



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Remote Meeting, Guernsey, Wednesday, 3rd June 2020

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Present:

R. J. McMahon, Q.C., Bailiff and Presiding Officer

Law Officers

R. M. Titterington, Q.C. (H.M. Comptroller)

People's Deputies

St Peter Port South

Deputies P. T. R. Ferbrache, D. A. Tindall, B. L. Brehaut

St Peter Port North

Deputies J. A. B. Gollop, C. N. K. Parkinson, L. C. Queripel,
M. K. Le Clerc, M. P. Leadbeater, J. I. Mooney

St Sampson

Deputies L. S. Trott, P. R. Le Pelley, J. S. Merrett,
G. A. St Pier, T. J. Stephens

The Vale

Deputies M. J. Fallaize, N. R. Inder, M. M. Lowe, L. B. Queripel,
J. C. S. F. Smithies, S. T. Hansmann Rouxel

The Castel

Deputies R. Graham L.V.O, M. B. E. C. J. Green, B. J. E. Paint,
M. H. Dorey, J. P. Le Tocq

The West

Deputies A. H. Brouard, A. C. Dudley-Owen, E. A. McSwiggan,
D. de G. de Lisle, S. L. Langlois

The South-East

Deputies H. J. R. Soulsby, H. L. de Sausmarez, P. J. Roffey,
R. G. Prow, V. S. Oliver

Representatives of the Island of Alderney

Alderney Representative A. Snowdon

The Clerk to the States of Deliberation

S. M. D. Ross, Esq. (The States' Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur);
Deputy R. H. Tooley (*relevée à 11h 19 – technical difficulties*);
Alderney Representative S. Roberts (*indisposé/relevé à 11h 55*);

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States of Deliberation

*The States met virtually at 9.30 a.m. in the presence of
His Excellency Vice-Admiral Sir Ian Corder, K.B.E., C.B.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

IN MEMORIUM

Tribute to former Lieutenant-Governor Vice-Admiral Sir John Coward KCB, DSO

The Bailiff: Good morning, Members of the States of Deliberation. Since we adjourned just 12 days ago, the deaths of two gentlemen, coincidentally both born in 1937, have been announced and I now wish to pay tribute to each of them.

I will refer first to former Lieutenant-Governor Vice Admiral Sir John Francis Coward who died in
5 England on 30th May aged 82. John Coward was born on 11th October 1937 and joined the Royal
Navy in 1958. He had a long and distinguished career, retiring in 1994 as a Vice Admiral. He was
appointed a Knight Commander of the most honourable order of the Bath in 1990. Sir John spent
virtually all his early career in submarines. He was though, particularly well known for his command
of the type 22 frigate, HMS Brilliant, during the 1982 Falklands conflict. The ship took part in the
10 only ship-to-ship engagement of that conflict. On 12th May it shot down three Argentinian aircraft
and a few days later it came under attack in St Carlos Water. Captain Coward was awarded the
Distinguished Service Order for his command of Brilliant during the conflict.

Sir John was flag officer sea training from 1987 to 1988, then flag officer submarines until 1991
before his final naval position as the Commandant of the Royal College of Defence Studies. He
15 retired from the Navy in 1994. Shortly afterwards he was appointed as Lieutenant-Governor and
Commander in Chief of Guernsey and its dependency. Apart from both being submariners, who in
time became our Lieutenant-Governors, one other notable aspect of symmetry between Sir John
and our current incumbent, Vice Admiral Sir Ian Corder, is that they were both commanding officers
of HMS Oracle. Sir John was the first, with His Excellency being the last.

20 Sir John was a distinguished and rightly popular Lieutenant-Governor and thoroughly enjoyed
his term of office. Sir John had a photographic memory which enabled him to deliver quotes,
anecdotes and verse on cue. Consequently, he was an entertaining and accomplished public speaker
even when called upon to address a gathering at no notice. He used his considerable skills to great
effect and relished the challenges, even if they were rather different from those of a serving naval
25 officer.

During his term of office, Tony Blair's new Labour government came to power in the United Kingdom, leading to some different types of issues from those facing Sir John's predecessors. Amongst them was the appointment by the Home Secretary, the Privy Councillor who then had responsibility for the relationship with the Bailiwick, of Andrew Edwards to carry out a wide ranging investigation into whether the laws, systems and practises of Regulation of the Crown Dependencies' international finance centres, combating financial crime and co-operating with other jurisdictions, complied with what the United Kingdom government considered the proper norms.

Sir John devoted much time and energy towards facilitating a collaborative approach to this investigation, leading to Guernsey being the first Crown Dependency to invite Mr Edwards to visit – an initiative that served the Island well. When the Edwards Report was published its findings were significantly more positive than the Island's authorities had originally feared they would be, in respect of which Sir John's role was a contributory factor.

When they moved in it became clear to Sir John and Lady Coward that much work was needed at Government House so they launched a programme of maintenance and modernisation without precedence in living memory. At that time the working office areas of the house were disjointed, cramped and difficult to access. Sir John apparently appeared one morning with a scrap of paper on which he had sketched out a plan for a new inter-connective working area in an entirely new roof space reached via a spiral staircase. Sir John's drawing was transformed into today's Office of the Lieutenant-Governor which has since housed four incumbents along with staff and countless visitors.

Sir John and Lady Coward also opened up Government House to people of all ages. The couple wanted Islanders to enjoy what they regarded as Guernsey's House – a practice continued for the benefit of so many by successive Lieutenant-Governors. The grounds were well used, events ranged from live opera to a contemporary and apparently loud music festival organised by the founder of Island FM and former Deputy Kevin Stewart.

Sir John and Lady Coward also became thoroughly immersed in their patronages and supporting charitable events. His term of office was extended to cover the Millennium celebrations. He and Lady Coward then returned to their home in Torpoint in Cornwall on the Tamar Estuary where he continued to enjoy sailing. Sir John's other interests included gardening, golf and playing the piano, as well as cooking.

Given his naval career, it is perhaps not surprising that Sir John was actively involved in the RNLI in Guernsey. The current Guernsey lifeboat, Spirit of Guernsey, came into service early in his tenure and he was a great supporter of both the crew and the charity. Sir John was on the council of the RNLI for 10 years and was appointed a Vice-President of it at national level as a mark of special recognition of his contribution to the lifeboat service.

Sir John is survived by Lady Diana Coward and their two sons, Rupert and Sam, and wider family to all of whom we extend our sincere condolences.

Tribute to former Deputy Michael Best

The Bailiff: Members of the States, I turn next to former St Saviours' Deputy Michael Ernest Best, who passed away on 20th May aged 83. Mike was born in Guernsey on 22nd February 1937 and educated at Elizabeth College where he won cups for swimming and shooting. He went away to read civil engineering, specialising in bridges, but had to curtail his studies when his father, Ernest Best, fell ill.

He returned to the Island to run the family business, E B Best's Brickfield, in St Andrews, now a water reservoir and States' offices. He was the quarry manager and was elected a Fellow of the Institute of Quarrying in 1965. The only member at the time in the Channel Islands and something of which he was quite proud.

He also wrote a book about the family's enterprises called A Family Business, which set out the history of the Brickfields and gave more general local information and memories. His political career followed a standard pattern for the time as he began by serving in Parish offices holding the position of Procureur of the Poor and then in 1996 Constable of St Saviour.

Mike was first elected to the States as a Deputy for St Saviour in May 1997 and served for two terms until the 2004 Election when he lost his seat. During his time in the States, Mike served on a number of the many States' committees which then existed. His most important seat in terms of the influence of the committee in which he held for the duration of his time in the States was membership of the Board of Administration, where his business and engineering background was particularly useful.

In addition he was a member of the Liberation Celebrations Committee for the duration of his tenure, which committee also had responsibility for Guernsey's Millennium celebrations planning and Mike became President of that committee in 2002. He was a member of the Post Office Board from June 1999 until it became a company. His experience of Parish business assisted him as a member of the Public Assistance Authority which he joined in October 2000, the remainder of his time in office; and he was also a member of the Island Reception Committee for the last year that he sat in the States.

It was during 2008-2012 States' term that Mike returned to the fray as one of the non-States' members of the Public Accounts Committee. This was a busy period, notably because of the commissioning of the report undertaken by the Wales Audit office and what followed. As a Law Officer advising that committee, I learnt first-hand that Mike took a careful and thoughtful approach to the issues it raised, reflecting his previous years of public service.

Outside of politics Mike was involved with the West Show for many years. He was a member of the committee and served as secretary during the centenary year of the show before retiring from those pursuits.

Mike leaves a daughter and wider family, to all of whom we extend our sincere condolences.

Members of the States, will you please join me in a period of silence to honour the memory of former Lieutenant-Governor Vice Admiral Sir John Coward KCB, DSO and former States' Member Mike Best.

Members stood in silence

The Bailiff: Thank you very much, Members of the States.
Greffier.

Propositions Laid Pursuant to Rule 18

CIVIL CONTINGENCIES AUTHORITY

Emergency Powers (Coronavirus) (General Provisions) (Bailiwick of Guernsey) (No. 2) (Amendment) Regulations, 2020 – Approved

The States are asked to decide whether they are of the opinion to approve the Emergency Powers (Coronavirus) (General Provisions) (Bailiwick of Guernsey) (No. 2) (Amendment) Regulations, 2020.

The States' Greffier: Propositions laid in pursuant to Rule 18 of the Rules of Procedure. P.2020/103 – the Civil Contingencies Authority – the Emergency Powers (Coronavirus) (General Provisions) (Bailiwick of Guernsey) (No. 2) (Amendment) Regulations, 2020.

The Bailiff: I now invite the Chairman of the Authority, Deputy St Pier, to open debate on this Proposition.

Deputy St Pier.

110 **Deputy St Pier:** Thank you very much, sir.

I think I can be relatively brief in opening debate. I am merely explaining that this second set of general provisions, Regulations, is taking opportunity to revoke a number of the previous provisions which is felt is no longer required at this stage of the emergency and those relate to temporary provisions that were put in place relating to medical and health professionals, pharmacists and driving licences.

115 Also the opportunity was taken to increase the maximum fine for those breaching the so-called self-isolation requirement provisions, quarantine of 14 days on arrival in the Island, to a maximum fine level of £10,000 to reinforce the priority which is attached to adherence to that requirement and its importance in managing the ongoing threat to the Island from the Coronavirus. And also ensuring that that offence is subject to the powers of summary arrest – it becomes an arrestable offence. And finally in relation to that provision, also extending that offence to the employer, and that term actually also includes contractors of an individual who has committed the offence. So in other words anybody who brings somebody into the Island and to engage in some kind of contract of employment and then encourages them to breach the quarantine requirement would themselves

125 be committing an offence.

Finally, sir, this is really for Members' information: it is the intention of the Civil Contingencies Authority to now formally keep all the regulations relating to the Covid-19 emergency under constant review with a regular two-weekly time table to enable that to happen.

130 Sir, we have spoken in previous debates in relation to the regulations of the legal requirements for the Authority to satisfy itself that the passage of the adoption of regulations by the Authority is proportionate. The Authority is cognisant of its responsibility, having passed regulations, to always keep in mind whether they remain proportionate and in this instance, sir, the Authority has determined that a number of provisions relating to medical professions and so on is no longer proportionate, is no longer required and therefore it is appropriate to revoke them at the earliest opportunity rather than merely waiting for the regulations to lapse in the normal course of time.

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With that, sir, I will finish and respond to any matters that arise in the debate.

The Bailiff: Thank you very much.

Deputy Gollop.

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Deputy Gollop: Thank you, sir. There is a time gap there.

I welcome the opportunity for the States to support these Regulations and I think we have all been extremely proud at the excellent impact Deputy St Pier and his committee colleagues and officers have had and they have been the talk not just of Guernsey and the Channel Islands but

145 arguably the United Kingdom with their coverage on the BBC, the Daily Mail, the Sunday Times and so on.

But that does not mean to say that we should just let these matters go on without a degree of debate. On our sister Island, Jersey, they have already embarked upon debates about the philosophy of the exit strategy in terms of health, the underlying theory. And yesterday or the day before, their former SACC House President Deputy Maçon has called for a debate of all States' Members on what ultimately will be the crucial issue which will be the opening of the borders without quarantine.

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I suppose as much as I support at this stage the measures Deputy St Pier is putting forward and the popularity that I think most people have felt towards him, but by no means all, I think there are issues underlying the context in which they are raised and the democratic deficit. I think there is an argument that all States' Members should participate in the final decision, which may be later this summer, on how far we open our borders. I know Members, including myself, have been lobbied in

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different ways by different people and there is concern, not that we will lose our tourism sector because I think the tourism sector can be compensated for –

160 **The Bailiff:** Deputy Gollop, Deputy St Pier wishes to raise a Point of Order.
Deputy St Pier.

165 **Deputy St Pier:** Sir, Deputy Gollop's points may well be relevant but they are not particularly pertinent to these regulations that are before the Assembly this morning.

165 **The Bailiff:** Just a minute, Deputy Gollop. I think that is right. The purpose of the debate on these amendment Regulations, Deputy Gollop and other Members of the States' of Deliberation, are about what is being repealed from the Regulations that were approved two weeks ago and what is being added to them.

170 There will be an opportunity to debate the wider context of the emergency at the meeting commencing in two weeks' time because that item of business has been added to that debate as and when we see the Propositions.

170 So therefore I do want Members to try and focus not on the generality but on the specific nature of the legislation that is being laid before you for your approval today.

175 Deputy Gollop, to continue.

175 **Deputy Gollop:** Thank you, sir.

180 Well I think my specific concern, for example, has been the arbitrary decision to raise the fine for breach of the 14-day isolation from £1,000 to £10,000. Taking into context what is happening or not happening in the United Kingdom. Surely if we want an adequate deterrent, perhaps the larger sum than £1,000 should have been there from March. But my point is that whilst £10,000 is a great deterrent for the average Guernsey person or indeed the normal kind of tourist, it is not necessarily a deterrent for a high net worth individual or business organisation that would benefit from reducing the quarantine period for some reason.

185 So I question therefore the exact wording of these amendments and their practicality. At this stage I will support the package but I think they require a greater scrutiny at the appropriate time.

Thanking you, sir.

190 **The Bailiff:** May I call Deputy Inder next, to be followed by Deputy Tindall and then Deputy Merrett.

So Deputy Inder please.

195 **Deputy Inder:** Just briefly, sir.

195 I obviously support the proposals as laid before us. But Part 10 which refers to the Bailiwick States of Deliberation, Alderney and the Chief Pleas of Sark – I just want to say, briefly, sir, part of the messaging as you move out of the restrictions is about sensible movements towards normality. As pubs, restaurants and the social scene get themselves back into something that looks like business, I would just like to express my disappointment that we have not recognised the importance of the congregation of its elected Members in a single place of debate.

200 That may well be a move back to St James as an interim period but I am not at all satisfied that we as a government are not sending a message of confidence to our Islanders by simply leading the way and moving back to a properly functioning debating Chamber.

205 Our next date of sitting is 17th June and I would encourage the CCA along with Public Health and HSC to give this further consideration.

205 **The Bailiff:** Deputy Inder, Deputy St Pier wishes to raise another Point of Order.
Deputy St Pier.

Deputy St Pier: Sir, once again this may be a relevant and interesting point but it has nothing to do with the Regulations.

The Bailiff: Deputy Inder, I take the view that that is a correct Point of Order – that it is not relevant to the matter before the meeting at the moment and it can be aired more generally. In any event the issue is not so much about the Regulations but about the direction underneath it.

Do you have anything further you want to say?

Deputy Inder: No, sir, I have finished my ... but the fact we are not debating certain things actually makes my point, but there you go, sir. I accept the Point of Order but my message has been sent. Thank you.

The Bailiff: Thank you.
Deputy Tindall.

Deputy Tindall: Thank you, sir.

As far as I am concerned these Regulations are an excellent point to note where we are in this pandemic and how Guernsey have amazingly dealt with the restrictions imposed, because of course this is the first set of Regulations where we are actually revoking previous sets of Regulations and we are coming out of this terrible crisis. So for me I think that is most definitely worthy of note. Obviously these revocations are sensible, straight forward and we acknowledge that they are no longer necessary.

I note that Deputy St Pier says that the CCA will continue to keep the Regulations under review every two weeks, which of course is appropriate but it would be preferable, considering how fast we are moving, that it should be more often than that. But in particular I am glad we are sitting in August because on such a programme we will need to clearly have the ability for the States to consider anything that the CCA recommend and maybe even plenty more revocations in the future.

Finally, sir, with regard to the amount, as Deputy Gollop pointed out, of the penalty for the offence that has been introduced ... well, not introduced but the amount of the fine I think clearly shows the importance of the restriction and to ensure that the message goes out that we are still concerned about a second wave, we still want to protect the people of the Bailiwick now – because of course we are in a Bailiwick bubble, thank goodness, where we can go visit our sister Islands. We want to protect everyone in the Bailiwick and of course as you quite rightly pointed out, sir, I am very pleased to note that we will be discussing the Recovery Strategy in two weeks' time.

Thank you, sir.

The Bailiff: Deputy Merrett, to be followed by Deputy de Lisle.

Deputy Merrett: Thank you, sir.

I am very grateful that we are revoking some of the previous Regulations that have been felt necessary to impose on our community, but to ensure these are proportionate I wish to ask Deputy St Pier a relatively simple question based on what evidence they have used to determine that there is a need, sir, to increase the fine to such a limit. So, for example, what evidence do we have of members of our community actually breaching the current Regulation? Has it been breached and, if so, how many times; and how does Deputy St Pier believe it is proportionate that it will act as a deterrent, as I am sure it is the intention of this Regulation, sir. I am sure that is absolutely the intention but I just want to ask how many indeed, because that is making this decision based on evidence of need to ensure it is proportionate.

I agree with Deputy Tindall very much so, sir. I am really pleased, sir, that Deputy St Pier has said it will be kept under constant review. That is my understanding of these Regulations, sir, that they are kept under constant review, and I would encourage the CCA not just to work to a two-weekly

260 timetable; if they can move earlier to revoke some of these Regulations at the earliest opportunity I would encourage them to do so.

So if Deputy St Pier could answer that simple question, sir, I would be most appreciative.

The Bailiff: Deputy de Lisle.

265 **Deputy de Lisle:** Thank you, sir.

I was very pleased to note the revoking of certain Regulations, particularly with regard to our retail shops opening during the fourth element of this virus initiative.

270 In terms of keeping the initiatives proportionate though I thought that it was not particularly relevant to be closing down the quay on the first day of the opening of the retail in St Peter Port. I think we have to always be –

The Bailiff: Deputy de Lisle, Deputy St Pier wishes to raise a Point of Order. (**Deputy de Lisle:** Thank you.) Deputy St Pier.

275 **Deputy St Pier:** Sir, once again the closure of the quay has nothing whatever to do with either the Civil Contingencies Authority or these Regulations.

280 **The Bailiff:** The only difficulty I have on that particular point, Deputy St Pier, although I understand why you make the point, is does it at all relate to the increase in the penalty for certain offences under the number 2 Regulations. And if Deputy de Lisle was moving on to address that then I would allow it but if you are straying outside, Deputy de Lisle, of the amendment Regulations then it is a valid Point of Order and I direct you, if I may, to keep to debate relevant to the amendments.

285 **Deputy de Lisle:** Right. I just wanted to express the fact that the town is a commercial retail business centre that needs to be nurtured and promoted, sir, not closed.

290 But the other point was with the schools opening and the fact that the children were not to ride the buses. Now that is an important point that I think we need to clarify. In fact the children cannot possibly walk from St Peter Port right through to the Mare de Carteret School without some assistance. I think that is important to realise they will not be going to school if they do not have the transportation.

Thank you, sir.

295 **The Bailiff:** Well, Deputy St Pier, nobody else seems to want to speak on these amendment Regulations so I invite you to reply to the debate please.

300 **Deputy St Pier:** Sir, well responding to the points that are pertinent to the Regulations, Deputy Tindall and Deputy Merrett have raised the question about the frequency with which these will be reviewed. I can assure both Deputies, and indeed all Members, sir, that the Authority will of course move at speed should that be necessary but I think the rationale for a two-weekly cycle was simply to provide the discipline but also the allocation of resources for that work to be undertaken in a logical and managed fashion. So that is the reason for seeking to operate in that way, but should we feel it necessary to move more quickly then of course we will do so, sir, and hopefully that provides the assurance which both Deputies were looking for.

310 In relation to the raising of the fine which I think is the only other substantive point to respond to, Deputy Gollop described it as 'arbitrary'. I can assure Deputy Gollop that it was not an arbitrary decision, it was a well-considered decision to raise the fine from £2,000 to £10,000. It is a similar level to that which has been extant in Jersey and the Isle of Man. The United Kingdom is proposing a fine of £1,000, as I understand it, effective of their regime taking effect from next week. Although of course the regulations for that have not yet been approved or laid before Parliament in the UK.

So that may well change. But the rationale, the proportionality of it, Deputy Merrett was quite right to raise that as a valid question and it was one that obviously the Authority turned its mind to.

315 In the context of an increasing number of passengers travelling with the move from essential to non-essential travel as well, the risk is therefore increased and that was one consideration for the Authority. There has been a number of reports of travellers not fully understanding or adhering to the self-isolation provisions and therefore the rationale to increase the profile of this and its importance to us as a community was a further consideration as well.

320 So with all of those matters in mind the Authority did consider it to be proportionate because in essence – and I think Deputy Gollop also raised the question of should it have been high level from March; which again I think is a very valid question and it was one indeed that was considered back in March, whether the fine level was right – but it does seem appropriate that it should be at a high level now because that is, in essence, where the greatest threat lies to this community, is at the borders and that is perhaps what has changed between March and now.

325 In March the virus was within the community and needed to be controlled within the community. Now we need to keep it out and one way we can do that is by a very strict adherence to that self-isolation provision. It is for that reason the Authority considered it to be appropriate and with that, sir, I do ask Members obviously to support the Proposition.

330 **The Bailiff:** Members of the States, there is a single Proposition as to whether you are minded to approve the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No.2) (Amendment) Regulations, 2020. I invite you to vote using the chat function please.

335 **The Bailiff:** Well thank you very much, Members of the States. I am satisfied that there was a significant majority of votes *Pour*, I did not hear anyone vote *Contre* or read anyone voting *Contre* and therefore I declare the Proposition duly carried.

Greffier.

Billet d'État XI

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

VIII. States of Guernsey Energy Policy 2020-2050 – Debate commenced

Article VIII.

The States are asked to decide whether, after consideration of the policy letter entitled "States of Guernsey Energy Policy 2020-2050" dated 28th February 2020 they are of the opinion:

1. To agree the overall objectives of the Energy Policy as:

- Decarbonisation;*
- Security and resilience of supply;*
- Consumer value and choice;*
- Equity and fairness;*
- Supportive of a vibrant economy; and*
- Greater energy independence.*

2. To agree the vision for Guernsey's energy future as set out in paragraph 2.1 of the policy letter and prioritise opportunities to reduce emissions.

3. To agree to adopt a target of net zero emissions by 2050 and to adopt an interim target of reducing emissions by 57% on 1990 levels by 2030.

