect the energy demand model that has been used in the energy security and resilience of Jersey study. The energy demand model will also be used in the work to be commissioned under action statements 26 and 27 on fuel poverty and affordability.

	<b>Findings</b>	<b>Comments</b>
32	<i>Broader measures of the carbon and energy 'footprint' of Jersey's population and economy could reasonably include consideration of energy and carbon emissions already embodied in imported goods and services (including electricity).</i>	<p>The Panel's comments are rejected; the carbon accounting used currently is in accordance with Kyoto methodology.</p> <p>It is not proposed that a calculation of the embodied energy in imported goods and services is undertaken within the first 5 years of the Energy Plan. However, it is accepted that current calculations of Jersey's carbon footprint do not include imported electricity or embodied energy and the Energy Partnership may consider that this is worthy of consideration in the future.</p>
33	<i>Calculations of per capita carbon and energy footprint, as well as total figures could assist the States in making policy decisions about the impact of different possible future population scenarios.</i>	<p>The Panel's comments are rejected; the carbon accounting used currently is in accordance with Kyoto methodology.</p> <p>It is not proposed that a calculation of the embodied energy in imported goods and services is undertaken within the first 5 years of the Energy Plan. However, it is accepted that current calculations of Jersey's carbon footprint do not include imported electricity or embodied energy and the Energy Partnership may consider that this is worthy of consideration in the future.</p>
34	<p><i>Jersey has good opportunities for:</i></p> <ul style="list-style-type: none"> <li>• <i>Exploiting renewable energy resources, especially offshore wind and possibly tidal power</i></li> <li>• <i>A significant shift to electric vehicles</i></li> <li>• <i>Reducing emissions in traditionally inefficient sectors such as buildings and road transport.</i></li> </ul> <p><i>As a small jurisdiction with control over its own energy policies Jersey could make swift progress in all these areas.</i></p>	<p>The Panel's comments are noted.</p> <p>These findings are welcomed and will be reflected in updated action statements 22, 13 and 2.</p>

## RECOMMENDATIONS

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
1	<i>The draft policy should be approved by the States. It offers many opportunities for environmental, social and economic benefit and will enhance the Island's reputation as a responsible jurisdiction.</i>		Accept	I fully recognise the cross-cutting nature of the subject of energy and the requirement for its importance to be recognised beyond just the scope of the environment ministry. I will be bringing the Energy Plan to the States Assembly for an in-committee debate in the New Year. This will enable States Members to discuss the Plan and recognise the cross-Ministerial Department links.	Q1/2 2014
2	<i>Consideration should be given to the policy being proposed by the Council of Ministers, to demonstrate that energy policy affects the entire Island and should not be the responsibility of one department.</i>		Accept	I will give consideration to the Panel's recommendation. However, currently I am minded that it is the responsibility of the Minister for Planning and Environment to bring the Energy Plan to the States Assembly. As a cross-cutting policy it is important that all Members recognise the significance of the Energy Plan to all policy areas. As outlined in response to recommendation 1, I will be bringing forward a proposition to adopt the Plan and to have an in-committee debate to ensure that the States Assembly has the opportunity to debate the wide-reaching implications and actions within the Plan. The Energy Partnership as outlined in response to recommendation 5 will address the cross-cutting nature of detailed policy development.	Q1 2014

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
3	<i>The States proposition should seek approval for the high level principles of the plan, rather than specific policy issues that have yet to be developed in detail.</i>		Accept	I will ask the States to adopt the high level principles of the Plan and the framework for working that it proposes.  The Energy Partnership will address the cross-cutting nature of detailed policy development.	Q1/2 2014
4	<i>The proposition should include a requirement for a detailed plan prioritising key actions that will bring benefits to be submitted to the States within 12 months of the policy being approved.</i>		Accept	I accept the identified priority areas for further development and welcome the opportunity to report back to the Panel 12 months after the Energy Plan is adopted.	Q1/2 2014
5	<u><i>Priorities for action should include:</i></u> <i>(1) creation of a new, strong cross-Government partnership to replace existing bodies and work alongside energy stakeholders, co-ordinate the energy strategy, set targets and monitor and report on progress;</i>		Accept	With regard to the 8 priority areas –  1. Approval of the Energy Plan will enable the development of a new partnership body as identified.	Q2/3 2014
	<i>(2) improved construction standards for housing and commercial buildings to be produced in consultation with industry, ensuring sufficient flexibility within any new bye-laws to respond to emerging technologies;</i>		Accept	2. Development of revised building bye-laws will be carried out by the Building Services section of the Department of the Environment in full consultation with the construction industry.	Q4 2014
	<i>(3) revision of the policies and objectives of the Energy Efficiency Scheme to broaden its scope and expand into the 'able to pay' sector;</i>		Accept	3. I welcome the support of the Panel in expanding the remit of the Energy Efficiency service into the able-to-pay sector. The expanded remit of the EES will be implemented following the adoption of the Energy Plan.	Q2/3 2014

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	<i>(4) clarification of ownership of the seabed and independent investigation of the potential for developing wind and tidal energy schemes;</i>		Accept	4. The Minister for External Relations, supported by the Ministers for Planning and Environment and Economic Development, are actively discussing the transfer of the seabed back to the States of Jersey. I anticipate that this will be concluded during 2014. I will continue to investigate potential for offshore tidal and wind schemes in partnership with the other Channel Islands (CIMREG) and our UK (SWMEP) and French partners (OUEM).	By Q4 2014
	<i>(5) exploratory discussions at a top political level with relevant French and/or other authorities on the potential for co-operative exploitation of offshore wind resources in Jersey or nearby waters;</i>			5. Continue to work with French and Channel Island colleagues (as above) regarding opportunities for co-operative development of renewable energy resources.	Ongoing
	<i>(6) a States initiative to promote the uptake of electric vehicles;</i>		Accept	6. I will work with the Minister for Transport and Technical Services to investigate the options for encouraging take-up of all types of ultra-low emission vehicles, not only electric vehicles.	Q2/3 2014
	<i>(7) an assessment by the Channel Islands Competition and Regulatory Authorities of potential tariff structures to encourage energy efficiency and the uptake of renewable energy technologies, whilst avoiding future fuel poverty;</i>		Accept	7. The CICRA are identified as a key stakeholder on the energy security and fuel poverty and energy affordability studies that are identified in the Energy Plan. I welcome their active involvement in the further development of the policy in this area.	Q4 2014

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	(8) <i>investigation of options to make use of waste heat energy from the Energy from Waste plant.</i>		Accept	8. I will liaise with the Minister for Transport and Technical Services and the Housing Minister on how this issue can be considered.	Ongoing

## CONCLUSION

The Chairman has opened his report with the following quote: *'The Panel believes the draft policy should be commended wholeheartedly; our only reservations cover the need for implementation plans'*. I am delighted that the Chairman and his Panel have seen fit to provide such a ringing endorsement for this key policy that has been some time in the making.

The Panel made 34 findings overall and 5 very constructive and clear recommendations, which I have commented on above. I find very little to disagree with, and I intend to use these findings and recommendations to assist me as I update the draft policy into a final version that will be presented to the States in due course.