

## Future Guernsey –Priority Policy Area update (June 2019):

<b>Future Guernsey Theme:</b>	Our Economy; Our Quality of Life; Our Place in the World
<b>Future Guernsey Outcomes:</b>	Strong, sustainable and growing economy Safe and Secure Place to Live Mature international Identity
<b>Policy Priority Area:</b>	<b>Energy Policy</b>
<b>Political Governance:</b>	Committee <i>for the</i> Environment & Infrastructure

<b>Work stream 1 – Policy Letter</b>	
<b>Brief overview:</b>	<p>The Committee <i>for the</i> Environment &amp; Infrastructure aims to lay before the States, in Q3 2019, propositions and an accompanying policy letter setting out recommendations for an Energy Policy for Guernsey.</p> <p>The Committee <i>for the</i> Environment &amp; Infrastructure has engaged with the energy industry and consumers in the development of the policy letter, and has drawn on research undertaken by energy market analysts, on behalf of the Committee <i>for the</i> Environment &amp; Infrastructure, to forecast the Island’s future energy demand and to provide advice on the potential impact of various policy options. In addition, the States of Guernsey Economic Development Strategy, which the States approved in June 2018, emphasised the potential for the Energy Policy to act as an economic enabler, particularly through the development of renewable energy. The Committee <i>for the</i> Environment &amp; Infrastructure has therefore worked closely with the Committee <i>for</i> Economic Development in the preparation of the Energy Policy.</p> <p>The detail of the policy letter’s recommendations remain in draft stage but it is intended that the approach set out in the policy letter will form the basis of government policy and provide direction for businesses and consumers to plan for the future and make sound investment decisions in a changing market.</p>
<b>Budget:</b>	£375,000
<b>Resources allocated to date:</b>	£311,000 In addition, policy letter advisory and drafting support has been provided by the States of Guernsey policy team.
<b>Barriers to progress:</b>	<ul style="list-style-type: none"> <li>• Competing pressures on officer and legislative drafting resource as a consequence of planning for Brexit.</li> <li>• The potential need to address policy issues which may arise during the planned pre-publication stakeholder engagement.</li> </ul>
<b>Next steps:</b>	<ol style="list-style-type: none"> <li>1. Engagement on draft proposals with energy stakeholders, and incorporation of stakeholder input into draft policy letter.</li> <li>2. Consideration of draft policy letter (including any changes made as a consequence of stakeholder engagement) at political-level.</li> <li>3. Lodging of propositions and policy letter for States’ debate.</li> </ol>
<b>Any other comments:</b>	The approach set out in the policy letter will set the direction necessary for the further progress to be made in two additional areas of work also being conducted under the heading of this priority policy area; the Guernsey Hydrocarbons Supply Programme and the Renewable Energy Programme.

	To avoid confusion between this priority policy area and the policy letter to be laid before the States, it is proposed that this priority policy area should be retitled 'Meeting Guernsey's Energy Needs'.
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<b>Work stream 2 – Guernsey Hydrocarbons Programme</b>	
<b>Brief overview:</b>	<p>The Guernsey Hydrocarbon Supply Programme examines the current and future options for the supply of hydrocarbons including, refinery, transport, upload and distribution.</p> <p>The programme of work has completed phase one and two which includes the following:</p> <ul style="list-style-type: none"> <li>• A hydrocarbon demand supply forecast</li> <li>• Risk assessment of the existing supply chain</li> <li>• Development of a long list of options for the supply of hydrocarbons</li> <li>• Options evaluation</li> <li>• A short list of options for the supply of hydrocarbons</li> </ul> <p>The hydrocarbon demand supply forecast shows declining volumes. The vessels used within the current supply chain are indicated to start becoming end of life from 2021. Options for future supply chains relate to Energy Policy and in particular the energy transition from hydrocarbons to electrification, energy efficiency and demand reduction, all of which have been significantly influenced by external policy.</p> <p>The link to Energy Policy and the need to establish a direction to enable sound infrastructure investment decisions given the local and non-local drivers influence the Hydrocarbon Supply Programme timetable which is due to revert to the States after the Energy Policy, Q4 2019.</p>
<b>Budget:</b>	£1.19m
<b>Resources allocated to date:</b>	£1.13m
<b>Barriers to progress:</b>	Development of the Energy Policy
<b>Next steps:</b>	<ol style="list-style-type: none"> <li>1. Programme Review</li> <li>2. States update and approval for next phase (following Energy Policy)</li> </ol>