4. To direct the Committee for the Environment & Infrastructure to
 - (a) provide a definition of what constitutes a "low carbon" and "low emission" source for on-island energy sources by Q4 2020; and
 - (b) establish a target for the generation of on-island (where "on-island" includes within our territorial waters) renewable energy by Q2 2021.
5. To agree to revise the requirements for the dispatch of electricity by Guernsey Electricity Limited (known as the "merit order") to place any pre-committed energy production, prioritising on-island renewable generation, ahead of flexible dispatchable production and to direct the Committee for Economic Development to bring proposals to the States of Deliberation to give directions to the relevant regulator.
6. To direct the Committee for Economic Development, working with the Committee for the Environment & Infrastructure, to undertake a technical consultation on:
 - (a) a licensing framework for targeted competition to support establishing on-island (including off-shore) renewable energy; and
 - (b) the introduction of licensing for the supply of hydrocarbons particularly in relation to hydrocarbon security of supply and emissions reduction, and to bring proposals to the States of Deliberation to give directions on these matters to the relevant regulator in these matters by Q4 2021.
7. To direct the Committee for Economic Development to bring proposals to the States of Deliberation to give directions to the relevant regulator to ensure continuity of current arrangements relating to electricity production (for example, by renewing the licence of Guernsey Electricity Limited) where the relevant regulator is not in a position to issue licences under any revised framework as outlined in proposition upon the expiry of current licences.
8. To approve the cable strategy set out in 8.17 and agree in principle the need for a second interconnector, subject to the consideration of a full business case; and to direct the States Trading Supervisory Board via Guernsey Electricity Limited to revert to the States of Deliberation with the full business case, the cost of developing which can be reflected and recovered by Guernsey Electricity Limited through its charges.
9. To agree in principle the future move from N-2 to N-1 (or another standard as deemed appropriate), subject both to the completion of the second interconnector, and to the States' endorsement of an updated electricity strategy to be brought to the States of Deliberation by the Committee for the Environment & Infrastructure.
10. To agree the separation of the hydrocarbon programme into three work streams:
 - (a) Energy Policy and Climate Change policy (the Committee for the Environment & Infrastructure);
 - (b) The States Trading and Supervisory Board's St Peter Port Harbour Development Programme due to report to the States of Deliberation by December 2020 that will be informed by the Energy Policy and will include hydrocarbon requirements; and
 - (c) A support programme working with energy providers for interim supply solutions (the Committee for the Environment & Infrastructure to report back by Q2 2021).
11. To direct the Committee for the Environment & Infrastructure to establish the public-private Energy Partnership by Q4 2020.
12. To direct the Committee for Economic Development to undertake a review of structures for cost reflective tariffs (including reflecting fixed and variable costs), to bring proposals to the States of Deliberation to give directions to the relevant regulator by Q4 2020.
13. To direct the Committee for Employment & Social Security working with the Committee for the Environment & Infrastructure to co-ordinate an investigation of the most effective means of addressing energy poverty and report back to the States by the Q2 2021.
14. To direct the Committee for the Environment & Infrastructure to work with the Development & Planning Authority to bring forward further recommendations to improve the energy efficiency of existing and future housing stock, assess the potential for and impact of requirements to report building energy efficiency standards and/or to implement a minimum standard for the rental market and a reporting standard for the sales market by the end of Q2 2021.

15. To direct the Committee for the Environment & Infrastructure, working with the Policy & Resources Committee, to review the position on the introduction of energy related taxes, to deliver on the policy's aims, and bring any recommendation to the States of Deliberation by May 2023.

16. To note the resource implications set out in paragraphs 11.2 to 11.18 and that any requests for additional budget be submitted through the appropriate budget setting or capital prioritisation process.

17. To rescind the following Resolutions of the States or parts thereof:

(a) Resolution 11(d) of Article XIV of Billet d'État XV of 2011 "Review of Utility Regulation";

(b) Resolution 4 of Article III of Billet d'État XII of 2014 "Guernsey Electricity Supply – Future Strategy"; and

(c) Resolution 2 of Article IX of Billet d'État VII of 2016 "Comprehensive Social Welfare Benefits Model".

18. To amend the following Resolutions of the States:

(a) Resolution 1 of Article III of Billet d'État VI of 2015 "Alternative Framework for the Oversight of Guernsey Electricity Limited and Guernsey Post Limited" to:

(i) delete "Guernsey Electricity Limited and" and "respective electricity and"; and

(ii) substitute "law" for "laws"; and

(b) Resolutions 1 and 2 of Article XVII of Billet d'État III of 2016 "Legislative changes relating to the future oversight of Guernsey Electricity Limited and Guernsey Post Limited" to delete:

(i) in resolution 1, "and electricity"; and

(ii) in resolution 2, "the Electricity (Guernsey) Law, 2001 and" on both occasions it appears.

The States' Greffier: Deferred items. Billet d'État XI. Article VIII. Committee for the Environment & Infrastructure, States of Guernsey Energy Policy 2020-2050.

The Bailiff: I invite the President of the Committee for the Environment & Infrastructure, Deputy Brehaut, to open the debate. Deputy Brehaut please.

Deputy Brehaut: Thank you very much, Mr Bailiff.

Sir, energy is crucial for business, for our quality of life and for the creation of jobs. Energy policy is key to our recovery which is going to be our focus for the remainder of this extended political term, however long that might be.

Clean, reliable and affordable energy supply is a fundamental economic enabler. Establishing an environment for the development of locally produced renewables will support the diversification, vibrancy and recovery of Guernsey's economy. Establishing a clean and secure energy supply is a significant component of decarbonisation and a shift to decarbonisation would be an essential reputation advantage to support the growth of the green finance sector.

A system where a greater and significant proportion of our community's energy needs are supplied through local energy sources will increase resilience by reducing exposure to external geopolitical factors.

The aims of the Energy Policy are: to maintain security and resilience of supply; to reduce carbon emissions; to support a vibrant economy; increase equity and fairness; increase consumer value and choice; and increase energy independence. This Policy will ensure we have a strategic direction for energy and with the flexibility that is built into this Policy it can adapt to the challenges we face now and in the future.

It is recognised that economic factors alone do not determine the outcome in the energy sector. The States must ensure that the outcomes in the energy sector are consistent with a range of social objectives. If the end objective is economic efficiency then it could be argued that the only role for this Assembly is to ensure the maintenance of competition and the regulation of companies providing energy on Guernsey.

Our Energy Policy must be concerned with not only efficiency but also affordability. The level of energy prices is a critical factor to Islanders and businesses and consequently it has an important impact on Government policy relating to sustainable economic growth, job creation and prosperity.

370 After extensive engagement by the Committee with industry, stakeholders, the Policy is built on four pillars which provide direction to the energy market for long-term planning and investment. To manage that transition to decarbonisation and increased electrification for consumers. This will ensure that Guernsey keeps up to date with global decarbonisation trends, regulations, technology, industry standards and of course innovation. So these pillars are: to manage and support change in the energy market in line with global efforts to reduce emissions; to allow for an open energy market
375 with all suppliers having shared responsibility for security; to facilitate a competitive energy market using shares within the infrastructure as appropriate; and to establish a secure supply platform as an enabling factor to growth of renewable technologies.

So if I could start with the first pillager ... Pillager! (*Laughter*) We do not intend to pillage anything! If I could start with the first pillar of managing and supporting change in the energy
380 market in wider global efforts to reduce emissions. Climate change has become one of the overriding global issues of this century and the Committee will return to the States with this vital piece of work later in the year.

That policy letter is being reworked in the light of both the challenges and opportunities – if opportunities is the right word actually – presented by the Covid-19 situation. Globally,
385 governments are making steps to move towards decarbonisation of energy systems and a low carbon economy set against the background of successive international agreements which seek to reduce greenhouse gas emissions to tackle climate change.

With the world moving away from hydrocarbons, most of Guernsey's energy supply will need to come from clean low carbon sources with residual emissions off set. We will need to use energy
390 wisely so as not to waste precious resources.

The Energy Policy sets the framework to create conditions for the local energy markets to supply the Island's transition to a low carbon economy. With the support of this Assembly, Guernsey will join other developed nations in working to address this issue. The Policy sets a target of having net zero emissions by 2050 at the latest and sets a platform for the Island to transition towards the
395 ultimate goal of decarbonisation.

I am aware some may argue that the ambition should be greater but the key words to reiterate are 'at the latest'. The minimum requirement is set but there is flexibility for progress to be made more rapid and I think this Energy Policy also needs to be seen in the light of the Climate Change Action Plan which of course is the delivery bit, the doing bit, of the Policy and there will need to be
400 an acute focus on the Climate Change Action Plan too.

The Energy Policy supports the generation of local renewable energy which I will discuss in greater detail in a moment. It supports clean, affordable energy and seeks to provide value and choice for everybody. It seeks to ensure our energy supply will be resilient and secure as well as sustainable to meet demands.

405 Picking up on pillars 2 and 3 which focus on a competitive energy supply market and suppliers ensuring the security of supplying and the right infrastructure is in place, there are two companies with electricity licences, three light fuel importers, one additional light fuel distributor and one gas supplier. It is important that with the changing energy market towards decarbonisation this Policy supports and facilitates both the change and appropriate competition in the marketplace. The
410 Energy Policy seeks to level the playing field with regard to the provision of security. There is the potential for competition within the renewables marketplace, however, competition must be proportionate to the marketplace and competition is not in itself an objective. Although the Policy does seek to enable competition where the marketplace can support it.

Energy is an economic enabler. We must provide a secure supply to power the finance industry,
415 or all industries for that matter, all other businesses. We must retain the level of security and supply to withstand simultaneous infrastructure failures within the system and still serve our energy needs.

To meet the objectives of the Energy Policy one of the most crucial investments will be being plugged into the European grid. So the Energy Policy places a clear emphasis on additional interconnection due to the benefits of this approach. Currently the Island has one interconnector to France via Jersey which provides us with low carbon electricity at affordable cost. However this interconnector does not meet the Island's maximum demand requirements and so we are required to use on-Island diesel generators to provide the additional load requirements at times.

By looking to install a second interconnector we open opportunities to the Island in terms of low cost and low carbon electricity to provide additional capacity, improve energy security and critically enable greater local renewable energy. The Policy sets out an approach that supports a full investigation into the installation of the second interconnector with France. This work will culminate in a business case and will be brought back to the States to enable a fully considered decision regarding investment in a further cable.

Guernsey Electricity is obliged to ensure peak demand can be provided if the two largest generation assets are unable to operate, excluding the existing interconnector. I have been asked to spell out the N-2 policy so I will do that now. This criteria is currently referred to in the industry as N-2 and refers to the level of inherent resilience in electricity generation when talking about the installed capacity of the generators minus the maximum operating output. The '2' element relates to the requirement to have sufficient plant in place to meet the stated maximum demand, and that is 'N', should their two biggest generators fail.

The installation of an additional cable link would provide a significant shift in the make-up of our electricity provision and once we have this in place we should look to review how we as an Island should provide security of electricity supply. To be clear, this Policy does not propose a specific relaxation of N-2 to N-1 or any other standard. Rather it proposes the principle that we should consider the best way of providing the security given by a second interconnector to the Island.

At this point I would like to thank Deputy Brouard who was going to place an amendment with regard to N-2 and I thank him for approaching both my Committee directly as well as the Guernsey Electricity to have quite a detailed discussion regarding the Policy, but he chose to withdraw or not place an amendment and I thank him for that, sir,

Also I have been asked, Proposition 5 talks about dispatch and that is how GEL selects the type of generation it prioritises for sending. Currently it prioritises based on the cheapest cost. If the cable is cheaper it sends out 100% through the cable up to capacity then tops it off with the generators.

I have also received questions on the licensing framework which I will try and deal with. Whilst the Energy Policy was being developed external events moved quickly. In autumn 2019 the extension to Guernsey of the UK's membership of the World Trade Organisation gained momentum and the process was concluded. This means that the Energy Policy and the proposed approach to the licensing framework needed to be aligned with the principles and practises of the WTO. Officers worked with their UK counterparts as well as the GCRA to ensure that this alignment was satisfactory to all parties and in our case this was concluded without undermining the high level objectives set out in the strategy. We are also ensuring that the Energy Policy remains aligned to future trade partnership work that the States is currently undertaking.

We need to be cognisant that the steps we take today do not undermine our ability to be part of trade deals in the future. At this stage we can be confident that that is the case and I welcome the representation of the GCRA and the States' trade partnership advisory panel to assist and maintain this alignment.

Also I have been asked to detail the regulation model following Jersey effectively actually pulling out of that arrangement, so I will do that now. Members will be aware that as of 30th June, Guernsey will revert to an insular competition regulatory authority following the States of Jersey's decision to curtail the pan-Island CICRA model.

The Committee is grateful that the Committee for Economic Development and its officers have kept us updated on those developments. The Committee discussed the situation at its meeting of

last month and has exchanged helpful correspondence with the Committee for Economic Development. We have been given an assurance that we can relay to the Assembly that the GCRA will have the requisite capacity and resource time to take the work on supporting the Energy Policy that is set out in the policy letter and the Propositions.

Subject to the agreement of the Assembly, both Committees and the GCRA will work with the sector and the States' Trading Supervisory Board to set out the long-term regulatory licensing framework that will provide stability, certainty and flexibility for regulated entities and good outcomes for the consumers.

The working partnership between Government and regulator will be critical to developing the objectives of Energy Policy. The proposed review that the GCRA scope referred to at a previous States' meeting by the President of the Committee for Economic Development is therefore to be welcomed and will help ensure that the GCRA's role in relation to the current and future energy market is crystal clear for all parties.

Moving onto pillar four then, which focuses on establishing a secure supply platform as an enabling factor for the growth of renewable technologies. The additional interconnection offers the Island an opportunity to increase the supply of renewable energy on Island. The Island has opportunities for the development of solar power, wind power, wave power and tidal power thanks to the geography and our locality of course.

A recent study by Bloomberg is showing that solar panel and onshore wind offer the cheapest form of new build electricity for over two thirds of the world's population. However, there are considerations when developing all of these for us as an island. Solar power is now relatively cheap and offers a cost effective solution for small scale development, as Guernsey Electricity has demonstrated through its projects on both its own building and the roof at Guernsey Post. However, they also offer peak supply of electricity at a time when the call for it is at its lowest, hot sunny days, and so the European market is generally at its cheapest. This is in contrast with offshore wind which is better suited to provide electricity on cold, dark winter days but even so it is well recognised that the continuity is difficult when the wind does not always blow.

This is where additional interconnection can provide benefits to the development of this market. In times of excess there is the potential for exports, subject of course to agreeing commercial terms, and at times of low production there is a source of low carbon electricity available from the Continent. This key issue of grid balancing also needs to be considered. As Kathryn Porter outlined at the IoD Conference last October, renewable energy does not provide electricity at the same frequency as traditional generators. This means they need to be balanced from the provision of electricity to run smoothly. In small quantities this can be done through a generator but at higher volumes this will need addressing and the cable is the mechanism for doing so, as is on-Island storage. That is perhaps an area that could have been fleshed out a little more. But I think the potential with factory storage is something that we will deal with a number of concerns regarding renewables and the storage of energy created by renewables.

Whilst we have resources for both wave and tidal stream power we must be aware of where the industry is. Currently both wave and tidal industries are pre-commercial. This means that adopting the technologies now would have implications on the price of electricity within the Island. Indeed, when the presentation was held of the Tiber project – that is the development of the Raz Blanchard Alderney Race project – the recommendation was for Guernsey to connect into a successful project rather than look to develop within our waters.

It is therefore important that as an island we continue to monitor the progress of these industries so that we can take advantage of the opportunities when the time is right. To this end the Policy proposes that further work is undertaken to set a realistic target for local renewables. This would consider all of the factors above and will look to how the Island can transition to a more self-sufficient position over time.

In closing then, the 2018 Budget Report indicated that development of the Energy Policy would include consideration of related taxes. However, the Committee believe that at this time the Policy may be introduced without energy related taxes. The Committee recognises that taxes may be

required at a future date to support and manage the energy transition. Should this be the case, as highlighted in the Energy Policy, the taxes would be to support the transformation and desired outcomes rather than specifically for raising revenue. The Committee also recognises, as highlighted in the letter from the Policy & Resources Committee, that any such form of taxation would need to be considered within the context of all Guernsey taxes, and understandably so.

The Energy Policy adopted a collaborative approach to developing energy policy with industry and carried out extensive engagement and consultation. There have been regular meetings with industry through the energy forum and the four pillars of Guernsey's energy future, as outlined in the vision, were developed with the industry. The Energy Policy was also sent out for targeted consultation with the industry and wider business bodies. This is not a policy development in isolation, rather one that has been an open and evolving process looking to achieve the best outcomes for the future of energy for the Island. Critically it is an enabling policy for future energy provision and whilst there is much work to be done this policy does set out the high level direction.

Finally, I would like to thank all those Members that have helped develop the Energy Policy. We have met with a number of committees and the policy letter has been presented in draft form on more than one occasion to colleagues.

So in conclusion, sir, the Energy Policy aims to reduce the carbon emissions, maintain security and resilience of supply, increase consumer value and choice, increase equity and fairness, support a vibrant economy and increase energy independence.

The Committee engaged extensively with industry stakeholders and with that in mind I would ask the Assembly to support it, and if Members please have in mind the supportive letter of comment from Guernsey Electricity and the supportive letter of comment from the International Energy Group, who are fundamentally in a different place obviously to Guernsey Electricity yet they see the benefits of a lower and low carbon economy. Also I would ask Members to bear in mind the letter from P&R which quite clearly makes us aware we are in a fundamentally different place at the moment but, however, the final paragraph does implore States' Members to support the policy.

Thank you very much, sir, and Members.

The Bailiff: Deputy Brehaut, is it your wish to place amendment number 1 at this stage just to tidy up Proposition 10?

[Amendment 1](#)

To delete proposition 10 (b) and substitute therefor:

"(b) The States' Trading Supervisory Board's Future Ports Development Programme, due to report to the States of Deliberation by December 2020, which will be informed by the Energy Policy and, in particular, will take into account the delivery of hydrocarbons by ship as part of any investigation of future harbour requirements; and"

Deputy Brehaut: Yes please, sir.

The Bailiff: Do you need the amendment to be read or do you simply want to speak to it?

Deputy Brehaut: I will just speak to it, sir. Currently we import fuel and hydrocarbons to Guernsey specifically in tankers. We are aware of the development of St Peter Port will need to incorporate the evolution of hydrocarbon supply which means that we could reach the stage where hydrocarbons are coming to the Island in load-on load-off or roll-on roll-off ISO tanks. That would have to be facilitated within St Peter Port. Our colleagues at STSB have oversight of that operational function and I would ask States' Members to support the amendment, sir.

The Bailiff: Deputy Ferbrache, do you formally second that amendment?

Deputy Ferbrache: Yes, sir, I do.

The Bailiff: Thank you very much.

Does any Member wish to speak on amendment number 1?

As nobody is indicating a wish to speak on amendment number 1 I will put to you amendment number 1 proposed by Deputy Brehaut, seconded by Deputy Ferbrache, Members of the States, which has the effect of substituting Proposition 10(b). Those in favour please vote in the chat function as you are doing and those against can also do so.

Members voted Pour.

The Bailiff: Well thank you very much, Members of the States, that was a very strong response *Pour*, I have not seen or heard anyone voting *Contre* and therefore I declare amendment number 1 proposed by Deputy Brehaut, seconded by Deputy Ferbrache, carried.

Deputy de Lisle, you have amendment number 2. Is it your wish to place that now?

[Amendment 2](#)

1. Immediately after Proposition 3 to insert the following proposition –

"3A. To agree in principle the commitment of the States to achieve growth in the local renewables sector, to satisfy Guernsey's future energy requirements, both in terms of generation and storage, with special emphasis on micro and macro scale solar generation on government buildings, schools, housing estates, businesses and private homes as an economic enabler and to establish a target for renewable on island energy generation."

2. In Proposition 8, for the words "subject to the consideration of a full business case" substitute – "either direct to France (GF1) or through Jersey (GJ2), and an offshore wind project of the order of 30MW or larger in Guernsey waters, subject to the consideration of a full business case which provides comparative costs".

Deputy de Lisle: Yes, sir, if I may.

The Bailiff: Who is going to be seconding this amendment?

Deputy de Lisle: It is Deputy Lester Queripel, sir.

The Bailiff: Do you wish the amendment to be read, Deputy de Lisle, or do you simply wish to speak to it?

Deputy de Lisle: I would ask, sir, for the two matters to be dealt with separately. They deal with different issues and separate debates would focus minds on the two different matters, sir. So I would ask that, yes, the Proposition is read but just the Proposition 3A initially.

The Bailiff: Well, Deputy de Lisle, the approach that I am going to take is that this is a single amendment. If you wanted them dealt with separately there would be two amendments and therefore the amendment will be debated in the round but separate votes will be taken on Proposition 1 and Proposition 2 in respect of it so that if people wanted to vote differently they can, but the entirety of the amendment needs to be debated at one point.

So we will have the amendment read please. Greffier.

The States' Greffier read out the amendment.

The Bailiff: Deputy de Lisle to speak to number 2 please.

Deputy de Lisle: Thank you, sir.

600 I want to make the point very strongly that we have fallen behind, *so far* behind other jurisdictions with respect to the adoption of solar energy. *So far behind* that I believe we need to have a separate Proposition in this report for the solar element of renewable energy.

I note that despite the mention of the potential of local renewables in the vision for Guernsey's energy future, the Propositions contained in the policy letter are silent with the respect to solar PV, 605 micro generation and utility and commercial scale solar PV. The amendment seeks to ensure that solar energy is promoted vigorously as an economic enabler by the States. The technology would allow the Island to rely less on imported electricity and fossil fuel, leaving more money in the local Guernsey economy.

I want to also right at the beginning make it clear, sir, that the target called for in the amendment 610 is for solar renewables and that is an important distinction from the Proposition in the report.

Sir, opportunities abound in solar, one of the fastest growing renewable energy sectors with huge proven potential in the form of solar thermal and photovoltaic installations for residential and commercial use.

Guernsey Electricity have taken the first step in producing utility renewable energy locally with 615 solar panels on the roof of North Side and Guernsey Post. The falling cost of renewables makes solar comparable with today's cost of electricity production on Island and will also help Guernsey's energy security by diversifying the Island's energy mix, with fixed costs over 25 years unaffected by global change in the markets.

Solar energy should be promoted, sir, by the States more vigorously on government buildings, 620 schools, housing estates, businesses and private homes as an economic enabler. This would facilitate job growth, it would cut energy imports and it would reduce environmental impacts locally and contribute to energy security. All of which should be uppermost in the minds of Government at this difficult time.

The revised planning system should further ease the path for small scale solar on residential 625 property. And for larger scale solar systems on commercial properties by waiving the planning application and building control charges and the Guernsey Electricity waiving the standby charges on commercial solar projects.

Sir, I need to remind Members that most jurisdictions do not have standby charges. This 630 elimination of standby charges for commercial would encourage rapid adoption of solar in businesses across the Island by reducing the cost recovery times. It is one thing, sir, to talk of competition, which was mentioned by the President of E&I, and new licenceholders were also mentioned, but competition and new licenceholders is of relatively little value if the licenceholders' hands are tied behind their backs by monopoly practises.

Estimates from local renewable industry have shown that if every property had solar photovoltaic 635 panels of two kilowatts output the total peak output generated on 21st June would equal the Island's peak demand of around 85 megawatts of electricity. That is a significant point, sir; it means that basically if all properties were able to initiate a two kilowatt output then the Island would be almost self-sufficient in electrical energy through solar.

Sir, everyone is in economic stress due to the pandemic and Policy & Resources are putting 640 together a recovery plan and already suggest energy policy needs to be part of this. A solar renewable strategy should be an intrinsic part of economic recovery. The world is a different place and the urgency to combat climate change and all aspects of our health and safety is of greater focus than ever today.

The States can play a big role by ensuring their operations are totally renewable energy powered 645 by let's say 2030, that is 10 years, could make the big difference. Sir, by dropping those charges that I mentioned, the planning charges and the Guernsey Electricity charge with respect to the standby charges on commercial solar projects it would stimulate demand and encourage competition in the energy system; and this would provide incentive for many new start-ups to get involved in renewables in order to satisfy the States' objectives. The rewards financially, strategically and 650 economically would be transformative, sir. We will produce much more energy than we need within

10 years, becoming carbon zero and wiping out our carbon legacy and the need for more interconnectors.

Sir, the present States' Assembly has the opportunity to have a positive legacy. Push the tremendous opportunity that solar provides for recovery in terms of employment and new business and make it clear that the way ahead is not the old way continual. Sir, these simple measures of reducing charges need to be put in place immediately to stimulate solar development on this Island.

I call on States' Members to support adding this Proposition on solar renewable development for Guernsey and to agree in principle the commitment of the States to achieve growth in this solar renewable sector with special emphasis on micro and macro scale solar generation, on Government buildings, schools, housing estates, businesses and private homes as an economic enabler; and to establish a target for solar renewable on-Island energy generation.

Sir, those are my introductory comments with respect to the first part of the amendment. Do you wish me now to continue with the second part of that amendment, sir?

The Bailiff: Yes please, Deputy de Lisle.

Deputy de Lisle: Sir, the substance of this part of the amendment is to direct and substitute a full business case, not just for the link to France direct but also to consider the direct to France link that is the GF1 ... also the GJ2, which is through Jersey and also an offshore wind project of the order of 30 megawatts or larger in Guernsey waters, subject to the consideration of a full business case which provides comparative costs of all three.

Sir, the reasoning here and the one thing that I must make very clear, is it is all a matter of transparency of capital expenditure, of tariffs, of good governance, for the Island so that the States' Members can make valid judgements with respect to this initiative of providing a cable direct to France in the region £85 million to £100 million. That is the capital cost which, of course, will push up the price of energy to consumers in Guernsey in to the future.

So what I am stating is that we need to look at all three options in a transparent way and have the figures and the business case provided to the States, so that they can make a real determination as to which way to go: whether to continue the connection through Jersey – in other words there would be another connection similar to the connection that we have just put in for £30 million; or the £85 million to £100 million direct to France cable; or in fact a wind power farm offshore which would generate a similar cost of £30 million to provide 30 megawatts of renewable wind electricity to Guernsey.

Sir, in 2016 Environment & Infrastructure's renewable energy team working with Guernsey Electricity commissioned a report into the potential of a 30 megawatt offshore wind farm to be developed within the Island's waters and section 9 summarises the work and the results of that. Given the continued evolution in the development of offshore turbines in terms of size and reduction in costs the changes and advances in the sector present opportunities and new options for Guernsey.

With affordability under strain, the amendment seeks to provide comparative costings for the business case with that of a second interconnector directly to France or a connector via Jersey, a second connector that way. The fact is that an interconnector direct to France would cost in the order of £85 million to £100 million – a lot of money which would have to be recouped from household and business electricity bills at a time when after the pandemic resources will be stretched all around and policy decisions will have to be made with full understanding of alternatives.

That brings me to consider alternatives: another connection through Jersey and development of an offshore wind farm at around £30 million, similar to the additional connection to Jersey which would be about £30 million, in that the one that we have just added to Jersey cost £30 million last year.

Now, there are risks, sir, posed by further energy importation and Guernsey Electricity is currently locked in talks with the regulator about price rises on the back of another failure of the cable link.

When there were persistent problems in 2012 tariffs rose by 9% as the company faced extra costs of 1.5 million a month, whenever it had to produce all power on Island. Breaks in supply experience with the French network and cable connection failures in recent years have highlighted the security risk of sourcing from another jurisdiction.

The precarious situation in Europe in energy currently with the decision to phase out nuclear generation in Germany by 2022 and the present French government desire to reduce nuclear to half its electricity requirements in the immediate near future leaves uncertainty to future European supplies through cable. All this gives impetus to Guernsey to seek alternative forms of energy to reduce the sole reliance on imported electricity through interconnectors and generated by imported oil.

There is a strong fit, sir, between Guernsey's economic development aims of higher value job creation, innovation, environmental sustainability, security of supply, independence in energy and a strong, local, renewable sector.

Concerns have been raised over the push for further interconnector cables to France to secure future supplies, given the huge sums of money earmarked for energy infrastructure, coupled with a probable States' guarantee of loans and borrowing for the new cable connectivity – all of which will raise electricity prices on consumers.

Developing an offshore wind project in the order of 30 megawatts would achieve energy diversification with security, independence, price certainty, sustainability and clean energy. Whole life costs for wind farms have significantly reduced; there are a range of options to be pursued, including a private public cost share venture selling surplus energy.

We have to start thinking outside the box, sir. The way ahead is not the old way. Importing nuclear energy is an unacceptable risk to the environment and to humanity. The shutdown of nuclear plants in Europe is a clear signal, sir. Already in November 2000 the world recognised nuclear power as dirty, dangerous and unnecessary technology by refusing to give it greenhouse credits during the UN climate change talks in The Hague. Nuclear power was dealt a further blow when the UN Sustainable Development Conference refused to label nuclear as a sustainable technology. We need an energy system that can fight climate change based on renewable energy and energy efficiency.

So instead of backing nuclear power, our Government needs to invest in renewable energy including wind and solar power. A thriving renewable energy industry will create jobs, provide cheaper electricity and help cut emissions much faster than nuclear power. The proposed Guernsey/France cable is likely to be specified as 100 megawatts. Why that capacity when we are already able to import 85% of Guernsey's electricity needs through the current cable link, GJ1?

Sir, I remind Members too that utility scale solar PV and micro PV across this Island, this technology would remind Guernsey to rely less on imported electricity and fuel, leaving more money in the Guernsey economy. So I call on Members to support the amendment to Proposition 8, to not blindly support a second interconnector without consideration of alternatives. I get back to my point: it is all a matter of transparency, sir, of capital expenditure, of tariffs and of good governance. For the ability to make valid judgements as Deputies and to make measured judgements on the way forward.

So do not blindly support a second interconnector without consideration of alternatives. And this amendment would force consideration of renewables, an offshore wind farms and a second, shorter interconnector to Jersey at one third of the estimated cost at a time when affordability is under strain.

I thank you for allowing me to place this amendment, sir, and that completes my initial comments with regard to the amendments.

The Bailiff: Deputy Lester Queripel, do you formerly second the amendment?

Deputy Lester Queripel: I do indeed, sir.

755 **The Bailiff:** Thank you very much.
I am going to call Deputy Gollop to speak first, to be followed by Deputy Langois, but between the two we might take our mid-morning break. So Deputy Gollop. Deputy Gollop?

760 **Deputy Gollop:** Pardon for that, sir, can everyone hear me?

The Bailiff: I can hear you Deputy Gollop so do please proceed.

Deputy Gollop: Yes, my question actually is are we speaking on general debate now or just on the amendments that have just recently been placed?

765 **The Bailiff:** I think given the wide ranging topics in the 18 Propositions from the Committee it is better just to confine your comments to the amendment. If you stray beyond that then I will regard that as speaking in general debate as well but ideally just on the amendment please, Deputy Gollop.

770 **Deputy Gollop:** Well thank you very much, that was initially my intention. But the first amendment that Deputy Brehaut placed is perhaps of a wider nature. My comments I will just refer to the Deputy de Lisle/Deputy Lester Queripel amendment.

775 I am surprised in one sense from the technical Assembly point of view that it is one amendment because it has clearly been raised with an explanatory note and careful speeches about two different topics. I nevertheless think that even if Members are more supportive of one half of this amendment than the other it makes perfect sense at this stage for both parts and then consider their position when we have a final vote, so I would hope Members will understand that and support both.

780 I have for many years been a member of the, or used to be a member of the, Guernsey Alternative Energy Society as once it was and Friends of the Earth, and more recently the England and Wales Green Party. And I am kind of a lay member, if you can be, of the Chartered Institute of Engineering to the Channel Islands, in as much as I am certainly not an engineer, not even a social engineer but I regularly attend their lectures and I think that they have been one of those groups for a very long time have been calling for more vision in energy. And I suspect the Alderney Representative
785 Mr Snowden may speak about the work he has done in promoting Alderney's contribution to the energy requirements of the Bailiwick.

In one respect, although sometimes Alderney has had a degree of criticism from some senior Members of the States for their economic, political situation, they have actually outstripped Guernsey in a way in actually looking seriously at tidal energy and connectivity to France. And I
790 think we should agree in principle the commitment to achieve growth in the local renewable sector to satisfy our future energy requirements both in terms of generation and storage.

Solar generation was always part of Guernsey's mix. One of the reasons Guernsey's past greenhouse economy, especially on the north of the Island, was so spectacularly successful for a century or so, was because Guernsey had solar power to grow tomato, fruit, grapes and other
795 products and we are losing out on that.

We have been behind the curve compared to England or France of solar generation on government buildings, schools, housing estates despite the degree of support from Building Control and Planning. I suspect Deputy Tindall may come onto this. I note Deputy Lester Queripel's support which may actually involve perhaps production and planning fees even. So I support that
800 and I think the cost of the interconnector, the second cabling, is considerable; according to the Policy & Resources letter of comment it is a priority outside other States' spending priorities which puzzles me in a sense because it is money out of the economy potentially and money that consumers and customers and, in a sense, taxpayers on the Island, would have to serve through probable increased costs.

805 So I think it also makes sense to look at direct to France through Jersey and an offshore wind project. How that will look aesthetically or what impact that would have on ecological, maritime,

fisheries or other sectors is something I am not qualified to say but I think that Guernsey's energy future is comparatively silent in respect of solar micro generation and its economic enabler building back better consequences and we have been perhaps rather reactive in not being more assertive with developing a wind farm.

I understand Guernsey's situation is difficult both in terms of scale and the fact that we do own an excellent electricity provider which is even a different dynamic than, say, Alderney. But we do need, as an Assembly that is not bound to just think of Guernsey Electricity's needs, to look at the comparative costings for the business case and compare that of a second interconnector with an offshore wind farm.

So I do support the proposers for bringing this amendment to us.
Thanking you, sir.

The Bailiff: Members of the States, it is about half way through the morning session so I am proposing now that we rise for just under 10 minutes, resume at 11.10 a.m. enabling us to stretch our legs and go and wash our hands etc. So 11.10 a.m. please, Members, when I will call Deputy Langlois.

*The Assembly adjourned at 11.01 a.m.
and resumed its sitting at 11.11 a.m.*

States of Guernsey Energy Policy 2020-2050 – Debate continued

The Bailiff: Thank you very much, Members of the States.
I now call Deputy Langlois to speak on these amendments. Deputy Langlois.

Deputy Langlois: Thank you, sir.

Firstly, I would like to correct the impression that Deputy de Lisle gave, that we are reliant on importing nuclear energy. That is simply not the case. The energy we are importing is 100% from renewable sources and is a cost effective way of utilising renewables.

Deputy Gollop referred to the series of Channel Island group of engineers' lectures and presentations and I have attended most, if not all, those presentations and I certainly had a different take from him. Whilst the presenters were obviously enthusiastic about their exploration of the possibilities of tidal power, wind power etc. I do not recall any of them actually suggesting we should launch straight into such renewable technologies ourselves. In fact they tend to be quite enthusiastic about our interconnectors, in fact a second interconnector.

As Deputy de Lisle said, his amendment is two distinct Propositions so I will address them individually. His Proposition 1 calls for a new Proposition 3A to be inserted. That Proposition calls for a target to be established for renewable on-Island energy generation, however, in section 11.19 of the policy letter the Committee has set out a summary of actions and a timeline. This includes by quarter 2 of 2021 – that is within 12 months – establish a target for the generation of locally sourced renewable energy. We could then have an informed debate rather than a speculative one on quite a complex subject.

Guernsey Electricity is already committed to a goal of 20 megawatts of community solar power arrays by 2050. As we all know, they have made a good start with an array on the power station, the biggest array in the Channel Islands on Guernsey Post roof and plans in the pipeline such as for an array at the PEH. The two arrays installed so far total a third of a megawatt so nobody can say that Guernsey Electricity's stated goal of 20 megawatts by 2050 is not ambitious. The big benefit of such communal arrays owned by Guernsey Electricity and therefore by all Islanders is that the whole community benefits, not just private businesses or individuals. So far so good.

850 There is nothing in the additional Proposition 3A that is not already in hand. However, buried in the amendment is something else, an invincible agreement for the States to commit to micro scale solar generation on businesses and private homes as an economic enabler; that is a very different Proposition. The economics of such micro renewable installations do not really work financially unless subsidised either directly or, as now, indirectly.

855 If an individual or business wishes to install PVs for environmental reasons they should be allowed to do so, even encouraged to do so, but they should not be subsidised by other energy users or by taxpayers. Far from being an economic enabler, subsidies to typically better off individuals and to private businesses distort the energy market. That can create fundamental social equity issues with the least well off carrying the burden of the subsidies in the form of high electricity bills and/or taxes.

860 Further, too much renewable energy generated by individuals or businesses could lead to grid instability issues. The policy letter's Propositions provide a carefully thought through, fair and balanced approach to supporting solar power from which importantly all Islanders, not just a minority, will benefit.

865 I do not believe Proposition 2 does what Deputy de Lisle intended if his explanatory note actually sets out those intentions. The note explicitly calls for comparative costings between the second interconnector and an offshore wind farm. Whereas the amendment itself would not negate the in-principle agreement that a second connector is needed, only that a 30 megawatt or larger offshore wind farm should be included in the business case in addition rather than as an alternative to the second indicator.

870 Leaving that discrepancy to one side, the amendment asks that two routes for the second interconnector are considered. On the face of it that appears sensible but Guernsey Electricity and their consultants have already looked into the possibility of a second interconnector to Jersey, GJ2, when exploring strategic options in detail. The review concluded GJ2 would not only potentially be a more expensive way than GF1 to secure 100 megawatts but crucially risks putting all our eggs in one basket with less resilience, an insufficient initial capacity to avoid the need for the diesel generators to fire up in winter. The only advantage of GJ2 was in terms of the project's cash flow. Are we really going to insist on a business case which ultimately will be paid for by Guernsey Electricity's customers for an option that has already been determined as second best on all the important strategic criteria and not least on cost? An offshore wind turbine farm may be an option in the future but not as an alternative to a second interconnector.

880 The 2016 Exodus Report looked into the viability of a 30 megawatt wind array off our north west coast comprising five 6 megawatt wind turbines. By way of comparison France is progressing a 500 megawatt array comprising 62 8 megawatt turbines between here and Brittany. That is only one array, there are many more planned including 1,000 megawatt array of 80 12 megawatt turbines off the coast of Normandy. Such huge arrays can justify all the support of the structure and specialised ships necessary to maintain them.

890 Exodus calculated our small array will be just about economically feasible as long as cheap financing was available but there was little margin for error, and of course one of five turbines failing would have more impact than one of 60.

895 The person who best sums up our position regarding on-Island or offshore good scale renewables such as a wind farm has already been mentioned by Deputy Brehaut. She was a guest speaker at last year's IoD annual dinner, Doctor Kathryn Porter, an energy consultant. She explained that because of our size, and our size is critical, we could not incorporate larger jurisdictions' sophisticated arrangements to balance, in real time, demand and supply from intermittent renewable sources. Instead, we would require technically difficult solutions to maintain grid stability and therefore security of supply. The cost of which may well make otherwise economically feasible renewable sources financially unattractive.

900 One of the reasons the committee is proposing that the States agree in principle to a second interconnector is that without a secure base supply and a high degree of redundancy – in other words the over-capacity that Deputy de Lisle referred to – it is unlikely that independently sourced

renewable energy from wind or tide would be viable at grid scale here, unless there are major technological breakthroughs, in particular regarding grid scale energy storage. And of course an interconnector can work both ways should we ever be in a position to export electricity.

905 This amendment offers nothing positive. It would risk funds being diverted away from Guernsey Electricity's excellent and equitable communal solar power initiatives. Even more importantly, it could result in yet further prolonged delays to the Island having a robust, sustainable, low carbon electricity supply.

I ask the Assembly to reject the amendment. Thank you.

910

The Bailiff: Deputy Tooley, is it your wish to be relevé.

Deputy Tooley: Yes, please, sir.

915 **The Bailiff:** I was aware that you were following the proceedings even though you had not joined us as a participant in the Teams so I would have relevé you from an earlier time but there was no vote requiring it to be done. So Greffier will mark you as present and you are now free to participate.

I will next call Deputy Paint, to be followed by Deputy Roffey who is allowed to remove his jacket.

920

Deputy Paint: Thank you, sir.

I read recently that the European grid which we get our electricity from is only served by about 25% of renewable energy, the rest is generated by atomic power and perhaps coal fired stations. Now that does not balance very well to what we hear over here. Somebody said this morning that 100% of our power is renewable, that we import. Well, how do we know that? Is the colour of electricity from a renewable sources different? How do we know that? We do not know that.

925 I do actually believe that our power station authorities are doing the best they can with what they have got and I am sure that is correct. I have been a little bit involved with the laying of a new cable from France for tidal streams, fishing industry and such like and they do an excellent job and many thousands if not millions have been spent on this already. I fully support a second cable from France, I fully do. I think it is a way to go forward.

930 Now regarding maritime wind farms, well I just cannot go down with that. They are very expensive to put in place and maintain. They are a blot on the landscape and could be at times hazardous to navigation and that just would not be right. I just do not believe that even comes into it.

935 The sensible thing to do in my view would be to, with the French authorities, put up land based wind farms, they are the experts in this, we are not. So if you put land based wind farms on France then you will be doing something towards our renewable energy but I just cannot support this amendment.

940 Thank you, sir.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

945 I cannot support this amendment either. I sort of understand why it has been brought. I think my problem with considering strategies is I am probably more of a practical thinker than I am a strategic thinker. So while I support all of the strategic aims in this document I would personally have liked it to be leavened somewhat with a few tactical measures that we are going to take over the next year or two to actually bring that strategy about; this is what we are going to do to make it happen. But I accept that is not the way we do things, we have a strategy first and as Deputy Langlois says we then have separate debates about the measures to actually implement it.

950 So I have some sympathy with the amendment, that it is trying to say, 'Well, let us take some positive decisions now rather than talk about the principles,' but I cannot support it for two basic

reasons. First of all, as Deputy Langlois has hinted, just about everything in the first part of the amendment is going to happen anyway. For instance it talks about having photovoltaic arrays on schools. Well Education, Sport & Culture and Guernsey Electricity have an agreement: every time a new building is put up or an existing building is re-roofed the capacity, the suitability for that roof space photovoltaic array owned by and paid for by Guernsey Electricity is so, as other have said, the whole Island gets to benefit is taken into account. And I think that is true of just about everything else in that part of the amendment, these are things that will happen anyway.

Now sometimes, you know, I vote for amendments where things would have happened without them just to send a message and to say well, it does not do any harm if that was going to happen. But the second part of the amendment, which is part of a single amendment and not as a separate one, I think is more problematic in the fact that it is asking for instance for a full business case to be worked on for a second cable via Jersey to France to compare against both offshore wind and against a direct cable to France.

Now the costs of business cases are eye-watering. So when Deputy de Lisle talks about everybody's finances are fragile, we do not want to put up the cost of electricity at this stage more than we have to, I agree with him with that but I think that asking for all the different options to be taken to full business case stage is going to be incredibly expensive.

I do not want to diversify into what we are going to talk about in a couple of weeks' time but I think maybe our whole system for assessing capital projects needs to be stripped down and simplified. Because while it might be a very good safety net to have all of these full business cases drawn up, if we are going to try and pump prime our economy with capital works I think we are going to need to look at something that (a) does not cost quite so much to get before you actually do any physical work at all and (b) seems to delay capital projects for years in getting there but that is an aside. The point is that is our system and that this is what the amendment is calling for and it would be hugely expensive.

But I suppose my main point is what is the Deputy de Lisle said 'We need as a States to consider the various options for capital investment' and I think he was talking about capital investment by Guernsey Electricity really; he was not talking about doing it separately from Guernsey Electricity, he was saying we will be the guarantors and therefore we need to look at the various options.

Well, how are we going to run Guernsey Electricity? We used to have an Electricity Board which was political and I do not think it was a bad way of doing it. I remember the days of Deputy Lancaster, then followed by Deputy Norman and then Deputy Bell and I think the power station was run relatively efficiently. There might have been the odd investment in a dodgy bank but apart from that it was pretty good.

But the States took a conscious decision that they would not do that anymore because they were not the experts in making commercial decisions. And they put in a commercial board and we commercialised Guernsey Electricity. So we make the strategic decisions, we hand down the strategy, 'This is what Guernsey wants from you,' but how to achieve that and the best economic decisions underneath that is left to a commercial board who I presume are paid fees – I should know, I am on STSB, but I am sure that they are – and are elected specifically to bring that expertise.

So if we are going to get them to do that but at the same time consider as an Assembly exactly those same decisions; how should Guernsey Electricity be spending its limited capital money? Should it be an interconnector via Jersey, a second one, or a new interconnector direct to France? Then, you know, we are going back to the old days and if there is a conscious decision to do that well so be it but that is not the way we run our utilities at the moment and therefore we should not try to be directing Guernsey Electricity's day-to-day tactical decisions when we have elected a board to do exactly that.

So I do not think this amendment fits with our governance model. I think it will lead to considerable extra expense in drawing up an extra business case for at least one option that has been deemed to be suboptimal, which is a second interconnector via Jersey, and the first part which is full of lovely, good stuff and goodies that we all support; we really want more renewables, we

want to decarbonise as quickly as possible. I do not think it adds anything; I think these are things that are going to happen anyway. But I would ask the President, I know he may not be the President when these subsequent debates happen because he has indicated he is likely to leave politics, but can he indicate that we will be able to have the sort of tactical decisions to make it in the States over the next year or two so that we can represent, what I think, is the will of the Guernsey people which is that a big part of the Recovery Strategy from Covid-19 will involve what we should have been doing anyway, which is investing in green technology, investing in an ecological way forward and by doing that actually having more security through on-Island generation?

I think the hint has already been given by Deputy Langlois that that is going to be happening but I think it would be helpful if that could be understood when the President speaks before Deputy de Lisle at the end of this debate.

Thank you, sir.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, really following on from a comment made by my colleague on STSB, Deputy Roffey, and what he does not know is the result of a meeting that I attended as a representative of the STSB yesterday afternoon on behalf of the shareholders, I and Mr Falla and another representative of the Board are the ones that meet with Guernsey Electricity, our senior officers are present, and we met the Chairman, the Chief Executive and the Finance Director and I will talk more about that in the main debate. But he raises the point about, and challenges in a gentle way, Deputy de Lisle's point about, 'Well we should be cost effective etc.' I have got these questions for Deputy de Lisle and I would be obliged if and when he replies to the debate, if he would answer them: who does he say should prepare the business cases; what does he estimate the cost would be; what does he estimate the time frame of preparing those business cases would be?

Now let me just say I have asked him those questions, I give my own answers to them as best I can but Deputy de Lisle has the responsibility when bringing a far ranging amendment such as this to consider the aspects are there. I cannot see that if there is to be the kind of business case arrangement or analysis that he suggests that it can be done simply by Guernsey Electricity. It may be; if it does then the costs, as has been said by Deputy Langlois, will fall upon the consumer because there is no magic money tree. If it is provided by other people that is going to involve yet more costs.

Whoever provides it, the costs of providing alternative business cases will run into millions and millions of pounds. It will take a considerable time and it will delay the project. Again perhaps my final question in that regard: how long, if at all, does Deputy de Lisle believe by having all these various business cases will the project be delayed? If so, if he does not believe that there is any time it will be delayed, I will be grateful for him to provide some evidence in relation to that.

Now in relation to both parts of the amendment there was a letter which was circulated and signed by myself as President of the STSB with a full approval of the board of the STSB and by Deputy Brehaut and I assume with the full approval of his board, just as recent as 1st June. And that set out in some considerable detail, it was 4-5 page letter as to the reasons why this amendment was flawed. At the time it was going to be seconded by Deputy Inder, I know he is now not seconding it and it is seconded by Deputy Lester Queripel.

There is a preface, sir, to the comments on the amendment, but those are equally applicable to the amendment. We say in relation to the first part, and I am summarising this letter, that there is no need because it is already covered, if one reads carefully, which I am sure Deputy de Lisle has, the policy letter, there is absolutely no purpose in it.

In relation to the second part of the amendment, which would have the effect of amending Proposition 8, it is simply flawed. As I say, it asks that work on the second interconnector should consider both a route direct to France and via Jersey and it also seeks to recover the unquantified costs of this additional work from Guernsey Electricity customers if that is to be carried out by Guernsey Electricity. As Deputy Langlois said, the amendment is inconsistent with the wording of

the explanatory note but no doubt Deputy de Lisle will pick that up again when he responds with his final comments.

1060 The amendment also overlooks, entirely, the work that has already been undertaken in evaluating the different options to the route of the second interconnector, including going via Jersey. And that formed, again as has been said, part of GEL's strategic options appraisal and the results are fully set out in section 8, paragraph 19 of the policy. It sums up why GJ2 or another route, another cable for Jersey, was not recommended and there are three significant bullet points in that particular matter.

1065 Guernsey Electricity also advised that the work to develop GJ2's as a credible alternative option would result in a delay, and again of years – I emphasise that, *years* – not months and the costs are the same order as developing the business case for GF1, which runs into millions and millions of pounds and will substantially delay the implementation. Also even if you did it you are still going to need the basic infrastructure, you are still going to need the cable – again as explained fully in the letter.

1070 Now Deputy de Lisle has not dealt with that letter at all, and he is not obliged to, in his introductory remarks and he is not obliged to in his concluding remarks and neither is his seconder. But how can the States give any credence to this amendment without a satisfactory and cogent response to that particular letter? I am also disappointed that, I am not aware that Deputy de Lisle approached STSB, I do not know whether he approached E&I to discuss the content of this amendment either at all or in any detail. So the amendment is flawed and should be rejected.

Thank you, sir.

1080 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Thank you, sir.

1085 I can resonate with the first half of this amendment, being amendment 1 – 3a because it does give a direction or intent for us to become independent, self-reliant and be able to satisfy our future energy needs with particular regard to solar generation. When Deputy Langlois – no first names, sir, I do apologise – spoke, he gave me the impression, and I am sure it was not his intent but he gave me the impression, that if we cannot all have it then really no one should. Sir, there are people at the moment that have solar panels on their house because they can simply afford it and others that cannot. So I think I would certainly want to work towards being more independent and self-reliant with regard to our energy needs and certainly in regard to third generation.

1090 But it is about, sir, the equity of provision and I do believe, reading the policy paper, that these areas are already being liberated and considered in this policy paper. So I resonate with it, I have sympathy with it and I do think it is laid with the best of intent, as I am sure most Members would agree. The intent is there but I am not sure actually it delivers anything different to what is already in play. However, it is to agree in principle so therefore I am supportive of that intent.

1095 Sir, for all the reasons given ... and I am going to not have tedious repetition. The second part of the amendment, sir, for all the reasons given, I cannot find I can support it at this juncture. So it would be helpful, sir, if we could have an indication that if this amendment is passed into the main Proposition we could actually take a separate vote when it comes to the end vote on those Propositions. I believe I can but I just want to have that clarified before we go to the vote please, sir.

Thank you.

1100 **The Bailiff:** Deputy Merrett, I can give the clarification you seek that when it comes to the vote on whatever the Propositions are at the end of this debate, any request to take a separate vote on any Proposition is always acceded to.

I am going to call Deputy Lester Queripel next, to be followed by Deputy Dorey. So Deputy Lester Queripel.

1110 **Deputy Lester Queripel:** Sir, thank you.

Sir, we really do need to ensure that solar energy is promoted as an economic enabler by the States. The reality is we are far too reliant on other jurisdictions for our very survival and so we need to wake up to the fact that relying too much on other jurisdictions makes us incredibly vulnerable because we are literally at their mercy.

1115 But as we know we rely on France to provide us with our electricity and we rely on jurisdictions all over the world to supply us with the vast majority of our food, which makes no sense at all seeing as we have well over 200 disused vinery sites here on the Island, many of which are in really good condition and could be set up tomorrow if the political will was there.

1120 **The Bailiff:** Deputy Lester Queripel, Deputy Leadbeater has a point of correction.
Deputy Leadbeater.

Deputy Leadbeater: Yes, sir, I was just referring to Deputy Lester Queripel's claim that we have 200 redundant vinery sites; we in fact have 200 acres of redundant grass but not over 200 sites.

1125 Thank you, sir.

The Bailiff: Thank you. Deputy Lester Queripel to continue.

1130 **Deputy Lester Queripel:** Sir, that is not what I am led to believe, I am led to believe we have well over 200 disused vinery sites. At the last count the equivalent was 251 football pitches. Anyway, I will move on, sir.

As I was saying, sir, many of those sites are in really good condition and could be set up tomorrow if the political will was there as solar farms and also, of course, to produce more of our own food.

1135 I have read what Deputies Brehaut and Ferbrache have said in their letter of comment. The fact of the matter is the States have never been anywhere near as pro-active as we need to be regarding self-sufficiency and some of us really do need to be roused from our slumbers and alerted to the fact that we are sleep walking into a disaster and we have been sleep walking into a disaster for decades. I have pointed that out on several occasions in the past, even before I was elected as
1140 Deputy but no one has taken any notice; well, no one with influence has taken any notice.

Sir, I honestly believe if this amendment succeeds it will be the wake-up call the States desperately needs. It makes perfect sense to pursue self-sufficiency measures such as these because they are fundamental to our very survival. Sir, it is a simple issue and I cannot make it any simpler than that. So in closing I ask for a recorded vote please, sir, when we go to the vote.

1145 Thank you, sir.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

1150 Any energy policy needs to be based on three words: affordable, reliable and clean. And these pillars that we use in this policy letter in relation to this amendment, pillars 2 and 3, are particularly appropriate, 'allow for an open energy market with all suppliers having shared responsibility for security; to facilitate a competitive energy supply market using shared critical infrastructure as appropriate'.

1155 So the need to have competition and the need to have an open energy market is covered by this report but you are not going to achieve that. Just find the example that Deputy de Lisle gave where he said that every house will have a solar array and that will generate 85 megawatts and he said that is the peak needs of the Island. The problem is that those solar arrays are producing maximum power on a sunny summer day and the 85 megawatts is needed on a cold, dark evening
1160 when none of those solar panels will be generating any electricity. That is where it comes back to the need to have reliable electricity.

We have to have for our economy, for our Island, a reliable source and you cannot just rely on solar energy. Yes, you could produce solar energy in the summer but then you have to have your infrastructure, your generating capacity to cope with those winter months, and they have to be financed and that is why, in that second pillar where it states 'all suppliers have shared responsibility for security' because you cannot just expect the rest of the consumers to finance the winter ... why some people finance the winter generation of electricity while some people finance their summer generation from solar powers without making a contribution towards the infrastructure that is needed for the winter, otherwise you would have this very expensive electricity in the winter.

So the right way forward, I believe, is for the States to agree to Proposition 4b which says 'establish a target for generation of on-Island where on-Island includes within our own territorial waters for renewable energy by Q2/2021' as Deputy Langlois referred to. That is where we can have a proper debate and we can discuss all the advantages, disadvantages of generation on Island and what is the right way forward.

We know that Guernsey Electricity have identified by 2050 they want to have 20 megawatts of generation capacity. But I think it is actually crucial that we have a proper targeted debate and then make a decision on that. Deputy Queripel mentioned about we were sleep walking into disaster. But the whole point of the N-2 policy is that we have enough on-Island generation to meet peak demand without the interconnectors and with the two largest generators failing. So we have considerable over capacity within the Island and we have the cable now to France.

On the second part of the amendment Deputy de Lisle spoke about how 'we are blindly supporting an interconnector'. That is not true; there will be a proper business case which would, as every business case does, include options appraisal and then the decision will be made by the Assembly once it has that full business case and that is included in the Proposition.

So we are not blindly walking into supporting an interconnector, we are going to properly consider a business case where options appraisal will be considered and, as has been outlined in previous speeches, other options have been looked into and costed much more expensive but there will be a proper options appraisal and the States will then be able to make a decision about the way forward. That is the right way to approach this subject and not just produce very expensive business cases when they have been looked at already but any business case has to have a specific options appraisal.

The other point is that in Deputy de Lisle's amendment it mentions a 30 megawatt off-shore wind project or larger; we are talking about 100 megawatts cable, this is not comparable. We know that there is going to a growing demand for electricity as internal transport is electrified and we also know that heating, also domestic heating, will also move from hydrocarbons to electricity. So it is important that we forward look and that is why a lot of the work that has been done with consultants show the indicative future demand for electricity so we have the capacity to meet that demand. It is important that we have the capacity to meet the demand in the winter but it is meeting it in a reliable way which will be through a cable which can guarantee a supply, not intermittent. It is clean because it is certified to be renewable and there is guarantee of origin which Guernsey Electricity will have from their suppliers to show that it is clean energy. And it also has to be affordable and that is the dilemma we have to go forward on. So I urge Members to support this policy letter which has the appropriate Propositions to cover the points made by Deputy de Lisle, in particular on-Island generation, so we can have a proper debate on that at a future time and reject amending this report at this time.

Thank you.

The Bailiff: Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, sir.

It was just to pick up on a point that was raised several times in Deputy de Lisle's opening and again by the seconder, and that is that Deputy de Lisle talked a lot about it being an economic enabler, and Deputy de Lisle does sit on the Committee for Economic Development so it would

1215 make sense for him to speak in those terms. And actually it is disappointing – and I need to put on record – that Deputy de Lisle did not consult with members of E&I as is quite apparent from the lack of clarity in what he is seeking to achieve and how those things are already set out or enabled in the policy letter.

1220 So for those Members who sympathise or feel a connection to the first Proposition which is very much about economic enabling or the idea of having the on-Island capability, those things are enabled in the policy framework. And it is our job as Environment & Infrastructure with the Energy Policy to create that framework for other Committees to be enabled to do their job. And that is for Economic Development to say, 'This is how we are going to economically enable this sector,' and if parts of the policy do not allow them to do that then it is for them to say that as a Committee when creating the policy that we do as politicians, as States' Members.

1225 For all those Members who are sympathetic to that first Proposition I say the ability to do exactly that but not limit ourselves only to one sector, but to really unlock that part of our economy and create real green jobs and that is already enabled in the Energy Policy and by agreeing to this amendment, if your sympathies lie that way, you are limiting that ability, you are not creating the economic enabler that you think you are.

1230 So I would urge Members to reject the amendment as a whole and not to give into the temptation that the amendment does provide because it has unintended consequences. And it should be up to Economic Development to actually fly with the policy. Proposition 6 in the policy letter does direct Economic Development to go away and look at the framework and really that is about enabling competition on a fair and equal playing field. And that piece of work is a creative
1235 piece of work that Economic Development really needs to use and if in doing that, in consultation with Environment & Infrastructure, they find that in whatever parts of the policy are in place are not creating that environment for the economic enabler that this has the potential to be, then we can work on that at that point. But to pass this amendment at this point and limit the potential for the development of a clear, cohesive policy or framework that can allow the nurturing of our own local
1240 renewables is, I think we need to be better.

And we need to communicate better as a States and again I am going to make the plea, please if we as Members are going to get Guernsey through a crisis that is forthcoming, we need to speak to the Committees and actually communicate effectively. And communication is a two way street, I accept that, but listening from both sides also needs to happen. I am sorry but unfortunately I think
1245 that the layers of this amendment have not succeeded in that. So please, Members, can we just put this amendment behind us and get to debating the full Energy Policy?

The Bailiff: Alderney Representative Roberts, I see that you have now arrived in our virtual meeting, do you wish to be relevéd?

1250 **Alderney Representative Roberts:** Yes please, sir.

The Bailiff: Thank you very much.

Well as nobody else is indicating a wish to speak – Deputy de Sausmarez has. Deputy de
1255 Sausmarez and then Deputy Tindall.
Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

There is much that can perhaps be parked for general debate but I thought it was worth picking
1260 up on some of the specific comments that have been raised during this debate on the amendment.

I will start actually by echoing Deputy Merrett's comments about the intention of this amendment. I completely agree with her that it has been laid with the best of intentions and actually I fully support those intentions, but she is right to identify that the issues lie in the delivery of those intentions and that really is where the rub is. I can assure Members that if first we are going to
1265 deliver the environmental benefits that I think its proposer and seconder believe, I will be behind

this with banners waving. But sadly, it will not and, as other colleagues have already outlined, specifically Deputy Langlois and Deputy Ferbrache in particular, this amendment would actually hinder progress towards those excellent intentions.

1270 I think one of the fundamental misunderstandings that underpins this amendment is this idea that it is somehow a binary choice: this amendment is the way to support a speedy progress towards renewable energy and the original policy letter is not. Deputy Langlois has already picked this up, but Deputy de Lisle did talk about nuclear power and of course we do import 100% renewable energy through the cable.

1275 Deputy Paint, I really did love his question about how we know and it is a really good question. I did love his idea that it might be somehow a different colour. It is not. The reason we know this is it is a certified process, so there is something called a 'guarantees of origin' certificate and that is a system that ensures that there is no kind of double accounting in terms of the energy that is being accounted for on the European grid. It is a really good question and we do have a robust way of verifying that the energy we are importing has been generated by renewable sources.

1280 This is a really important point, Deputy Merrett picked up on something that Deputy Langlois said and I think it is just worth expanding on it briefly, because I think one of the effects of this amendment is that it would increase the cost of electricity and Deputy Ferbrache expanded on this in one respect. But actually I would just like to explain why this is a fantastic amendment from the point of view of a well-heeled eco-warrior but really not so good from the point of people who are worried about how they are going to be paying their bills over the next few years, and that really is where the contention is.

1285 So it comes down to this. When we get an electricity bill what we have to pay, only about 50% of that relates to the generation of electricity, the rest relates to things like the infrastructure required to get that electricity, that power, into our homes and the security of supply which is a really big one.

1290 Deputy Langlois touched on the fact that although there is no explicit subsidy by virtue of the fees and tariffs, which we know have to be looked at again because they are not fit for purpose, we are effectively subsidising people who generate their own electricity through, say, photovoltaic cells at the moment. And what that does is it means that the people who can afford the capital outlay to put photovoltaic cells on their roof, even if that was subsidised, you are still advantaging people who have got that money available to them to do that; they can then benefit from lower electricity bills. But the problem is the cost of all those other things, the cost of maintaining the infrastructure, the cost of the security of supply, is shared amongst a smaller group of people, and that group includes the people who can least afford their costs to increase. So notwithstanding the other financial pressures that Deputy Ferbrache talked about, there is a really fundamentally important point about social equity here which means that what this amendment talks about would actually advantage people with more money over people who do not have as much.

1295 So it is really well intentioned but it does have some really serious drawbacks. A lot of the problems also come down to this issue of balancing supply and demand. Deputy Lester Queripel said it is simple; on the very superficial level it is simple but actually just under that superficial level it is incredibly complex and again this is where the problems arise.

1300 There are several sets of variabilities that have to be taken into account. On the demand side, if we think about a typical day, if we think about a period of 24 hours there is a fluctuation in demand across that 24 hours. So we are going to start getting a rise in demand from, I think, about six in the morning, peaking at the peak kettle o'clock at seven or eight or whenever it is, when everyone puts their kettles on for their morning cup of coffee or tea, and then it dies down a little bit and then it starts ramping up towards lunch time. It slackens off again in the afternoon and then picks up towards tea time and then dies down after about, I think, nine o'clock at night or something like that.

1315 In a classic 24 hour period you are going to get those fluctuations in demands. Now it is not just daily fluctuations because actually weekdays differ quite significantly from weekends and you have also got things like special events to take into account – if there is a really important ... if it is the FA

Cup Final or something that everyone is watching on TV, it has a noticeable effect on demands. So you have got the weekdays, you have got the weekends, you have got the one-off events. But it is not just about daily and weekly demand fluctuations there is also a seasonal fluctuation to take into account as well. Energy demand in winter is very different from energy demand in summer. So you have got all these different levels of variability on the demand side.

Now that is difficult enough to manage when you are dealing with a consistent and predictable energy source such as that used by fossil fuel generation but when you are dealing with renewables it becomes even more complex because of course the supply is then very variable. So with solar, for example, you are only generating electricity during daylight hours really, and then there is variability again in terms of seasonal availability of that energy source. The problem, as Deputy Dorey rightly pointed out, is quite often you get a fundamental mis-match between the supply and the demand, and until we have really effective grid scale storage we are going to struggle to match these up.

It is really challenging at the best of times and frankly the technology is getting there but, I will not go into all the details around grid scale storage, please trust me, it is not there yet. Even options that might be available in other jurisdictions are not really options available to us because of our geography and so on. So really it is a bit of a Gordian Knot.

So that is why it is not as simple as saying we just need to put in a whole bunch of solar panels and what we are talking about already, even the targets that we have set out of the sort of quantities that have already been talked about, is quite significant.

Deputy Lester Queripel talked about being self-sufficient and this is something that I think speaks to a lot of us. As Islanders, It really does appeal, that idea of being self-sufficient, but again it is not that simple.

If we were to put all our eggs in this solar PV basket, for example, as Deputy Dorey rightly pointed out we might be able to generate on paper the peak energy demand but it would not necessarily be at the same time as when it is required. So we need to have that kind of buffer, we need to have back up, this is where it gets very complicated because this is why we need a second interconnector. Because if we do not have a second interconnector then we are reliant on generating that, probably through burning fossil fuels on-Island, and actually even that we are very dependent on other jurisdictions, I mean painfully so. It does not crack the self-sufficiency nut.

What we want to do is emulate the jurisdictions like the Orkneys, which have been fantastic. They used to be entirely reliant on imported electricity and now they have done fantastic things and they are actually exporting energy back down that cable because they are producing more than they need. So that is what we are hoping to do, we are hoping to get to that kind of position ourselves.

I think I can speak on behalf of all my colleagues on E&I to say we absolutely share the ambition, the intentions of this amendment but unfortunately the amendment itself will not deliver those intentions. I can offer some reassurance that actually the policy letter itself will. So, I would urge Members to reject this amendment please and support the policy letter.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

Personally I believe that the various excellent speeches already made and the letter from E&I and STSB have already set out the reasons for not supporting this amendment.

I wish to speak specifically though about the first aspect of this amendment. Whilst I agree the policy letter covers this already there are in fact already policies in place since 2016 which seek such aims. I believe it is important to expand on the policies of the Island Development Plan to show what can already be done. The IDP's flexibility and scope accommodates growth and the ability for micro and macro scale solar generation on government buildings, schools, housing estates, businesses and private homes. Naturally the scale of any project will be subject to usual assessments against the material considerations and may require an environmental impact assessment. The IDP policies work in unison to encourage the improvement of the energy efficiency in carbon

1370 performances of new buildings to assessing their design and positioning and by enabling the harnessing and use of renewable energy.

The IDP generally encourages the development of renewable energy infrastructure in order to diversify the Island's supply of energy and to support an increase in the quantity of renewable energy within the Island's energy mix. Policy GP9 encourages means of harnessing renewable energy to be considered and designed into new developments as an integral building element such as our roofs. Policy OC7 gives general support to the installation of renewable energy installations including solar farms on redundant glasshouse sites and on brownfield land.

1375 The report, approached to agriculture and redundant vineries dated July 2013, identified over 250 redundant glasshouse sites of varying sizes distributed across the Island. This may of course have been changed given commercial horticulture operations which were formerly the basis of Guernsey's economy. So the ones in use have greatly reduced in number.

Where sites are in an agricultural priority area, however, consideration will have to be given to dual use; such as grazing of sheep under a solar farm. For those of you who are concerned about the sheep and their wellbeing I can assure you that sheep can graze under a solar array without sheep suffering bumped heads.

1385 Brownfield land includes curtilages so it gives growth for both macro and micro installations. On greenfield sites, however, renewables installation is limited to below ground, e.g. ground source heat pumps so that the use of land for agriculture is not compromised.

Policy S5, development of strategic importance, would apply and give further flexibility to where developments are large scale or have significant impacts or involve land reclamation, as I said would require an EIF. In relation to offshore installations these are clearly outside of the Guernsey planning law, however, there is general positive support for shore-based ancillary infrastructure relating to these where it is located and designed to have the least negative impacts and of course with other relevant policies.

1390 So whilst the IDP enables the development of renewables, as to making them economic enablers, that I believe should be considered as part of the States of Guernsey Economic Development Strategy by the Committee for Economic Development.

Deputy de Lisle mentioned the waiving of any fees. This is a decision for the DPA but in my view at this time it should be one for the States. But the fees for certain developments, including solar PV, are already set very low and compared with other forms of development, and this is in recognition that this is a desirable thing to encourage, and there is no additional fee which is part of another development. So at the moment the fee category is £70 and relates to all renewable energy installations in the curtilage of a house or a non-domestic building and not carried out as associated works with something else.

1400 The DPA could amend the fee schedule to a lower or zero fee by regulations rather than needing changes to the ordinance, but given there will be some loss of income I would suggest that that discussion on the general level of States' fees and charges, including waivers of fees such as those of the DPAs, should be through the Recovery Strategy. It may be suggested, for example, that there is a review of the States of Guernsey Policy on charging generally, which is of course to recover the cost of undertaking the work.

1405 As we have only had conversations on the Recovery Strategy with some Principal Committees both in correspondence and virtual meetings we have yet to have a conversation with P&R, authors of the strategy. So we are unaware at this point if consideration is being given to reducing fees in particular relating to planning and building control.

1415 I can, however, assure Members, sir, that we will be discussing this at our next meeting of the DPA which takes place before the debate on the Recovery Strategy. So we will be ready to provide a Committee view in respect of fees and all things planning and development in relation to the overall strategy at the next meeting.

1420 So, sir, whilst I am grateful for the opportunity to remind Members of the contents of the Island Development Plan I urge Members to reject this amendment.

Thank you, sir.

The Bailiff: Members of the States, I am pausing very briefly but if I do not see anyone indicating a wish to speak on this amendment number 2, I will turn to the President of the Committee, Deputy Brehaut, to speak on the amendment. Deputy Brehaut.

1425 **Deputy Brehaut:** Thank you very much, sir.

Well just to work backwards with the speeches, Deputy Tindall is right to tell us that policies are generally more committed than we imagine they are, and not both in planning terms but with regard to the Energy Policy too. The presumption that the policy does not allow or does not facilitate on-Island renewables on any scale is a misinterpretation. I know some Members would like that perhaps, hence the amendment of course, distilled down into one clearer paragraph, I acknowledge that but the policy itself does clearly speak in support of the agreed renewable expansion within renewables.

1430 I thank Deputy de Sausmarez for pointing out that the electricity we import is certified and that it has its green credentials and that of course we tend, even I at times, I think, to lapse into talking about France when of course we are talking about the European grid and that is obviously made up from many sources within Europe and not just France. And she is right to raise the issue, which is so important, regarding equity and I will touch on that again in a moment.

1435 Deputy Hansmann Rouxel is correct in I suppose appealing for politicians, colleagues before they place an amendment of this nature to just come and speak with Committees to see how the document can be modified or take on board their considerations at any stage and of course he and I did go to Committees giving them that opportunity to ask them how they felt at the very early stage the Energy Policy was shaping up. If they felt it was inadequate in any regard it could have at any stage, either at the meetings when we have met directly or at a later stage, dealt with any of the gaps as they see it. So I think it would have been beneficial for both Deputy de Lisle or Deputy Inder, as it was, or Deputy Lester Queripel to come and speak with the Committee.

1440 I thank Deputy Dorey for again touching on the full business case. It is not a foregone conclusion; the GEL would have to put in a formal business case before we had the GF1.

1445 Deputy Lester Queripel referred to a wake-up call and I just wanted to read from correspondence with Guernsey Electricity with regard to the option for the GJ2 or the interconnector that is favoured in the amendment. The GJ2 option it says in the short to medium term only secures 60 megawatts of import capacity. This means that the power station will still be required to top up supplies as it does today and will not further decarbonise electricity use. The additional capacity through Jersey cannot be assumed and requires further cables to be installed from France and an upgrade of the network on Jersey to transmit the power across the Island.

1455 That does not give us the self-sufficiency that Deputy Lester Queripel was looking for. In fact it means that we become more dependent on hydrocarbons and we import heavy fuel oil which is the most unattractive substance in relation to carbon. We will be importing heavy fuel oil to balance out the load. The issue of self-sufficiency is a really interesting one because clearly we import petrol, we import diesel, we import gas, if we were to make this Island a centre for solar panels then presumably we would be importing every last bit of that. Unless we did make ourselves an innovation centre, a technology centre but if we were to expand, have much more micro generation, then we would quite rightly import materials to do that.

1460 Just on a point raised by Deputy Merrett, this issue of equity which Deputy de Sausmarez raised is a really important one because there are some of us, there are many people who are fortunate enough to be able to buy electric vehicles and perhaps even put solar panels to charge their electric vehicles, then broaden out that PV source for electricity to perhaps into battery storage and use it in the home but we can do that. For the people who cannot afford to do that they still have to pay for our privilege to do that. They have to pay for the electricity production, the greater burden falls on them, they have to pay for the maintenance of the infrastructure. So we must have that in mind. It seems odd to talk about equity and fairness within the electricity supply chain but it is there and it is central and if more people who can afford to come off grid then the burden sits disproportionately on others.

1470

Deputy Roffey spoke of I suppose what I keep lapsing into calling the 'doing' bit and he has my sympathy here because I think as politicians we do like sometimes just to roll up our sleeves and get on with things. I suppose the parallel if he is looking for an assurance that there will be more meat on the bones, the 'doing' bit, that would be with Climate Change Action Plan which starts to give a real direction. This I suppose is an enabling keystone that we are putting in the ground today. But the Climate Change Action Plan then give us the real detail of where we are going, not unlike, I suppose, the Integrated Transport Strategy, and there is the policy, then there is the 'doing' bit and of course the Waste Strategy. The States signed off the Waste Strategy but the implementation sat with STSB and that is the more visual element that people like to get involved with.

Deputy Paint reminded us that electricity does not come with a colour and he is right. I can also remind him that it is invisible and as an apprentice electrician I had several pairs of melted pliers that will testify to that. But as Deputy Dorey has touched on and others, it is certified and it is from the melting pot, I suppose, of the European grid which is progressively anti-carbonising.

Deputy Gollop spoke of the tidal energy production. I went to the presentation put on at Le Courtil regarding the tidal projects in the Raz Blanchard, the soft sea generators, their advice to us as politicians then was that we should be seeking a second cable to France. And it is important to know that that project is sponsored by the French regional, municipal, by the local government as opposed to the central government. So an innovation fund has funded the production, a factory, to produce these generators which has given employment to those in Normandy.

So it is much more than just electricity generation, it is a manufacturing project, it is an employment project, it is an enterprise in itself of which at some stage the literal output would be electricity.

So just to sum up then, particularly with regard to comments made by Deputy de Lisle because I can see why, I fully understand why this amendment is seductive for people who feel that they are drawn to the patchwork quilt of micro electricity production.

As I think Deputy de Sausmarez and others may have raised, and from memory I think Deputy Langlois did too, was this issue of balancing the grid which is what Kathryn Porter spoke of. If you have a given established base load, of say 16 megawatts, and you feel – and this will be so asked by the way – if you feel you could supplement that with micro renewables to give you the balance, the intermittent nature of renewable supply means that you are always reliant on the base load of electricity that comes at a given frequency. If you change that balance and the micro energy production, the small energy production, starts to dominate then that balance becomes ever more difficult.

So security and continuity of supplies is absolutely crucial. Measure by measure as individuals, I think, we will be using more PV and using more battery storage. But in the meantime we need absolutely the security and continuity of supply that we have got that needs to meet that 80 megawatt or 85 megawatt demand when we need it.

I think the Post Office array gives about 200 kilowatts which is relatively, for the size of the roof ... to put that in scale there is no standing charge by the way for micro electricity production over 24 Kilowatts, so for those of us who remember one bar electric fires, then that is 24 bars of a fire. So 200 kilowatt consumption has to be seen in those terms, it is not that dis-huge an amount but nevertheless an enterprise worth pursuing.

The whole core of energy policy is continuity of supply and we have the continuity of supply through a cable that is guaranteed renewable. I fully understand the attraction and the draw to an Island community embracing renewable energy and wanting that renewable energy to be visible, to be in their community. The reality is the renewable energy is generated somewhere else and we import that energy at the flick of a switch.

So, please, I would ask Members to reject this amendment and support the Energy Policy. I would just inform Members in the future, respectfully, with policy letters of this nature, especially engaging the Guernsey Electricity, for example, who have the obligation of continuous supply, we cannot jeopardise that to any degree but I would urge Members, with that in mind, not to support the amendment.

Thank you, sir.

The Bailiff: I now invite Deputy de Lisle as the proposer of the amendment to reply to the debate. Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

I would like to thank Members for their contributions and Deputy Lester Queripel for his support in seconding the amendment, sir.

Deputy Gollop made the resounding point that we are behind the curve in solar and the cost of a second interconnector was a concern of his. And he said that an even smaller Island than us, Alderney, was more pro-active in terms of renewables – a very good point, sir, and a lot of learning there for Guernsey I think.

Deputy Langlois and many others actually have been stressing this business of a 100% of renewable sources with respect to cable imports – and I think Deputy de Sausmarez may have said it and Deputy Brehaut was on about it. The fact is, sir, that our electricity transmission from Europe comes through Jersey and their electricity from cable is 66% nuclear and 34% renewable. So how can we in Guernsey have 100% renewable when we are taking from the same supply? Sir, I think we have to come clean on a few facts.

That was one thing of Deputy Langlois, the other thing is he is talking about the Guernsey Electricity wanting to build in 20 megawatts of renewables but the reports that we have are talking more or less of 30 megawatts being produced from micro renewables and from the more commercial type of solar renewables. He spoke about GJ2 would be more expensive than a connection directly to France but how can that be when the French connection direct would be double the mileage that the connection into Jersey would be? It just does not add up to me.

Deputy Paint made the good point that 25%, he was saying, of imported electricity would be from renewable sources. Well I have given the figures now from Jersey and that would be the same for us: 66% nuclear and 34% renewable.

Deputy Roffey makes the point of new licence holders and so on and the push for solar renewables and the investment in green technology. I think what we have to say there is that private sector firms and individual households really want the opportunity to invest money in renewable energy in Guernsey, but any licensed electricity generator will continue to be frustrated by investing in Guernsey by barriers, the stand-by charges, for example, for entering the electricity market that have effectively blocked a clear energy choice for Islanders. Network access needs to be open, sir, so new operators can sell to anyone and transmit across the Island from little nodes, from different centres to the consumer. There has to be a change in thinking, in other words.

In terms of Deputy Ferbrache who is asking all sorts of questions that he should be able to tell me with regard to business costs and timeframes and so on and so forth. When we were looking at the extension of the Airport runway, for example, we were told that was going to cost, the study was going to cost all sorts of numbers, £700,000 in terms of the business case development and the pre-visibility analysis and so on. But when it came to the end of the whole thing it was all done with about £180,000, somewhere around there; all the studies were done a lot more cheaply than they had originally intended and also in a very short time space. It is unfortunate due to the fire risks that we have not been able actually as a Committee provide more detail of the results of that study.

The other point with regard to Deputy Ferbrache's point, I think what I am saying to Deputy Ferbrache is that it is a matter of transparency of capital expenditure. It is a matter of looking at all three and getting the right mix – in other words, a cable direct or a cable through Jersey or an off-shore wind farm. Let us find out what the numbers are, let us be quite open and provide that to the States' body so that they can make a determined decision and not hide behind closed doors. Let us be open and transparent.

Deputy Merrett emphasised self-reliance. This is a very important point, this is something we should really be working on. Guernsey has to be –

The Bailiff: Deputy de Lisle, Deputy Brehaut wishes to raise a point of correction, so I will just call Deputy Brehaut to make it.

1580

Deputy Brehaut: Thank you, sir.

I was trying to take advantage of the gap in Deputy de Lisle's speech and I thank him for essentially letting me speak that I thought he was going to be a little longer.

1585 Can I just point out that we do not purchase electricity from Jersey, we purchase electricity from the European grid and you have to view the cable as a parallel piece of infrastructure rather than, if you like, a pipe. So you can have parallel importation through the cable, so there are two customers at the receiving end: Jersey Electricity and Guernsey Electricity.

1590 **Deputy de Lisle:** I appreciate, sir, that we are getting the electricity from France and it is coming through the European grid but what I am saying is it comes through Jersey and then onto Guernsey. If Jersey is indicating what the composition is of that energy source in terms of 66% nuclear and 34% renewables, we are getting the same thing. That is all I am saying.

1595 Deputy Lester Queripel: solar needs to be promoted by the States, we need a wake-up call. He is absolutely right, we are over reliant on other jurisdictions. This is something that we have got to deal with and we can deal with it in energy and we should deal with it very quickly without having a block to some of the investors that could diversify our energy source very quickly.

1600 Deputy Dorey speaks of the 100 megawatt cable. I say why so much? Why do we have to be going for a 100 megawatt cable? We are already being supplied with 85% of our needs through the existing cable. Why another one and it is such a big one – a 100 megawatt cable? This is unnecessary for Guernsey, we do not have the need. 'We will export it!' Why buy in and then export out? It does not make any sense to me.

1605 Deputy Hansmann Rouxel is talking about the need for myself and others to consult with E&I. I was part of the group that was putting this framework together initially. The Committee for Environment and the Committee for Economic Development were working together at one stage and I kept making the point that we needed to emphasise solar and that we also needed to put a proposition forward with regard to the wind farm. But I find now with the studies that there is no proposition for the wind farm, although section 9 is speaking a lot about it and the earlier studies that have been done and expended for by the States of Guernsey.

1610 Deputy Tindall makes the point that the Planning Department is trying to redress some of the hold backs, if you like, for renewable energy which is a good point that she makes there. My point is the application fees and the building control charges that come in, and the spot checks of course as to where one can actually locate a generator, for example, it is all costly and the point I am making is we have to look to try and reduce these costs in order to encourage individuals to invest in solar energy.

1615 Deputy Brehaut makes the point of fairness, disproportionate levee really unsung, as others can afford to go solar. This is all part of the control that I am concerned about of Government. The control of investment in the hands of the current Guernsey Electricity rather than letting individuals invest and gradually moving Government out of an area of this type, as we have seen with other areas of business such as the Telecoms.

1620 Sir, finally a few points that I would like to make. Energy policy should be part of a recovery plan for the future for Guernsey. There is need to introduce competition by opening up the market to new suppliers and no longer continue with a single prime electricity provider as the controlling influence as at present. This leaves the Island entirely dependent on an off-Island provider which will not grow high value on-Island jobs in the renewable energy industry and we need those jobs desperately now. Removing barriers, we have to remove them, including the dominance of the industry by Guernsey Electricity. To allow an open and competitive electricity market needs urgent consideration to build greater energy independence on the Island. Provide choice for Islanders and bring significant advancement into the Island promoting renewable energy schemes and jobs.

1625

Let the States eradicate barriers and dominance in the market place. To encourage new entrants, to invest and encourage solar and wind renewables and tidal schemes that will make a big difference and leave a positive legacy in the energy market for years to come.

Sir, the States is giving up on the people of Guernsey. Instead of taking this opportunity to diversify and utilise the many unutilised talents of the population and industries on the Island, including construction and building, in digital, in engineering, in administration. It is throwing it all away and giving it to a foreign state gift wrapped in a ribbon worth £100 million. What sense is that? We need now more than ever to diversify and grow our economy for the future prosperity of this Island and its people. And not throw away our resources.

The future is to be green; the automobile industry understands this. In Europe countries are proud to announce that they have decommissioned their last nuclear plant and that voice to do just that is growing in urgency to envelop all of the EU nations. We in Guernsey must have an independent green source of power that is generated through either solar or wind or tidal. We as an Island are blessed with these natural resources to hand, we have to use them.

We are behind, of course, our closest neighbours including Scotland, Ireland, the UK, the Netherlands, Germany, Norway, Spain, one can go on, Portugal. The technology is proven, it is on our doorstep we need to re-energise our economy with this new industry or fail dismally.

We need the jobs, sir, we need the employment here, not in France. Where is the underlying precedent for an empowered state monopoly? We sold Telecoms because the State decided at that time we were too small and under-resourced to remain competitive. The dairy industry has to compete with foreign products including milk sold in Tetrapaks of long life.

Sir, a direct cable link to France should not be top priority given that 85% of electrical energy requirements will be provided by the new £30 million cable, from France through Jersey. Therefore the wider benefits of spending another £100 million on a second direct connector are low. With adequate investment in renewables and energy storage, green generation should replace the need for added interconnectors to France. The other 15% can be produced locally through utilities scale and PV and micro generation. The wind farm north of Guernsey could provide a third of our total needs and not only domestic micro generation should be strongly incentivised but also commercial macro generation. The advantages are total independence in supply and that is the way we should be going.

Solar is a more sustainable way of space and water heating. The Guernsey Electricity standing charge is having a negative impact on alternative energy providers, especially in commercial PV developments. We certainly need to get on to a new Energy Policy and I look forward to support from the States for a different approach, a different way of going about this, to give the community a sense of belonging and renewal.

Thank you, sir.

The Bailiff: Members of the States, I know it is a little bit past 12.30 p.m. and normally we would rise for lunch but I hope you will agree that we should just move to the vote on amendment number 2, proposed by Deputy de Lisle, seconded by Deputy Lester Queripel.

There has been a request for a recorded vote and I also understood that people wanted to have Proposition 1 and Proposition 2 put separately. So we will just take Proposition 1 which is to insert a new Proposition 3a first and the Greffier will do a recorded vote.

There was a recorded vote.

Proposition 1:

Carried – Pour 12, Contre 25, Ne vote pas 2, Absent 0

POUR

Deputy Gollop
Deputy Lester Queripel
Deputy Merrett

CONTRE

Deputy Ferbrache
Deputy Tindall
Deputy Brehaut

NE VOTE PAS

Alderney Rep. Roberts
Alderney Rep. Snowdon

ABSENT

None

Deputy Fallaize	Deputy Tooley
Deputy Inder	Deputy Parkinson
Deputy Laurie Queripel	Deputy Le Clerc
Deputy Brouard	Deputy Leadbeater
Deputy Dudley-Owen	Deputy Mooney
Deputy McSwiggan	Deputy Trott
Deputy de Lisle	Deputy Le Pelley
Deputy Prow	Deputy St Pier
Deputy Oliver	Deputy Stephens
	Deputy Meerveld
	Deputy Lowe
	Deputy Smithies
	Deputy Hansmann Rouxel
	Deputy Graham
	Deputy Green
	Deputy Paint
	Deputy Dorey
	Deputy Le Tocq
	Deputy Langlois
	Deputy Soulsby
	Deputy de Sausmarez
	Deputy Roffey

The Bailiff: Members of the States, the voting in respect of Proposition 1 in amendment 2, proposed by Deputy de Lisle, seconded by Deputy Lester Queripel, was that they voted *Pour 12, Contre 25*, 2 abstentions and I declare Proposition 1 lost.

1675 We will now have a vote on Proposition 2, which is to substitute some words in the middle of Proposition 8.

There was a recorded vote.

Proposition 2:

Carried – Pour 3, Contre 34, Ne vote pas 2, Absent 0

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Gollop	Deputy Ferbrache	Alderney Rep. Roberts	None
Deputy Lester Queripel	Deputy Tindall	Alderney Rep. Snowdon	
Deputy de Lisle	Deputy Brehaut		
	Deputy Tooley		
	Deputy Parkinson		
	Deputy Le Clerc		
	Deputy Leadbeater		
	Deputy Mooney		
	Deputy Trott		
	Deputy Le Pelley		
	Deputy Merrett		
	Deputy St Pier		
	Deputy Stephens		
	Deputy Meerveld		
	Deputy Fallaize		
	Deputy Inder		
	Deputy Lowe		
	Deputy Laurie Queripel		
	Deputy Smithies		
	Deputy Hansmann Rouxel		
	Deputy Graham		
	Deputy Green		
	Deputy Paint		
	Deputy Dorey		
	Deputy Le Tocq		
	Deputy Brouard		
	Deputy Dudley-Owen		

Deputy McSwiggan
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

The Bailiff: Members of the States, the voting on Proposition 2 in amendment number 2 proposed by Deputy de Lisle, seconded by Deputy Lester Queripel was that there voted *Pour* 3, *Contre* 34, two abstentions and therefore I declare Proposition 2 also lost and amendment 2 therefore is lost in its entirety.

We will now adjourn, Members of the States, until 2.30 p.m. when we will commence general debate on the Energy Policy – 2.30 p.m. please.

*The Assembly adjourned at 12.52 p.m.
and resumed at 2.30 p.m.*

**States of Guernsey Energy Policy 2020-2050 –
Debate continued**

The Bailiff: Good afternoon, Members of the States. Who wishes to speak in general debate on the Energy Policy?

Deputy Lester Queripel.

Deputy Lester Queripel: Sir, thank you.

Towards the end of paragraph 9.1 on page 28, we are told that the new technology such as a floating platform, offshore wind, tidal and wave require significant scaling up before they become commercial but offer good opportunities for the Island in the future.

And then in paragraph 11.13 on page 40 we are told the Committee is recommending that the next partnership is established, bringing together the States, the relevant regulator and energy providers. At the top of page 41 we are told the eventual outcome will result in a mechanism to deliver energy efficiency, demand reduction and education and will enable informed consumer decisions bringing together the views of the energy partnership and to deliver solutions via the energy providers.

So, sir, with all that in mind I have a two part question for Deputy Graham which is this: can he tell me please if any discussions have taken place between E&I and the States of Alderney to establish whether or not there is any possibility of our linking up with the future Alderney tidal plant to provide us with electricity? If the answer to that question is, 'No, those discussions have not taken place,' is he able to give me an assurance please that they will? And I ask those questions because I see no reference in the policy letter to such discussions having taken place.

Surely it would be rather illogical to not pursue those discussions seeing as Alderney is our sister Isle and the intention, as we all know, is for them to have a tidal power plant not too far from their shores in the not-too-distant future. And of course we do have a strong bond and affiliation with Alderney seeing as she is our sister Isle and part of the Bailiwick. France of course is not part of the Bailiwick and the link we have with them is a cable link as part of a contract to supply our electricity.

I also have some questions about the costs incurred so far. If I remember rightly E&I were given £830,000 to collate and compile the hydrocarbon supply programme; so what I would like to know from Deputy Brehaut please is: has all that money now been spent? And if it has not all been spent will E&I be returning what is left to the States' coffers?

And in relation to the Energy Policy itself I also believe I am right in saying E&I were given £375,000 to update it. So again what I would like to know please is has all of that money now been spent and if it has not, will E&I be returning what is left of that money to the States' coffers? Adding those two figures together makes a total of £1,205,000 and if all of that money has been spent to get us to this stage, then I have to say I am rather disappointed in the contents of this policy letter. Although I appreciate all the work that has gone into it, I am rather disappointed in the contents. I say that because it asks us to support a policy approach that is surely fairly obvious to us all. And it has cost the taxpayer £1,205,000, if all the money has been spent.

I honestly do not see how that can be considered to be value for money and not only that we are told in this policy letter that there is still a lot more work to be done and that a lot more money is going to be needed to pursue and progress that work to the next stage.

So the next question is the obvious question, sir, to Deputy Brehaut: how many more stages are going to be needed and how much more money is going to be needed to get us to the end of this whole programme?

Deputy Brehaut will recall, sir, that some years ago Deputy Paint and I questioned the need for so much money to be spent on the hydrocarbon programme. We felt it was an unnecessary expense and should have all been covered by the money allocated to compile a new policy anyway. And the answers we got from E&I and P&R at that time to our questions, never really justified or explained why such an enormous amount of money was going to be needed in the first place. And £830,000 is a lot of money to spend on the first phase of any programme.

All that is going to result from that phase is a list of ideas and suggestions being put forward to mitigate against potential – and I emphasise the word potential, sir – to mitigate against *potential* future problems. In other words, what would we do if this happened and what would we do if that happened etc.? Sir, if every department asked for that sort of money to look into what they would do if this happened or that happened, that would be well over £6 million of taxpayers' money completely wasted. So I am sure colleagues can understand my concern about that sort of approach.

Now although there is not as much focus as I think there should be on the issue of solar, I do take some comfort from the focus on solar power in this policy letter because we do need to be a lot more self-sufficient in the future. As I have said in the speech early on, to keep on relying on other jurisdictions for our survival leaves us extremely vulnerable and we could quite easily get around that by setting up our own solar power sites, as I said in my earlier speech, on some of the disused vinery sites we have here on the Island.

I thank Deputy Tindall for clarifying that, sir. In her speech this morning she said in the 2013 report on redundant vinery sites there are 250 and I have said often she is absolutely right. And I said to her well over 200 so I was right. What I did say that was wrong was that was equivalent to 252 football pitches but I was wrong there because it is actually equivalent to 216 football pitches. But it was in 2013, at the last count, 252 redundant sites in the Island, equivalent to 216 football pitches lying redundant, doing nothing when they could be doing so much and they could be used for solar power and they could be used for growing more of our own food. But of course I have suggested that on more than one occasion to people with influence in the Assembly and nothing has come of it.

But I guess what is going to happen is some expert will come along and tell the States, 'Do you know what you need to do? You need to do this,' and then it will be done. Hence my frustration that no one seems to be listening.

So I would like to hear Deputy Brehaut's views on what Mr Ian Plenderleith, the Managing Director of the Island's Energy Group, said in the press article published just two weeks ago on 20th May. If what he said is correct then I think we all need to be concerned about it. What he said was this: 'Our group is ready to bring significant investment into the Island promoting renewable energy schemes and has several medium to large potential investment projects. However, the existing conveyance network needs to be liberalised and the exclusivity removed from the incongruent operator.'

1765 To maintain and extend Guernsey Electricity's exclusivity to the conveyance network goes against the Energy Policy's fundamental principle of promoting competition and choice in energy provision. He said this is yet another barrier to entry into the market. He also went on to say, 'To continue to have a single prime electricity provider as a controlling influence, along the past standard par, goes against every tenet of the Energy Policy. It is uneconomic, it leaves the Island entirely dependent on an off-Island provider and will not grow high value, on-Island jobs in the renewable energy industry.'

1770 Now I am just going to repeat that last sentence, sir. Seeing as all of us talk in the Assembly, and there is a lot of talk of course out in the business community as well, about economic enablers. To repeat the last sentence from Mr Plenderleith, 'It is uneconomic, it leaves the Island entirely dependent on an off-Island provider and will not grow high value, on-Island jobs in the renewable energy industry.'

1775 I am aware, sir, that IEG have been involved in discussions about the Energy Policy, but what I am concerned about is Mr Plenderleith's comments just two weeks ago. So I look forward to Deputy Brehaut's response to what Mr Plenderleith is reported to have said, sir.

I have one more question for Deputy Brehaut which relates to Proposition 10b. Which tells us that the States' Trading Supervisory Board are due to report to the States in December this year on their ports development programme and that will be informed by the Energy Policy and will include hydrocarbon deliveries by ship etc.

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On that issue, sir, can Deputy Brehaut tell me please what happened to the Ports Master Plan? Maybe I should know this, I apologise if I should know it but I am afraid I do not. What happened to the Ports Master Plan, which was produced by public services in 2013? With a supposed 25-year lifespan, which would take it through to 2038. Now that was a full colour document and was produced at great expense to the taxpayer. So is that plan now sitting on a shelf somewhere completely disregarded and gathering dust? Because if it is I do not think it is acceptable to spend so much time and so much money on plans that can be so easily disregarded. And I only hope, sir, that Deputy Brehaut is going to be able to allay my concerns about that one.

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So moving towards a close, if we add in all the As, Bs and Cs we have a total of 25 Propositions in front of us, which just goes to show the amount of work that still needs to be done on all of this. And that really does concern me, seeing as it has cost us so much to get us to this stage. I would have expected a lot of that work to have been done now. Especially when one bears in mind that the hydrocarbon programme has been going on for four years now but the Energy Policy in front of us is, I believe I am right in saying it, a year behind schedule.

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1795

Sir, as I said in the earlier speech, I do not think the taxpayer, of which I am one of course, is getting value for money out of this deal and I would like to hear from all the other taxpayers in the Assembly about what they think when they speak. Are they satisfied with what is in front of them, knowing how much more work needs to be done and do they consider it to be value for money?

1800 So in closing I am not sure if I can support these Propositions. One of the reasons I am not sure is it is grounded in contradiction because on one hand we have been told the States should not agree to anymore major expenditure until we have decided on our priorities, and on the other hand here we are being asked to agree to a major expenditure; and I really struggle with that one. So I will listen to the debate and maybe one of my colleagues can help me to make up my mind.

1805 Thank you, sir.

The Bailiff: Deputy Parkinson, to be followed by Deputy Laurie Queripel. Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

1810 The Energy Policy has been a long time in development, as the President for the Committee for Environment & Infrastructure has set out in his opening statement. But I think it is fair to say that the policy is not yet perfectly formed. It is now in a shape that starts to provide some clearer guidance for consumers, businesses, entrepreneurs and investors but there is further work to be done.

1815 It is to be welcomed that the policy letter stays at a relatively high level. It is the work that the
Assembly directs committees to do next that will be critical to our future energy resilience and
decarbonisation, both of which are the right objectives. The Committee for Economic
Development's view is that the resilience and the security of Guernsey's energy supply is essential
1820 to Guernsey's economy and continuing to develop and grow and in turn to our recovery from the
economic, environmental and social impact of Covid-19.

The Committee for Economic Development, by a majority, has welcomed the commitment for a
detailed business case on a new interconnector to be brought to the States of Deliberation as early
as possible so the matter can be considered fully. The Committee will have a critical role in working
1825 with the Guernsey Competition and Regulatory Authority to ensure that the regulatory and licensing
framework in Guernsey is fit for purpose for the future. The Committee welcomes the objectives set
out in the draft policy that relate to these matters. The Committee will ensure that this role is
discharged effectively.

The context which we are now in, one of exit from lockdown and a long path to recovery, means
that the work that is undertaken will be different from that which was envisaged when this policy
1830 letter was submitted. There has been very little substantive regulatory activity in terms of price
controls since 2011-12. Further States decisions in 2015-16 have left GEL in a situation that lacks
certainty. This has a knock-on effect on the market, not just GEL, and of course consumers. This has
led to a tariff structure that is increasingly not fit for purpose and is becoming increasingly
misaligned with the underlying cost driver.

1835 Firstly, the tariffs do not reflect the fixed and variable cost structures at GEL. As a result the
variable tariffs exceed the unit costs of generating electricity and the fixed tariffs fall below the fixed
costs of maintaining connecting customers to the grid. Secondly, the tariffs do not align to the
power purchase agreement for imported electricity, this results in an inability to optimise lower cost
electricity through behavioural tariffs.

1840 The lack of transparency on fixed costs is providing misleading signals to the market. A customer
thinking about investing in solar panels today will base that decision on payback calculations that
are over stating the real unit costs of electricity provided by GEL. As tariffs are rebalanced to
correctly reflect costs, the payback period for customers who have invested in renewables will
increase.

1845 There are also opportunities to restructure GEL's tariffs and innovate tariffs available to
customers that can help to promote the energy market transition in Guernsey which is happening
now. For example, tariffs could be offered to encourage the use of electric vehicles or to switch to
renewable or lower carbon sources of energy, particularly in the decarbonisation of heat. One third
1850 of Guernsey's greenhouse gas emissions comes from domestic and commercial heating of
properties. However, developing tariffs in this manner would involve factors beyond the usual
principles of economic regulation that one would expect the GCRA to consider. Linked to this are
the issues of social equity, the drive to ensure that all customers can benefit from renewables rather
than just those who can afford the upfront capital investments that can often be involved.

Again this is an issue that sits outside the principles of economic regulation that the GCRA is
1855 concerned with. These are energy and social policy factors which require a strategic approach much
wider than economic regulation. With all of that in mind it may be that the regulatory work stream
will conclude that there is a need to align GEL's tariff operation through the Energy Policy. Tariffs
need to be aligned as much as possible with this policy. They need to provide a foundation that
enables GEL to invest in the GF1 cable and they need to provide a foundation for encouraging the
1860 adoption of renewables.

At the moment GEL is compelled to source its electricity from the cheaper sources. In normal
circumstances this means it would have to favour imported energy if that was cheaper than the
locally generated renewables. GEL needs flexibility in the short term to remodel itself and its tariffs
so that it is ready for the new system of energy regulation as and when that is in place.

1865 As the Island develops its recovery plans from the Covid-19 crisis there should be opportunities
to see how GEL can be used as a driver for that recovery. However, that will require a creative

approach to its tariffs that balances a number of factors including affordability for customers, GEL's debt levels, GEL's capital investment programme and how this could support recovery on the Island.

1870 Again this will involve consideration of a wide range of factors that extend well beyond the normal principles of economic regulation that the GCRA would adopt. The Energy Policy directs the Committee for Economic Development to report to the Assembly by late 2021 with recommendations on a new system of energy market regulation. That may be a challenge, notwithstanding, assuming that these recommendations are approved by the Assembly then the necessary legislation will need to be put in place, enabling the GCRA to then establish the regulatory
1875 arrangements that underpin the system. This is likely to be a time consuming process and we may need to consider in due course whether we can wait for this process to be completed before GEL's tariffs are restructured.

The Committee for Economic Development also has an important role in ensuring Guernsey's ongoing compliance to the rules of the World Trade Organisation. The Committee welcomes the
1880 fact the Committee for the Environment & Infrastructure has been cognisant of the importance of this matter in developing of proposals in the draft policy letter. The Committee will continue to ensure that this approach is maintained as the further work set out in the policy letter is developed.

The Economic Development Strategy put forward by the Committee and approved by the States in 2018 included a commitment to redoubling Guernsey's efforts with developing a renewable
1885 energy sector. A clear energy policy has been needed in order to take that forward in a meaningful and effective way.

The proposals in the policy letter are consistent with this and the Committee welcomes the opportunity to have an active role in developing this sector as part of the Energy Policy.

Thank you very much, sir.

1890 **The Bailiff:** Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you for calling me, sir.

I supported the first amendment that we debated this morning that came forward from Deputy
1895 Brehaut and Deputy Ferbrache and I also supported the first part of the second amendment from Deputy de Lisle. It seemed clear to me, and I think the vast majority of the Assembly agreed with this in regard to the first amendment, that those are the sort of things that need to be factored into or considered when you are planning an energy policy for the Island's future energy policy.

But notwithstanding that, sir, supporting this policy letter and its Propositions will be problematic
1900 for me. That is not because I largely disagree with the contents of the policy letter, there are things that I would query and question, but it is not for that reason, sir, there are other reasons why it is going to be a struggle for me.

I said at the last time we sat several days ago that there was a sort of theme or an approach emerging for me. I am looking at things now very much in the light of Covid-19 and I am very
1905 conscious that this Assembly is going into extra time. If I recall correctly prior to the Covid-19 situation our last States' meeting of this Assembly was meant to take place in, I think late April, perhaps early May, but it certainly was not meant to be this late in the year, sir.

That is linked into a couple of other things and Deputy Lester Queripel has already mentioned one of them, sir. So one of the things I am struggling to understand is why there is not a P&R led
1910 motion in regard to this policy letter similar to the one being placed by Deputy Le Tocq and Deputy Stephens against the Asbestos Compensation Scheme policy letter which is being brought by Employment & Social Security.

There must be a case to be made that the same principles apply, in that we have not had, and Deputy Queripel referred to this, that wide ranging, all-encompassing reprioritisation process
1915 debate yet. And the expenditure and the cost of this Energy Policy surely is going to dwarf the costifications of the compensation scheme in regard to the Asbestos Compensation Scheme.

So what I was saying is that amendment that Deputy Le Tocq and Deputy Stephens are going to bring, sir, that should be ubiquitous, in fact it should be appearing everywhere because when

1920 you consider that compensation scheme the costifications of that are going to be very modest compared to other things being brought to the States, like the Energy Policy which could potentially have very large price tags attached to them.

1925 Secondly, sir, the States could well be borrowing a very large amount of money in the near future on a long-term basis. I am not talking about the first £250 million – that is to cover our immediate needs and will be paid back over a short period of time – I am talking about the long-term borrowing, the second tranche of £250 million. And that we have borrowed, sir, as I understand it, from capital and infrastructure projects against the borrowing of that money. It is not clear to me at the moment whether projects that are part of the Energy Policy, sir, might access those borrowed funds. So that concerns me and also, of course, if borrowed money is used to support part of the Energy Policy, sir, that will accrue interest and in one way or another that interest and those costs will be passed onto consumers and Islanders.

1930 So I am still convinced that we are doing things the wrong way round and I am measuring everything the States does, decides, debates, talks about, against those things, sir. The fact that we have not had that reprioritisation debate, that there is borrowed money coming into play, we are in extra time as an Assembly, there are all sorts of things that I am uncertain about because of where we are at the moment, sir.

1935 I am really concerned when we are dealing with things that come with large price tags that will set in train a lot of work, that will also come at a great cost, bearing in mind that actually the next Assembly will be in place, comparatively speaking, in the near future, might halt those things or change those things. So I am feeling very uncertain about a lot of the things we are debating, especially the things that come with a large price tag, sir.

1940 All that said, I did want to provide some input anyway into this issue of energy, sir, because as the policy letter illustrates, the area of energy is a complex one, it encompasses and touches on and links into many aspects of community life and the technology involved is evolving at quite a pace. Ongoing research continues to reveal more and more information and just to pick out an example, sir, and this is something I want to bring to the attention of E&I Members if they are not aware of it already, because even some of the simpler aspects of energy can end up being quite complex because there are new findings coming forward all the time.

1945 On page 42 of the policy letter at 11.16 it talks about energy efficiency, making homes more energy efficient, and of course that would factor into things like insulation and I just want those who are going to take the lead on these matters to consider this. I think this is something that the housing arm of the States should take on board and it is something, actually, that should be conveyed to the Guernsey Housing Association if they are not already aware of it, sir. Because I noted in an article in *The Times* newspaper of January 2020, so this year, it was headed 'Energy efficient homes trapping polluted air inside'. Just to read a few lines from it, sir, it says:

Modern homes built to be air tight to save energy could be trapping toxic air pollutants indoors and harming the health of children.

1955 Two Royal Medical Colleges have warned, sir, and it goes on to say:

The Royal College of Paediatrics and Child Health and the Royal College of Physicians say that they have found growing evidence that respiratory problems among children may be exacerbated by indoor air pollution in homes, schools and nurseries. Sources of pollution include damp, the burning of fossil fuels, wood, dust, chemicals from building materials and furniture, smoking, aerosol sprays and cleaning products

– and that is something that is becoming increasingly known as well, sir, that many of the products we use to clean our homes actually have harmful chemicals in them. So all these things are being trapped within homes that have energy efficiency at the top of the agenda, sir.

It goes on to say:

The author, who examined 22 studies found evidence linking indoor air pollution through a range of health problems in children including asthma, conjunctivitis, dermatitis and eczema. Present building regulations place more emphasis on energy efficiency than on air quality and home builders are failing to comply with minimum standards of ventilation.

Energy efficiency measures such as air tightness and insulation could support house dust mites and mould growth unless adequate ventilation is provided to extract moisture. Energy efficiency is important to reduce our use of fossil fuels but without adequate ventilation it could inadvertently worsen indoor air quality and impact health.

1960 The report says:

Buildings should be designed to protect the health of people as well as reducing carbon emissions

– and it goes on to say, one of the authors, Professor Greaves, a paediatric respiratory consultant said:

Children in the UK spend most of their time indoors. Too many of our homes and schools are damp and poorly ventilated and it is adversely affecting the health of our children and people who occupy those houses.

It also goes on to say:

Professor Stephen Holgate, a special adviser for the Royal College of Physicians and the lead author of the report said, 'If we asked our children to spend their childhood days in unhealthy places then we are building up problems for future health.'

1965 Sir, I do not think we can be seeing, for example, things like insulation in homes, energy efficiency as a simple answer, there are other things to consider. Back in the old days, sir, there were vents or ventilation grills being built into structures, buildings and homes and I do not know if that happens anymore. But I do think these are the things we need to be mindful of; nothing is simple about energy and even energy efficiency and insulation are things that need to be looked at because they are now finding that without proper ventilation in homes that insulation and energy efficiency
1970 measures can actually be causing other health problems. I do not think it is good enough to say, well people can just open their windows, sir, because, you know, on cold, rainy, windy days that is not really a good option. So we need to find ways to make homes more energy efficient, to insulate them but to also make sure that they have proper ventilation to reduce the risks of the sort of problems I have alluded to and these reports have alluded to.

1975 There is something else in regard to solar energy and once again I saw this in a *Times* paper of February this year and it talks about solar panels that will shine even on the cloudiest day. These are things that I can forward to E&I and to people taking lead on matters of energy if they so wish, sir. It says:

There is a reason why wind farms are more common in Britain than solar farms. The reason is it is grey and fluffy and has a tendency to make rain.

1980 Now scientists have designed material for solar panels that they claim allow panels to generate a fifth more electricity in cloudy conditions than by drawing energy from a greater spectrum of the light hitting it. So in other words, they are putting together a technology, sir, that is able to draw energy from a greater light spectrum so that it does not matter so much if it is a bright day or if it is a sunny day and this is being developed, sir, by a research team in Australia – the University of Queensland, being developed by Professor Wang of that University. He goes on to say about how
1985 solar panels can be much more effective even when it is dull or raining because of this new technology and these new coatings that can be applied to solar panels.

So I think there is a number of things that, if they are not already aware of it, E&I and the people taking the lead on these things need to be looking at in regard to solar energy in that respect and also in regard to energy efficiency, sir.

1990 As I was saying, I am going to be struggling, for the reasons I have already outlined, to support this policy letter. But it is an area I am interested in and I think these are things that need to be factored into the deliberations going forward.

Thank you, sir.

1995 **The Bailiff:** Deputy Brouard to be followed by Deputy Inder. Deputy Brouard.

Deputy Brouard: Thank you very much indeed, sir.

I just want to thank E&I for their work on this quite complex issue and of course it touches all our lives. But there are three areas I would wish to comment on, one of which relates to Proposition 9 and the consideration of moving from N-2 to N-1 and also I would like to just touch on competition in the market place and insulation.

It is a little bit geeky but this N-2, N-1, relates to our backup in electricity generation should we need it. And I for a long time envisaged that the 1 and the 2 was the difference between separate ways of getting electricity like the cable from France or diesels or the gas turbine, and if one method failed we would still have the other two in standby but that is completely incorrect. The N-2 actually means that we would still have the capacity on Island to generate all our needs with two of our biggest generating machines out of service. And if we then move to less resilience, the N-1, that means we can still generate all our requirements but with our biggest engines out of use. In effect we as consumers pay a price for the redundancy or the standby machines we have or if you like, there is a cost of insurance of having equipment ready to use if something is out of service.

The biggest machines we have are the gas turbines capable of 20 megawatts each. Although more expensive to run and although called gas, they actually run on diesel but not the heavy oil that the sort of diesels run on. Besides the amount of standby generation on Island the quality of that equipment is also very important, especially if it is to be run for a long time in an emergency: how efficient is it, how expensive to run both financially and for the environment?

But the bigger picture when we look at any reduction in our standby generation is not just the machine but the security of supply. Now we benefit greatly and EDF benefit greatly from us purchasing from France renewable energy, and I appreciate someone else is buying the coal produced electricity, something we touched on this morning. So if we took less then less coal would have to be burnt elsewhere because someone else could use the renewable energy that we would have been taking. But having two cables to the same political place is not the same as having cables going to two different countries or having different supplies, say a wind farm or a supply from tidal. So part of the rationale to consider reducing our on-Island standby capacity is because we would have greater security of supply with a second interconnector, the GF1.

I do appreciate two cables to France are far less risk than one but only a few years ago both cables from France to Jersey were out of action, almost a black swan event, and who would have ever thought the world would be in lockdown in 2020, so I would just caution the relaxation. I do not like to be beholden and I do not think my fellow Islanders do and I think Deputy Merrett mentioned that, Deputy Lester Queripel and Deputy de Lisle also mentioned this morning, the ability that we need to be independent is very important.

I just want to remind Members it took ages, in fact years, to get the necessary permit from Jersey politicians so we could replace the broken cable between us and our Jersey cousins. That delay, which they knew, cost us millions, I think £12 million from recall and a cost to the environment as well as we were having to use our standby diesel generator. So it does not mean that because we have an interconnector cable between us, Jersey or direct to France, that we are immune to political technical issues with those cables, hence we need our own back up. The debate on what that back up looks like, how resilient, how much risk do we mitigate and the cost of that insurance needs to be part of any evaluation from N-2 to N-1 or even to N.

As part of that investigation from N-2 to N-1 we also need to think about the ability to get hold of different fuels in the future. We bought the tank ships because the market was broken. I feel more comfortable having heavy oil and light diesel engines rather than just relying on one source and so it goes on.

That risk with standby facility is impacted by our fuel storage, it is all in one place. Can the power station work if a whole generating shed is out of use, say because of fire or flood? It is these wider questions I would like to have taken into account and I think Deputy Brehaut mentioned this morning that I was thinking of an amendment along those lines. Because it is not only the machines that we have as back up but it is the type and the ability for them to function and speaking to Guernsey Electricity they would be very interested in exploring some of the wider risk issues.

The interconnectors should not be seen as our sole source of power. We have had cause to use on-Island generation for long periods of time and I appreciate we pay a price to have that resilience but it means we are independent – and I emphasise the ‘we’. We control if the lights stay on. When tidal or wind becomes available in our waters we again up our resilience to provide energy. These are areas which may well play a part in our future and which I would encourage.

But do not lose sight of technical and political issues on something as important as our energy needs and I hope those wider thoughts are taken into account when we look at whether or not we can reduce the resilience on-Island.

With regard to competition I personally do not have a problem with the company we own, Guernsey Electricity, having a monopoly on electricity supply. In small communities it does not make sense to me to have multiple suppliers and multiple infrastructures. I would tread very carefully allowing competition into the market following the lessons learned when we lost Guernsey Telecom and I note from the report in 4.8 that the present exclusivity that GEL has ends in 2022. Please tread carefully, that is all I am saying and that is my advice to the States.

With regard to insulation and energy savings I probably would have liked a little bit more meat on that particular bone in this very high level document. It is touched on in 11.16 but a 10% saving in energy conservation by insulation, more efficient light bulbs and a myriad of other items can have a significant call on our demand and change that demand.

I think we are missing a trick by not providing or facilitating through our energy suppliers some home or business advice service. I appreciate that new buildings are covered but far more buildings and offices are already in existence and it is sometimes just easier to turn the heating up rather than look at a more permanent solution.

So from more energy or faster horses I would prefer a move to more insulated stables and LED lights and less demand. So I would very much appreciate E&I’s thoughts when Deputy Brehaut sums up.

Thank you very much indeed, sir.

The Bailiff: Deputy Inder, to be followed by Deputy Paint and then Deputy Soulsby.
So Deputy Inder please.

Deputy Inder: Thank you, sir, and just briefly.

I am going to support the document in its entirety. I have always been a particular fan of cabling to France and I think, as Deputy Parkinson has repeated, as others have as well, this is a high level document, it can be worked, it can be manoeuvred but it does give us a direction to hopefully, eventually decarbonisation.

The only negative, my new fear, and this is as one of these people that was considering putting renewables on his fairly substantial bunch of roofs down at Inder Towers here, is that I am less sure now. It was always touch and go whether it was something that was going to directly benefit me and my family or possibly some of my principles. And I am less sure now whether I am likely to invest in renewables on the various pitches of my roofs because it was always fairly touch and go for the payback, whether it was ever there; it was more kind of tickets to heaven to a degree.

Where I do slightly part company with the policy letter is this whole idea of equity, and I do not think it unreasonable that people who have probably spent an awful lot of time over their life burning coal, probably people like me, probably less so actually, as I have probably travelled less, should be penalised in any way or seem to be pointed out that they are in some way too well off or the wrong people to invest in their properties. It just seems to swear a little bit about the principles of the individual taking responsibility. So I have got some concerns there but in the main I am fairly happy with it.

Sir, I hope, and this is probably more for Deputy Le Tocq and possibly Members of Policy & Resources, through these debates we have always sort of spoken about security as though Guernsey is Israel, the Bay of St Malo is the Sea of Galilee, and the Cotentin peninsular is Golan Heights.

2100 I believe that money will flow and if money is electricity, electricity will flow. I believe that maybe
in the future if we could get to a point where we could have an exceptional relationship with our
French cousins, less so our Jersey cousins, I could envisage a time where we may even have one or
two cables to France and no on-Island electrical generation. Because I am fairly sure, sir, if we were
French Islands we would not be chuffing out crude oil from the top of St Sampson's chimney, we
2105 would probably have two or three cables to our parent neighbour and we probably would not be
doing it at all.

Sir, in that regard, just briefly and fairly randomly, I am happy with the policy letter, I think we
are heading in the right direction but I would like in the future for us to have greater and better
relationship with our French cousins, possibly look at one or two cables, possibly eventually get rid
of on-Island generation, if that would ever be politically acceptable, and I have got slight concerns
2110 as someone who was considering putting renewables on his roof, whether I am ever going to do
that now.

Thank you, sir.

2115 **The Bailiff:** Deputy Paint.

Deputy Paint: Thank you, sir.

I would like to cover several things that may have been covered already and others that have
not. There is a saying that no man is an island; well we live in an Island and we cannot trade without
having something to sell as well and this is to have money to buy something else we may need. It
2120 has all got to be put into order that when money goes out something has got to come in. We have
managed that very well ever since the war really. We had tomatoes and we have flowers and we
have the banking and so on and so forth, so it has been managed very well.

One thing that has not even been spoken about today is that there is a particular garden centre
over here that made deep drilling technologies to produce energy for their own garden centre. I do
2125 not know what has come of this but it is another thing that may be able to be looked at for central
heating or whatever it is. Perhaps somebody else knows more about that than I do. The garden
centre is still there but I do not know whether they are using the system or not. Is it feasible, is it
cost worthy, whatever?

Deputy Queripel talked about the taxpayers having to do all this but they have been doing this
2130 all the time. All of the time the taxpayers have not been really satisfied with the waste of money
that has been put on certain projects, just laying on shelves doing nothing at all except gathering
dust, as has been said many times before.

Now he also mentioned about producing more food, well if we could produce food cheaper
than what we can buy it in then perhaps it would be a good idea but that is where the balance is.
2135 Can we produce food to feed our people when it is cheaper to buy it in? And I think in most cases
it is.

Now just one thing, in 2019, again I read somewhere that the wind power as a renewable energy
only managed to increase by 1% in that year. So there is a limit to it, so where are we looking at?
Now tidal energy has been on the books for years and what has happened? Nothing. It is not that
2140 I have not got any faith because I am sure it will work in the end but it is not working now, not
working and being viable now, so perhaps it is better just to leave others that know better than us
to develop it.

I also would like a recorded vote on number 4b of the Propositions please.

2145 Thank you, sir.

The Bailiff: Deputy Soulsby, to be followed by Deputy Dorey, Deputy Merrett and then Deputy
Le Tocq. So Deputy Soulsby please.

Deputy Soulsby: Thank you, sir.

I thought I would begin by picking up on comments made by Deputy Lester Queripel just in this debate and Deputy de Lisle in the previous debate regarding use of solar panels and the States not doing anything about it.

He and other Members might like to know that before the public health emergency HSC officers have been working with Guernsey Electricity to progress the installation of panels on top of John Henry Court at the PEH campus and this will be picked up again as the dust settles. And we also intend that they will be integrated into the hospital modernisation programme. Deputy Inder talks about payback but tech has moved on incredibly in the last few years and the payback period reduced significantly.

Moving onto the policy letter itself, I thought it interesting to note that health is not expressly mentioned in it. I think it is worth pointing out that the 2010 Marmot Review that focused on the social determinants of health labelled climate change as a fundamental threat to health. It stated that mitigating climate change would also help mitigate health inequalities. In his update that was published earlier this year, it was noted:

Harm to health from climate change is increasing and will effect more deprived communities than most in future. Climate change affects health and worsens inequalities. Older people are at most risk of the extremes of heat and cold. Lower income groups are disproportionately impacted by extreme weather by virtue of living in poorer quality housing in vulnerable locations and conditions and not being able to afford to move. And tenants are more vulnerable than owner-occupiers as they have less ability to modify their homes and to prepare for and recover from climate events. Cold homes have a wide range of impacts on both physical and mental health and the health impacts of cold weather partially underlies the higher, overall mortality rate seen in winter compared to other seasons. Some of the most common physical health impacts include respiratory conditions and increased risk of hypertension, heart attacks and strokes. Fuel poverty is a clear driver of health inequalities. Cold homes are also associated with mental health problems in adolescents and adults; slower weight gain in infants, an increased risk of asthma and hospital admission in young children. Fuel poverty has also been found to contribute to social isolation and can restrict expenditure on food, the so called heat or eat dilemma.

So having said all that, I welcome Proposition 13, 'to direct the Committee for Employment & Social Security working with the Committee for the Environment & Infrastructure to co-ordinate an investigation of the most effective means of addressing energy poverty and report back to the States by quarter 2 2021.' But I have to say I was really disappointed that the only reference to domestic poverty was in a couple of paragraphs that just talk about how to improve energy efficiency through building regulations and measuring the energy efficiency standard of local housing stock. It really does not go far enough.

I believe we could and should be far bolder than this. Excess winter mortality has been shown to vary widely across Europe and contrary to what one might expect, countries with relatively mild winter temperatures tend to show much higher rates of excess winter mortality than countries where winter temperatures are very low. Excess winter mortality when seen locally is always among older people.

Low indoor temperatures have been shown to correlate with excess winter mortality from cardiovascular disease in England. The nature of the building but may be one significant contributory factor to the observed excess winter mortality in Guernsey and Alderney. Homes tend to have less heat conserving design features like cavity wall insulation and double glazing, making them harder to heat when winters are milder.

The Joint Strategic Needs Assessment of the over-50s that we published last year pointed out that during interviews with stake holders many older people felt property rich but cash poor and this caused issues for many care providers. Someone living in homes which have been family homes for generations but have not been modernised and are expensive to maintain and heat. There is a perceived lack of affordable options to downsize to or methods of releasing equity that meant maintaining ownership and life enjoyment. The impact on finances is significant and can affect the ability of people to access primary care, medical services, dental care, opticians and also the ability to fund activities and transport.

Alongside this, until very recently with another threat having taken over our consciousness, people have been bombarded with news stories about the impact of climate change, the demands

that we declare a climate change emergency. Notwithstanding the clear impact climate change has been having, it has instilled a feeling of helplessness for some, anxiety, grief and despair particularly for the younger members of our community.

2195 The one thing that Government could do to mitigate climate change, reduce fossil fuel consumption, support the poorest members of our community and make people feel they can do something about climate change is through a scheme to help support people to properly insulate their homes. A scheme that supports people to insulate their homes could significantly reduce energy consumption with 30% of heat loss resulting just from a poorly insulated attic. I think Deputy Laurie Queripel's comments regarding ventilation are well made but clearly will be something
2200 considered as part of any assessment of a property prior to installation.

Now I understand this is a high level document so it is probably not the place for it, however, I really do think this absolutely is the sort of thing that should be considered as part of our recovery plan – a sustainable solution that follows the principle of building that better or revive and thrive or whatever tagline we would like to use. We really do need to debate the recovery plan as soon as possible and it really does need to be a plan that covers social, environmental as well as economic recovery.
2205

The six objectives for Guernsey's energy future as set out in this policy letter are all well and good but what we need to do, as a matter of urgency, is convert them into tangible action if we are going to recover from this unprecedented emergency better and stronger for future generations.

2210 Thank you, sir.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

2215 Firstly, I would just like to refer back to hydrocarbons because I think it is important that Members remember why E&I embarked on this project. In the previous Energy Plan which was debated in January 2012, under the implementation section and I will read directly from it:

In the first instance of critical importance is the need for comprehensive review and assessment of the current hydrocarbon import supply chain. The cost benefit analysis determined the viability of new importation infrastructure. This should comprise the complete energy provider study.

That is what the conclusion was of the previous energy report. I was a member of PSD for a couple of years in the previous Assembly. I know that PSD were particularly concerned that they were not made to make progress on this project because they could not get the go-ahead for the finance from, then, T&R. Subsequently E&I took this project on and after various meetings we got the go-ahead to take forward this project which was identified of a critical importance and we embarked on this project. Obviously we used consultants to work with us and it went out to competitive tender and it was through a proper process working with P&R that those particular
2220 consultants were given the job.

So it was a proper process and it was important that that project was done and that project identified five very high risks that the Island was subject to in relation to hydrocarbon portation and obviously the way forward was to try and mitigate some of those risks because of the importance of hydrocarbons to our economy.

2230 Following those reports, as you can see in this report, a short list of options was identified to go forward with. Obviously at that same time there was the requête to look at the future port development programme and it was considered that it was wrong to embark on these different ways of importing fuel when there is a possibility that future port development programme would be doing the same work. So effectively the project stepped back to allow that report to go forward
2235 and we have had an amendment to make sure that that report is informed by this Energy Plan.

What also happened was there was an alternative supply using a tenderised delivery of fuel into Guernsey by one of the oil companies which also helped reduce the risk. But obviously we carry those risks, with hydrocarbons, forward but we are in a situation where we are going to have

reduced amounts of hydrocarbons coming to this Island as we gradually electrify our internal transport systems and our domestic heating systems.

Deputy Laurie Queripel spoke about pollution in the home and about insulating houses. The best insulated houses which are airtight have a heat exchange system, so they have a proper ventilation system with heat exchangers so that a house is heated by air and then you have extractors in that house and then the extracted air passes through a heat exchanger to heat the incoming air. So there is a constant change of air in that house so you do not have the same problems as he has identified. Rather than open your window and you let all the heat out, your outgoing air passes over a heat exchanger that warms the incoming air, so you do not lose that energy. That is the best way to heat a modern house but obviously systems like that need to be designed in at the start of a construction of a house and it is difficult to add them into existing property.

I totally agree with Deputy Soulsby's comments and Deputy Queripel's and others about energy poverty. We have a winter fuel allowance which we pay out to a number of people; the problem is some of those people live in very well insulated houses which need very little energy input – they have systems like I spoke about which I believe are used by the Housing Association and others – and other houses which have got very poor systems of insulation. I agree what we must do is bring up the standard for existing houses but I think the most important thing is that we stop building houses which are not built to the very highest standards of insulation and I am very keen to see a further step change in our building regulations so we build houses of the highest insulation standards and we minimise any energy input needed into those houses.

Deputy Brouard spoke about Proposition 9 which is about the N-1. The important thing is any change will be done after a States' debate and to the States' endorsement of an updated electricity strategy to be brought to the States of Deliberation by the Committee for the Environment & Infrastructure. So no change will be made until the Assembly has had a chance to debate it but of course it is that debate which I mentioned on the de Lisle amendment between affordability, reliability and cleanliness of our energy.

If we want to keep it affordable and reliable we have to ensure that we do not spend excessive amounts on capital, because if we have two cables and we have two of our largest generators, we have the capacity to cope with two of our largest generators being down, we have spent an awful lot on capital and we just have to at least do that review and decide how much risk we are willing to take before we make a decision. But the important thing is that decision will be made by the Assembly following a report coming back to it.

He also mentioned about fuel storage but we cannot really have fuel storage in the north side and south side; we effectively have three sites on the north side which store two different oil companies and Guernsey Electricity. So we have storage but that was one of the five risks that was identified by that hydrocarbon report: what would happen if we lose our fuel storage? Again we have to make a decision about how much risk we are willing to take in relation to that and how much money we are going to spend on more fuel storage. But with a reduction in the use of hydrocarbons is it still necessary to have so much storage facilities going forward?

Deputy Paint mentioned about what has happened with tidal energy. Well I think by having a cable to France and having certified renewable energy, I think we have a golden opportunity to link into French tidal products. One of the key things for us in order to have, and it goes back to that point I made, reliable energy which is clean, we need a number of renewable sources because not all those sources of renewable energy would be available at any point in time.

The advantage we have by linking into the French system is we have hydro-electric, we have tidal, we have wave, we have wind and we have solar and by having a mixture of those different renewables we can be sure that we would always have renewable available. If we were to have such energy sources for us locally, the scale necessary to make them reliable and to meet our needs would be so capital intensive that we could not meet that intent of having electricity which was affordable.

2290 Just in terms of wind energy it is interesting to note that the original report spoke about
5 megawatt turbines but now the norm is 10 megawatt turbines. And the larger these turbines are
the less cost of electricity is and the more efficient they are, but of course if you lose one of those
turbines the greater effect it has. That is the problem of the scale for us. If we are to have those
sources of energy and to have the minimum price, we have to have large scale and we cannot justify
2295 spending that capital.

So I urge Members to support this report which will enable us to go forward with energy and
have a whole lot more reports come back to the Assembly to be able to take these various policy
directions forward.

Thank you.

2300

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

Deputy Dorey, today, said that three key aspects, I think – and I am happy for him to put a
2305 correction, sir, because I am going to summarise what he said, but three key aspects – of energy
supply and policy should be affordability, reliability and cleanliness.

Now, we know, sir, when we have to switch to the on-Island generators which we have, the power
station and the diesel generators, that they arguably fail the test of affordability and cleanliness. I
certainly, I will not to say, suffer, sir, because I know it is something the Island needs to do on
2310 occasion when the cables fail but when it happens the fear it gives me of what my electricity bill
may look like and the fall-out shall we say, of the potential air pollution and certainly noise pollution
that members of the community – remember it is a densely populated areas – feel of grave concern.

So I ask an innocent question of the President Brehaut, when we are changing generators –
which we do, they are changed on a regular basis – has there been any consideration, sir, to an
2315 alternative site if we are actually moving towards something on a longer term? So, for example, sir,
we are reclaiming land at Longue Hougue and rather than to continue to replace the generators in
exactly the same place, can we not have a longer term strategy, invest in the infrastructure if
necessary, so that as generators get replaced, rather than just putting them back in the same place,
invest in infrastructure to connect the power station so it is moved over a longer period of time, but
2320 it has actually moved, it is moved out of the densely populated areas which it currently sits in? I just
wondered if any consideration has been given to that because that is something I would clearly like
to see.

And that takes me onto the comments about energy storage and I think again Deputy Dorey, I
was listening intently to what he was saying about, look you know, they are all in the north and
2325 again has consideration been given to where they are placed and to a longer time span? Why are
they all in the north at the moment? I should not answer that question, sir – which I think is the art
of politics, to only ask questions you can answer.

What I mean, sir, is can we not look at or are we looking at or can I get some reassurance please,
that in the future energy storage may not be just in one particular area, it may be in another area
2330 that is either less densely populated, because obviously there is risk associated with energy storage,
or it is another area where it can be transported on for its end use? Those are two concerns that I
have which I believe are future proofing I suppose to a certain degree. But also acknowledging, I
think Deputy Dorey used the word 'risk', acknowledging the risk and actually considering, just
because historically they have been in these particular situations – sorry, sir – that we actually are
2335 considering that is the most responsible place they should be going forward.

Right, now to get onto the Propositions, and I am really glad that Deputy Soulsby spoke before
me because I did have some concerns about Proposition 13. The only concerns I have, sir, is that I
have not heard anything yet from any member of the Committee for Employment & Social Security.
In Proposition 13, sir, we are asked to direct the Committee for Employment & Social Security,
2340 working with the Committee for Environment & Infrastructure, to co-ordinate an investigation of
the most effective means of addressing energy poverty.

Now I would like to think that Employment & Social Security are already looking at this but a good example, much has been made, sir, today of, 'well some in our community cannot afford solar power,' etc. but should we not be looking at subsidising more grants, not just for insulation of existing properties but also potentially subsidising people that cannot afford, so these things do need to be means-tested. I think that is where I get a bit frustrated because we give subsidies, for example, towards electric bikes but we do not means-test it so unless you have money already saved to go out and take advantage of that, I am not convinced it is targeting, sir, the people that benefit the most, those who actually cannot afford to invest in such things. So I am hopeful that somebody from Employment & Social Security will speak and give us an idea, sir, of how they can address energy policy in the Bailiwick.

The other Proposition, sir, which again there has been little made of so far today, is Proposition 3 and that, sir, is to agree to a target of net zero emissions by 2050. I would like to ask President Brehaut what does he think this may look like? So, for example, other jurisdictions, I believe the Isle of Man – and I am quite happy to be corrected, sir, but I believe the Isle of Man – have decreed or set a policy direction that there will be no more gas hobs, gas ovens allowed to be imported etc. after a certain time period. So other jurisdictions it seems to me are a little bit clearer of how they may achieve a net zero emission. It is something that I really want to support but I need to understand what that may look like. Why I ask that, sir, it is what it may look like for the members of our community, the broad demographic of our community.

So in summary, sir, I am supportive of this substantive work. I am disappointed that the Committee for the Environment & Infrastructure, sir, feel the need to ask the States to direct them to do things which presumably they would already be doing. For example, Proposition 13, 'to direct Committee for Environment and Infrastructure,' and Proposition 14 and Proposition 15, they are asking us to direct them to do something I actually thought they were already doing, but I am quite happy to direct them if they feel that gives them the direction from the Assembly as a whole, which I appreciate that that is obviously helpful.

I wanted to speak relatively early – well hopefully it is not too early, hopefully, we will come to a conclusion soon but I am always hopeful of that, sir – so that Deputy Brehaut will be able to just address some of the comments I have made today especially about the desire for affordable, reliable and clean energy but then we know, sir, that when we have to go on to on-Island diesel generation that arguably over reliable but that source of energy does fail on the other two areas of affordability and cleanliness. So when Deputy Brehaut sums up I will be listening, sir, I will be listening very carefully. I am really hopeful that he can just give me the assurances that I need in this regard.

Thank you, sir.

The Bailiff: Deputy Le Tocq, to be followed by Deputy de Lisle, then Deputy Green. So Deputy Le Tocq please.

Deputy Le Tocq: Thank you, Mr Bailiff.

Sir, I will be very brief. Firstly, because I will be supporting all the Propositions and secondly, as others have mentioned, this is a high level policy document and so the detail really is for later. But I wanted to just address a couple of things and to make it clear where I sit, in particular, in relation to those.

Firstly, I am more optimistic and less cynical perhaps than my colleague Deputy Brouard with regard to our relationships with France and with the dependency we currently have on imported electricity, green electricity, from France. And, sir, I would just ask Members to reflect on what might be the case if we did not have the current ability to do that and we have seen times when that has not been possible. But if that connector had not been put in place nearly 20 years ago then we would be spending huge amounts more and our carbon footprint would look very different.

So, sir, I am supportive of a second and direct connector to France. Not just because of those reasons I have just mentioned and notwithstanding the fact that there are other issues that can cause that sort of project to take a long time, as others have mentioned, but because, sir, by doing

2395 so, I think we will have the opportunity in the long term then to become potentially an exporter of green energy, which would fit very much alongside the sort of branding that we have been promoting in terms of Guernsey as a financial centre.

2400 Sir, it is certainly true that we cannot achieve things such as that by ourselves but our near neighbours France are world leaders in this respect. There is a hydroelectric plant to the south of us and at the Barrage de la Rance that has been in operation for decades now very successfully. And as others have mentioned, our close neighbours in Normandy have been developing and investing in marine turbine power near Cherbourg and there is technology that is coming forward that I am sure, as I think even Deputy Paint realised, whilst it might not be cost effective now and certainly we cannot spend the money in researching it, in the future it will be possible.

2405 So, sir, I am in favour of doing that and I think even before we get to that point the potential for offshore wind, which I strongly support in Guernsey, again despite the fact there will be other considerations that will need to be brought into play, I think in the balance, when it comes to it we need to be prepared to balance the risk involved in that and I think investment and partnership, particularly with larger jurisdictions who have the resources to invest in these things will be the way forward.

2410 So, sir, I do support these Propositions and encourage other Members to vote for them too.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir, I will be brief.

2415 Sir, I have seen a number of drafts or iterations of this policy paper and seen the tiger monopolist, GE, gaining an ever larger hand as drafts progressed. So that is why I bring up the fact that it is all a matter of transparency of capital expenditure and tariffs and good governance, for States' Members and of course for the public at large. The fact is that it is not just a matter of looking at that particular development of another interconnector of those very high numbers of £100 million to France and possibly they are looking also at the comparatives or the alternatives with regard to another direct line to France through Jersey or of course a wind farm.

2420 But it is more than that, it is a matter of us getting on with solar renewables internally and in that way, you know, doing precisely the thing that PwC in the Energy Policy options relate to. Actually the technology would allow Guernsey to rely less on imported electricity leaving more money in the Guernsey economy.

2425 So that holistic view is very important and it is not there because the focus is on this approval of another transmission line to France and that gives us relatively little independence and certainly is not fulfilling the sort of dream that I have of Guernsey becoming more self-sufficient.

2430 Now there is another issue of course and that is being truthful with the public, sir. Not only truthful with the public but also with the Deputies here in the Assembly. Because I think that a lot have been misled and I made the point very clearly earlier on that in fact a number of Members, Deputy Langlois, Deputy Brehaut and also Deputy de Sausmarez, perhaps others, well certainly Deputy Ferbrache in his long little letter here of six pages where he says that 'GEL has already switched its electricity imports from a mix made up of nuclear and hydro to entirely of renewables such as solar,' and so on. This is misleading the public, sir, and somebody should be responsible for that and should be disciplined accordingly. That is not true and we know very well from our Jersey Electricity and its managers and so on that the import mix is one third certified renewables and two thirds certified nuclear in accordance with our supply contract to 2027 in terms of the Jersey situation.

2440 **The Bailiff:** Deputy de Lisle, Deputy de Sausmarez wishes to raise a point of correction. So, Deputy de Sausmarez please.

Deputy de Sausmarez: Thank you, sir.

2445 Deputy de Lisle may be correct in his assertions over Jersey but we do not buy our electricity from Jersey. Our electricity, which happens to come via Jersey, is 100% certified renewable. It is our own contract. I am afraid Deputy de Lisle is mistaken and asserting otherwise is misleading.
Thank you.

2450 **The Bailiff:** Deputy de Lisle, that is the same point as this morning.

Deputy de Lisle: Yes, okay, I will move on, sir, because there are other issues here.
In fact there are contradictions also in the written policy letter. Quite hypercritical in fact. STSB wish to maintain the exclusive monopoly to the conveyance network and this goes against the
2455 Energy Policy's fundamental principles of promoting competition and choice in energy.

Now, that retention of monopoly if you like, prevents a more open system, attracting new firms, providing many more jobs which we need in Guernsey and developing discreet, innovative smart technology to the Island. So we must bring in real competition, sir, not this phoney competition, into the energy market to provide new jobs and business, to diversify the economy. It needs this
2460 new approach to bring down the cost of electricity to consumers, the Guernsey public. Otherwise we are going to be stuck with huge increases in energy cost into the future.

Any review should consider the falling costs of renewables and prioritise cost effective ways of reducing emissions and challenge Treasury to provide incentives to home owners and industry and make Government funding available. The costs of some forms of energy have fallen dramatically,
2465 sir, and technological innovation and efficiency gains have decreased demand; that is another important point, decreased demand. Cable connection costs have increased together with the cost of nuclear derived electricity from France but those associated with solar and wind have dropped and Government has to look at changing its course.

In September 2018 contracts were awarded in the UK for a strike price of £57 for per megawatt hour making the price cheaper than nuclear and competitive with gas. So, we need to get
2470 considerations of this changing market environment and I am not always sure, well I know that it is not being looked at holistically in Guernsey to the extent that it should be.

Now, I would like to make just one further point, sir, and I feel that section 9 of the report is devoted to renewable generation with emphasis on a wind farm for Guernsey and a lot of work has been conducted to date by the States of Guernsey with respect to that. But there is no proposal, no
2475 proposition in the policy letter with respect to carrying out a business case and a pre-visible sea analysis of this option. This would provide another option to introduce renewable energy to Guernsey and the most practical and fiscally appropriate from the options given in section 9.4 could be developed. I would like E&I and STSB to work up a business case for an offshore wind farm as
2480 another option for renewable Guernsey.

Sir, PwC in their study also modelled the impact of building a 30 megawatt wind farm off the north shore of Guernsey to begin generation in 2023 as this is a possibility that the States of Guernsey have explored, they say, in the past. And they made the point that the technology is an important wider benefit as it creates jobs in Guernsey and it keeps money on the Island.

2485 People have short memories, sir, because if you recall the UK went for 200 days recently without fossil fuels due to a generation of electricity from wind turbines. So we have a lot to learn from what others are doing in terms of diversifying our energy mix and becoming a lot more efficient and as a result, sir, lowering the cost to the consuming public.

Thank you, sir.

2490 **The Bailiff:** Members of the States, it is about mid-afternoon now so before I call Deputy Green to speak we will take the mid-afternoon break and we will resume at quarter past four.

*The Assembly adjourned at 4.04 p.m.
and resumed at 4.15 p.m.*

**States of Guernsey Energy Policy 2020-2050 –
Debate continued**

2495 **The Bailiff:** Thank you very much, Members of the States. I am going to call Deputy Green next,
to be followed by Deputy Le Clerc.
Deputy Green.

Deputy Green: Mr Bailiff, thank you very much. I can be relatively brief.
2500 I think this Energy Policy is a good foundational document. I am a supporter of the long term
vision of our Bailiwick using its abundant natural resources to produce as much of our power as
feasible. But clearly in the shorter term, as this policy document sets out, there are numerous
challenges to get through and in the meantime we clearly need to continue to rely upon a secure
cable connection to France.

2505 As I say, this whole area is a complex picture and transition of our energy market to a lower
carbon or even low carbon economy is not going to happen overnight, but I do think this policy
letter is a very useful start in that direction.

Sir, I do think it is fair comment to say that the Energy Policy does need to be considered as part
of the Recovery Strategy in view of the Covid-19 pandemic. It does need to dovetail with that and
it needs to try to ensure that any investments that are going to be made under it are reasonably
2510 beneficial to the on-Island or Bailiwick economy as far as possible.

Nobody, I do not think in this debate so far has actually talked about the idea of having some
sort of green new deal or similar for the Island, but I do think that that must be one of the potential
considerations both for the recovery plan and for the Energy Policy going forwards. And specifically
the idea of much greater incentivisation for environmentally sound measures but also ones that
2515 dovetail with the principles of the green new deal as it has been articulated in other jurisdictions.

These Propositions themselves obviously do not ask for any extra specific public spending but
we know that the initial actions on this will need resource, so I do wonder to some extent how our
public finances are going to cope generally, let alone with programmes like this. So some clarity
about how the timelines for progressing the various critical work streams under this policy, how
2520 those will be potentially affected and varied due to the fallout from the Covid-19 pandemic and its
effect on the public finances, I think would be welcome, although I do accept that in any event the
work streams here are absolutely vital aspects of Government planning more generally.

In terms of the Proposition number 3 I do strongly support the third Proposition which is about
setting out the specific targets of net zero emissions by 2050 and to adopt an interim target of
2525 reducing emissions by 57% on 1990 levels by 2030. I do support that very strongly, although I do
note we are asked to agree to those targets on reducing emissions today rather than when we
actually debate the specific measures in the Climate Change Action Plan. Which as far as I am aware
there is no particular indication of when we will debate that, it will be some point down the line.

Now I did correspond with Deputy Brehaut a couple of weeks ago now on this and I do accept
2530 the reasoning behind the decision to put Proposition 3 in this policy letter, then have the
subsequent debate on the Climate Change Action Plan subsequently. But I would be grateful to
Deputy Brehaut if when he sums up at the end of this debate he just touches upon this issue and
just perhaps clarifies for the benefit of getting it on *Hansard* in terms of the thinking behind the
ordering of those things.

2535 The final point, sir, is in terms of the work stream on fuel poverty that is going to be set up under
this, which I think is a valid part of all of this because as and when technological advances and
market developments come into fruition in this area, we do need to try to ensure that these
enhancements do work for everybody in our society, for all of the people, not just for some. And I
think I would be grateful if any Members of Employment & Social Security could perhaps give a
2540 little bit more detail of where they might go with this when they sum up, when they speak
subsequently. But in any event, sir, I am impressed with this document as clearly it is a foundational
document but it is setting us on the right path. Thank you.

The Bailiff: Deputy Le Clerc will be followed by Deputy Gollop and then Deputy Ferbrache. So Deputy Le Clerc please.

2545 **Deputy Le Clerc:** Thank you, sir.

I have tried to wait until what might be the end of debate to comment because I know that people have had comments in respect of Employment & Social Security.

2550 Firstly, I wanted to say that E&I did consult with Employment & Social Security Committee with a draft copy of the Energy Policy paper and overall the Committee were very supportive of the paper. There was one area in particular – there was a resolution for Employment & Social Security and I think that is what Members have picked up on. But I think one of the comments that I had personally, and not as President, was that it lacked funding and resource. So it is a good paper but actually at the end of it, it does not say where the funding and the resource is going to come from, 2555 and actually I have got those concerns and I think other Members have picked up on that.

Our concern when we saw the draft paper was Proposition 13 and it was not in its present form when it came to the Committee. And if Members have got the report in front of them, if they look at page 41 of the report, Section 11.14, the action there is to direct the Committee for Employment & Social Security to co-ordinate.

2560 So the original Proposition was just for Social Security and we did push back to say, well actually we think it should be in conjunction with Environment & Infrastructure because the majority of our responsibility in respect of housing is in respect of affordable housing and social housing and I think this requirement for energy poverty is probably a lot wider than the social housing and affordable housing, and I think the only way that we can do that is to have budgets for grants.

2565 Deputy Soulsby talked about the Equity Release Scheme and I think this would be a really important scheme that I know Policy & Resources are developing because it would enable some of those householders that are asset rich and cash poor to maybe take an equity release type scheme which would enable them to do home improvements and insulate their properties going forward. But I am not sure how long we will have to wait for that equity release scheme.

2570 So with all these things it is finding a way of targeting those most in need and that then comes down to means testing and if we go down the means testing route that comes at a cost because it takes time and it takes resources. So, in answer to Deputy Green's question I do not think we thought anything through more than that.

2575 As I said my concerns are about the resources, and it is interesting because I think this touches on the dilemma that lots of Committees are now facing because of Covid. So are we still to continue agreed work streams and extant Resolutions or is all that work now being put on hold? I ask that because actually we have got quite a tight deadline on this, Q2 2021, and to produce a report back to the States on that time will take resources and some level of funding. So it is kind of mixed messages of is everything on hold or are we still carrying on?

2580 Interestingly enough on page 41, again 11.14, Resource Implications, it says, 'no new direct resource implications'. Well I disagree because I think there are resource implications. There is the potential for additional officer support from the Strategy & Policy Team to undertake the policy development work, if the requirement for that resource is demonstrated and agreed. Well if we approve Proposition 13, surely we are demonstrating that there is a requirement and we have 2585 demonstrated that it has been agreed. So again mixed messages.

I can say that the new GHA properties are built to a very high specification and are well insulated. The issues that we have on our own social housing is that many of them are older properties built from the 1930's onwards and actually, although we have done some maintenance work over the years and upgraded, I think there is still some work to be done on that. So the review of the winter fuel allowance would have been to look at where potentially there might be some savings on some of the newer properties and redirecting some of that winter fuel allowance to some of the older properties. 2590

I think the best thing that I can say is Deputy Queripel asked us a Rule (14) question back in December and that was following our operating report. Perhaps if I can be indulged now I will just

2595 read the response where he asked where the winter fuel was on ESS's list of priorities and if I just can repeat:

Reviewing the winter fuel allowance is something that the Committee has wanted to do since mentioning it in the Resolutions list to the Committee's Policy Plan in June 2017. However, as we have limited resources available to progress the policy work streams under the Committee's mandate this term, the work load has had to be prioritised. Understandably, the Committee has focused a lot of its resource on large projects such as disability discrimination legislation, future funding model for long term care and secondary pensions. The Committee would still like to review the winter fuel allowance as the current model of a fixed price for all eligible householders is no longer appropriate, particularly when some properties are very old and energy inefficient and others are highly insulated new builds, as I said previously.

2600 So it is something that we want to do but we will need the resources to do it and I am just not sure where this now comes with the Recovery Strategy and the prioritisation of resource and budget with respect to the Recovery Strategy, which I think is turning into a beast the size of the P&R Plan the way it is going because I think everybody is seeing it as an all-encompassing, 'and this would be good and that would be good,' in the Recovery Strategy.

It is probably not a satisfactory answer to those people who have asked questions but I have tried to answer it as best as I can with the information that I have got, sir.

Thank you.

2605

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you, sir.

2610 I will just do a quick shout out that although we are obviously focused on Guernsey today, and I noted the Alderney Representatives abstained, it is fair to say that they are not only an integral part of the economy of the Bailiwick of Guernsey but of course I believe Guernsey Electricity has a small shareholding in Alderney Electricity and one has to make the point that if you are living in Alderney or Sark or running a business on those two lovely Islands, your recovery from Covid will be possibly even harder in energy terms because costs for energy there are significantly higher than in Guernsey.

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2620 I am of course a Member of Employment & Social Security and I do remember signing off that response to Deputy Lester Queripel and agreeing with it up to a point. But of course I had my own kind of maverick views and I kind of said, 'Well why not go on paying the winter fuel allowance?' because it is popular with the senior citizens, with the pensioners and those who are lucky enough to need less heat or lucky enough to live in more modern Guernsey Housing Association or other places, where they are significantly better insulated or warmer, just some extra pocket money to spend. It gives them a little bit extra to spend, do you know what I mean?

2625

2630 The thing is that might sound irresponsible but that is exactly what we are doing at the moment. Because whilst we are running a welfare system based upon means, and allocating it according to need based on income, we are not taking into account people in some cases suffering from fuel poverty and others with similar incomes, in reality, not. And so that was a work stream in reality, the old Social Security Department when we had ministers identified and we had a VIP who visited us when I was in a different senior role in Guernsey and we very much have been kicking around politically a football for some time about where we can go with energy, because clearly there is an issue with fuel poverty but it is not very well addressed by the blunt tool of a winter fuel allowance.

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As Deputy Le Clerc has pointed out, there are doubtless many home owners or tenants who do not come within necessarily the social category but could be struggling because they are asset rich but cash poor or they are living in a house that needs fundamental maintenance but they cannot afford the builders or even that they have currently lost their jobs or have reduced income as a result of economic circumstances. So clearly this is actually not unrelated to the Recovery and Deputy Green called it a green recovery plan and I would support him in that.

I am not a great fan of these overarching policies. I think I found common cause with Deputy Roffey earlier when he said he preferred tactical vision rather than strategic. Because I often find

that strategic visions are very un-parliamentary in that they do not lead to particularly stimulating debate and they are un-executive in that they do not allow politicians, as presidents or ministers, to actually do things. I mean I am still a bit in love with the gimmicky model you see in other communities where a minister or party leader gets up and says we are going to do this as a perk.

If we all have to go back into an overarching strategy, we actually end up with a very long-winded system and as you heard today, Committees like Employment & Social Security, Health & Social Care, Economic Development, Employment & Social Security, not really singing to the same hymn sheet feeling that one committee is doing one thing.

I mean, I note with interest Policy & Resources' response whereby they are almost anti-populist in their desire to stimulate outrage amongst the 'enough is enough' demographic because they say we will need more energy efficient taxation of some kind but not for fiscal or financial reasons but to change behaviour. Now that, frankly, is quite an alienating message.

Unless you are a paid up member of the Green Party, and I actually am, that will not win favours readily because it comes across as not being focused on the overall picture but a very much part of 'You will do this'. And I think with the Energy Policy we need a bigger vision than that – one, as Deputy de Lisle said, that actually builds our economy better and enables more choice. Again the problem I find is so much of it, decarbonisation, greater energy independence, vibrant economy, there is actually no practical ways of achieving that, such as grants or loans for the people in property that requires maintenance, such as greater incentives to acquire electric cars, such as a strategy of putting more electric points, even on extra kerb sides in the next 15 years.

We are not actually seeing practical policies with money behind them and it is very generalised, it is more like an academic project than something that politically you could run with and I think that is the problem with this kind of approach.

I do support security and resilience of supply and think that a second cable link and interconnector probably is the way to go; like Deputy de Lisle, I wonder about its enormous capacity. And I remember Deputy Trott who is always, perhaps one of the shrewdest politicians we have seen in the last two decades, who realises that in reality we are not just about world peace and prosperity and environmentalism, we have to have an element of Guernsey first. And Guernsey first means resilience of supply, it means not being overly dependent on any other country or technology and having the flexibility to respond, because reading the report you can clearly see there are significant differences from year to year.

I believe after myself Deputy Ferbrache is about to speak and I will very much enjoy listening to that because he always knows what he is talking about, especially in terms of the economics of transforming organisations.

But I found perhaps the most interesting aspect of this report the STSB letter, because it makes a number of points, for example on page 57, one sees acknowledgement that in an open energy market all suppliers should have a shared responsibility for security of energy supplies. At the moment the substantial cost burden of the States' current N-2 electricity security places on Guernsey Electricity Ltd prevents it from operating more efficiently. There is a need to ensure that this burden is shared by all licensed electricity generating companies.

We heard earlier a lot of complicated speeches from Members about the tariff system. Well clearly the letter makes clear that in Guernsey Electricity's case its cost base is split almost 50/50 between fixed and variable costs, whereas a tariff structure where only approximately 10% of its revenues are generated through fixed charges and 90% through its variable charges. Well, there is clearly a disconnect there but as so often is the case with Guernsey's political map we have got a fair number of standalone bodies and statutory officials influencing this and the simplicity of the era when Deputies sat on the Electricity Board has now been perhaps changed.

I think the question of where Guernsey Electricity Ltd, its tariffs and economy and business plan fits into it, the Energy Policy cannot be ignored and, frankly, we need to somehow integrate energy, environment, infrastructure and electricity into one coherent political strategy, because we also read on page 61 that 'Guernsey Electricity is undertaking a significant amount of work on the development of a business case for a second interconnector but must caution that much greater

clarity around the future market structure and more importantly the regulatory arguments that underpin it will be required before that business case can be completed with the necessary degree of confidence and certainty.'

We are now, as Deputy Parkinson reminded us, on a new landscape of independent Island regulation rather than pan-Island regulation; again I am not sure about that. Then we have that the States' Trading Supervisory Board is also concerned with GEL's current period of exclusivity in the supply of its areas of the electricity market due to expire in the second quarter of 2022 there will be wholly inadequate lead-in time for the company to adjust to any changes in those areas of the market. So they would like to see an extension of the system.

Now I do not know how practical it is to liberalise electricity supply in Guernsey and I do not think that this report makes it particularly clear as to how that can be achieved. I can see that the States' Trading Board, perhaps, is cautious about the future market structure and therefore, if you like, the viability of the business plan for electricity.

I heard what Deputy de Sausmarez and other States' Members said about how they would welcome much greater sustainable energy for the future but find it difficult to do at the moment given the constraints of the electricity market. But we are really in a catch 22 situation. If we begin to accept without any new thinking that we cannot overly encourage, as Deputy de Lisle would like to see, more people generating their own electricity, or investing, as Deputy Inder is contemplating, solar technology for a roof if the consumer payback is really poor. The consumer disincentive therefore is there because of the high costs of producing electricity and the sociological argument that if we allow innovators to invest in sustainable technology or somehow weaken the viability of the whole and put up electricity prices for middle Guernsey and the most vulnerable in our society.

Now that clearly is an absurd argument when you start to unpick it. We should be encouraging sustainability, encouraging solar, wind and tidal energies, encouraging diversity of supply, encouraging more efficient use and if Guernsey Electricity Ltd is proportionately more expensive to run with a diminishing customer base as a result of those changes, we need to think of it more like the bus company. As more and more people acquired cars the bus company sagged and started to withdraw but we found the answer was actually greater State involvement and greater, if you like, subsidy and stimulation. I do not think that the business structure of electricity, bearing in mind it is still a nationalised industry, should be seen as constrained, but innovational building back better.

So I think there is a long way to go and again I think the snag with this report is that it is not particularly politically friendly and does not fit very well into our current governance structure for easy implementational development.

Thanking you, sir.

The Bailiff: There is going to be Deputy Ferbrache next, to be followed by Deputy Prow and then Deputy Roffey. Deputy Ferbrache please.

Deputy Ferbrache: Thank you very much, sir.

Some lights were first lit by electricity in Guernsey in the late 1890's. Guernsey has had a state-owned enterprise in relation to electricity since about 1933. Sometimes there are visionaries in our States in relation to Energy Policy and they come from surprising sources.

Now I spent some of my professional life before I came back to Guernsey up, in and around Nottinghamshire and of course coal was the king there, and that suddenly went and all the villages and little towns in Nottinghamshire that relied on coal were devastated when that industry came to an end in early course of it – a bit like our grain industry, it came to an end far quicker than people anticipated.

And of course the environment has got an important role to be played in, in the sense that even those much younger than me in the States will have watched black and white movies going back to the 1940's whereby London was covered in smog. So what happened? They brought in the Clean Air Act in about 1955-56 and all of a sudden the smog went, albeit we have now got lots of traffic so again there is air pollution.

So this policy has got to be at a high level, it needs to be populated in due course with detail and no doubt it will be. But what is clear, even though with good intent, it talks about policy for the next 30 years, that will change. This document will soon, in the next five to 10 years probably be out of date.

Now, everybody wants more solar energy, quite rightly too, everybody wants wind farms, albeit I agree with Deputy Paint, I would rather they were in France than somewhere hideous because they can be hideous things. And technology can evolve very quickly but it does not always; I mean the wind farm technology has sort of jammed, it has not gone very far. It is a bit like space technology in lots of ways, it has not progressed as quickly as we thought it would but there will be logjams, anyway.

Guernsey's history with electricity: in 1933 it became a state-owned enterprise and when I first came to the States in 1994, with my colleague Deputy Lowe, there was a States' Electricity Board and Deputy Roffey earlier this morning spoke of some of its presence. The one I mention is Deputy Bill Bell and when I think about a visionary I think about him because it was his work that in the mid-90's persuaded the States that there should be an electricity cable, albeit via Jersey to France, otherwise we would still be relying upon our generated electricity on-Island.

Now if we wanted total security and we did not want to be bothered with these Johnny foreigners in France and we really wanted to supply everything here, what we would do is a bit like the officers did in the last 10 or 15 years, they have got one main office and in case there is a fire or a flood or pestilence or whatever it may be, they have got business recovery centres elsewhere.

So we could do, and I am only being a little whimsical, what Deputy Merrett says and move the power station bit by bit to Longue Hogue or somewhere else. Of course that could happen and of course if you were starting with a clean piece of paper you would not be building a power station in a populated area where it currently is, you would be building it somewhere else. But we are where we are, we are 24 point, whatever it is, square miles and you have got to live in the Island that you are in. So of course we could move the power station from A to B, wherever B is, at what cost? Many millions of pounds.

Deputy de Lisle said let us be truthful with the public. Well we should always be truthful with the public and when he said people were misleading, you can mislead somebody accidentally, you can mislead somebody on purpose. I do not think he was inferring that anybody was misleading on purpose. But in any event as Deputy de Sausmarez said there was no misleading at all. She explained the purity, if I can use that word, of our electricity sources that come from France.

But of course, if you are dependent upon a foreign power, a foreign state, things can happen and we have just got to decide whether we want to take that kind of risk and, frankly, I am in the real world, the real civilised world that we live in, prepared to take a degree of risk.

There has been talk about N and Deputy Brehaut explained what N meant and N capacity. Now the current States' *[inaudible]* as he said is N-2 and that requires the electricity company to retain on-Island megawatt capacity to meet peak demand but at the same time assume that two of its largest sources of supply, excluding the cable, are simultaneously unavailable.

Earlier we talked about the 85 megawatts and the kettles that Deputy de Sausmarez was talking about at 7 o'clock, lunchtime and 5 o'clock or 6 o'clock in the afternoon or talking about computers for the banks or talking about anything else, there is peak demand. So at the moment the requirement is for 120 megawatts under the policy. Now, based on the peak demand today if the States were to amend that to N-1, i.e. we assume that just one of our single larger sources of supply is unavailable, excluding the cable, that requirement would fall by 20 megawatts. If we adopted the N policy so there is not any redundancy to be built in for an unavailable plant then the requirement would fall by a further 20 megawatts.

GEL believe that N is a suitable criteria if, but only if, we have two cables to France. Because do we not panic, do we not get into trials and tribulations and little shakes if the electricity goes off for more than five minutes? Remember when the Jersey cable failed, 12-18 months ago and we had no electricity for about 45 minutes, perhaps longer in some areas. My goodness me it was the subject of press and media comment and it was the subject of people being concerned about whether the

2795 Island could have supplies of electricity going forward. Because whether we like it or not electricity will be the foundation of our power supply for years to come.

Every good house requires a foundation, because otherwise the house is not going to be built solidly and last for the duration and provide the certainty that we need. And above all we need certainty of supply in a civilised and forward looking community like ourselves, and where possible
 2800 it should be clean and where possible it should be affordable. Now we have got to tell some truths in relation to that because I have just mentioned about policy N-2, N-1 and N. If the States chooses to maintain the N-2 policy then rather than decommissioning, which would be the intent in due course, all four of the old generators at the Sea Station, two of them would need to be replaced at a cost of between £30 million and £40 million and that work would need to be undertaken between
 2805 2025 and 2030. This is in addition to the necessary replacement of the oldest generator in the Sea Station around 2030 that has to take *[inaudible]* in any event having N will cost many millions.

People tend to think 'Oh, well Guernsey Electricity must be making a fortune'. Just the opposite! As I mentioned earlier this morning when I was speaking on the Deputy de Lisle amendment, there was a shareholders' meeting of GEL yesterday which I attended as one of the representatives of the
 2810 States' Trading Supervisory Board and we discussed to the quarter ending 21st March 2020, and that was updated up to yesterday, the financial position of Guernsey Electricity. As at 31st March 2020 Guernsey Electricity has £44 million of debt drawn down – £44 million! That is made up of £33 million commercial borrowings comprising, and this is fully drawn down, an £18 million rolling credit facility and a 10-year £15 million commercial loan for the recent cable. In addition it has
 2815 borrowed £11 million from the States of Guernsey Bond. Those of us who promoted the Bond, those shrewd politicians that have been referred to must be delighted that somebody has actually used it.

In relation to that their latest capital financial forecast for the period April 2020 to September 2021 indicate that even with a reduced capital expenditure spend they are going to have severe
 2820 problems with their financial covenants. Now a particular concern is their forecasts assume three further tariff rises, namely: (1) the 2019-20 cost pass-through which is 4.8% which was due to uncontrollable commodity and forex exchange costs, which was agreed in principle and planned now for October 2020, it was planned for April 2020 but because of Covid was put back for six months; (2) the GJ1 capital cost recovery now calculated to be 2.2% based on final project costs –
 2825 originally it was 2.8%; and (3) a further CPT in 2021 to recover uncontrollable costs occurred during 2020 and 2021.

Just yesterday we were informed, for example, that they are going to have to replace in early course a sub-station that serves the people. That is going to cost them £3.2 million and is going to be done over the next 12 to 18 months at the latest. They will be unable to service all their capital
 2830 requirements over the next 12 months – two years, and I am not talking anything to do with the new French cable. They are going to have to underinvest in capital products because they do not have the money.

What we were told by the very able Chief Executive of Guernsey Electricity is that the network was well invested in the 1950's and 1960's and that has seen the cables come to your houses so
 2835 that it provides you with electricity or to your offices etc. That was neglected thereafter and very little money was spent on that and it needs spending now. So the idea that Guernsey Electricity have got millions and millions of pounds sloshing round which it can just delve into and the competition will be good and it will cut the cost of energy is rubbish. It is misguided, and to use the word used by Deputy de Lisle, it is misleading.

Guernsey Electricity following the principles enunciated by the States' Trading Supervisory Board, which was made very clear to the Treasury generally in our role as the STSB over the last 18 months – two years, is not there to be a cash cow for the revenue. It is not there to charge people every penny they could be charged. Because if it did so, Guernsey Electricity would be bringing to the regulator massive tariff increases for the consumer to bear and it has no intention of doing that.
 2840 It will have to bring some but they will be as modest as it reasonably can be.
 2845

Now we have heard much of regulation and I am going to ask Deputy Brehaut in due course, when he sums up perhaps, if he is willing, to talk a little more about that. I stress that STSB as the representative of the shareholder of Guernsey Electricity is not intrinsically opposed to a more competitive market place. I though take the point well made by Deputy Brehaut that competition for competition's sake is a nonsense. To just say competition is good has been a disaster in the UK electricity industry. It has done nothing but enhance the profits of the company at the expense of the customer.

We hear so much about regulation and what a wonderful thing regulation is; let me tell you a little bit about regulation. The States decided several years ago to take away the responsibility of regulation of inter-alia, Guernsey Electricity, Electricity prices from CICRA or whatever it is now going to be called from the end of June. But it has done nothing about that, so it still remains within the compounds of CICRA and I think, if I understood Deputy Parkinson's speech earlier, he is saying to the States that the duty that will be foisted upon his Committee to come back with a regulatory plan by the latter part of 2021, he does not think is realistic and I think he is actually right. If the States have been unable, in now more than one Assembly, to come up with some new regulatory mechanism and seize control of how it should be regulated, should electricity prices etc. I doubt that Deputy Parkinson with all his ability is going to be able to come up with something meaningful in the next 12-18 months should he remain President of his board or whoever succeeds him.

I say this in relation to regulation. The regulation at the moment has stymied the proper operation of Guernsey Electricity. And let me just say this, I have already said that STSB as the representative of the shareholder is not opposed intrinsically to a more competitive market place. It also acknowledges that this policy is concerned with the wider energy market, which I as an ordinary States' Member completely accept.

I believe this is a good policy letter but it is a starting place. I do not have any problems with it being too high level, you have got to start somewhere. Houses are going to be better insulated in the future, cars are going to be more efficient, more electric vehicles, people's lifestyles are changing. Think back, we are talking about the length of this particular policy letter, 30 years, that is longer than we have had an electricity cable in Guernsey. Before then, as I say, we had these smoky old generators – they are now less smoky but still old generators – generating things into the atmosphere that, however well controlled, however scientific it can be, would be better not generated in the atmosphere if at all possible.

And the Propositions only call at this stage for Economic Development to undertake a technical consultation on a licensing framework for enabling targeted competition to support, establishing on-Island renewable energy rather than wholesale competition. STSB offers a word of caution because what it has yet to see, and I think this is the point again made by Deputy Brouard, is sufficient evidence to support changing the nature of competition in the generation market or introducing competition into the electricity supply market. It believes that we should only go down this route if it can be demonstrated that the cost of regulation that would be required to enable such a competitive market place would be outweighed by the financial benefits for the consumers or the environmental benefits for the Island. At the moment I fail to see how it is doing that.

This year, before we even consider opening the door to more competition, GEL is facing a licence fee of £120,000 for the limited regulatory activity that CICRA undertakes. Now, remember, okay CICRA is going to be dissolving as Deputy Parkinson told us at a previous States' debate but unless I have misunderstood we are still going to have the same people sitting in the same seats at the end of June as we have got sitting in those seats today. I am not sure that there is going to be any great change of attitude, principal officers, facility. And we should remember the £120,000 that I have just referred to is just the direct licence costs and do not include the system costs that GEL incurs internally in complying with the regulatory requirements. All of these costs have to be met by GEL's customers, or as Deputy Merrett says in her various speeches, our community.

At this point I think it would be more helpful to quote directly from the report commissioned from PwC by the Committee for Environment & Infrastructure as part of its evidence base for the Energy Policy. And that report contained this paragraph:

Given the size of the Guernsey energy market, competition may not generate adequate benefits to outweigh the cost of our competition. While wholesale competition in supply may not be worthwhile, competition in renewable generation may be beneficial if niche suppliers have more expertise in developing renewable generation policy.

And it went on:

A proportionate regulatory regime should be developed to allow Guernsey to realise the benefits of competition while minimising costs. Further analysis of the costs and benefits may be required to determine the appropriate level of regulation.

And finally it cautioned this:

The consequences of the changes to the regulatory regime that would be required should be carefully considered. A cost benefit analysis would help determine the proportionate level of regulation for a more competitive market.

2900 Now pausing – again my own comments before continuing with my hat on as President of the
STSB – I would get rid of regulation completely in relation to electricity prices. I would let the
electricity company act sensibly because its shareholder is the States of Guernsey and ultimately if
we think it is acting insensibly, adversely to our community we could bring it to heel and we could
bring it back before the States. So I would get rid of it but I appreciate that is perhaps too radical,
2905 although I know not.

Therefore, I would be grateful if in responding to today's debate I could ask Deputy Brehaut as
President of his Committee to give a commitment that the proposed technical consultation on a
licensing framework, the competition will include the following three pieces of work.

2910 (1) A full cost benefit analysis of a potential licensing framework that addresses not just the
regulator's cost and licence fees payable but also the compliance cost to licensees in meeting the
requirements of the regulator, which ultimately have to be recovered from customers, i.e. to use
Deputy Merrett's phrase, our community. The STSB believes that this is essential to enable the States
to determine whether the cost of a regulatory framework that maybe required to enable the
competitive market will be outweighed by the benefits.

2915 (2) An assessment of the pros and cons of retaining the existing arrangements within the
electricity sector where GEL currently has exclusivity in the supply and conveyance markets, but
where the generation market is already open to licences being granted to other local renewable
generating companies. This will explore the opportunities that the States has, to use GEL as a vehicle
for decarbonisation, building on the initiatives that it is already putting in place, examples of which
2920 I mentioned earlier. The option that would leave open opportunities for local renewable generating
companies to flourish and for GEL to source the electricity it supplies to the Island from them.

(3) An assessment of the impact on GEL if the conclusion of the technical consultation is that
further liberalisation of the electricity supply market is envisaged. In that way the States can be sure
about any impact on GEL's commercial position and satisfy itself that this would not prejudice the
2925 strategic role that the policy expects GEL to play in future in delivering its objectives such as the
maintenance of the Island's conveyance network and the delivery of additional sub-sea cable
infrastructure. For the energy transition to be successful we need a rival grid and security of
electricity supply.

2930 Now I cannot talk about the future regulatory environment without touching upon the
significant changes presented by the current position, I have already mentioned that. And it is a
source of considerable frustration both for the STSB and GEL but there has been no movement in
the existing regulatory arrangements, I have already mentioned that.

2935 Regardless of our view on those previous decisions the subsequent inaction has left a regulatory
vacuum that is proving damaging to Guernsey Electricity and it has not served the company, CICRA
or our community well. I give two examples. The first relates to the substantial programme of
investment amounting to some £115 million of capital investment that GEL has undertaken since
2012, where the import capacity of the Channel Island electricity grid and its infrastructure on Island
including a replacement of the subsea cable to Jersey and two new generators at the power station.

These investments have ensured that we continue to have, as best we can, an affordable, reliable and secure low carbon supply of electricity for our Island.

These investments have been largely funded, as I have already indicated, through large long-term borrowings. By borrowing, the cost of the asset is spread over its useful life, which represents a more equitable way to recover the cost. And we have all heard of the phrase, EBITDA, that is Earnings Before Interest, Tax, Depreciation, and Amortisation. However, as a result of the regulatory impasse GEL has been unable to take forward any review of its tariff levels to enable it to recover the cost of the investments it has been making.

In the short term, as I have already said, there is a danger, and a real danger that Guernsey Electricity will breach its borrowing covenants and I have emphasised that just before, so we have to consider that. Capital costs aside, the impasse means that GEL has been unable to recover increases in its underlying cost base. Whilst CICRA has allowed short-term adjustments to tariffs and movements in all prices and exchange rates that are outside of the company's control, there has been no wholesale review of its underlying custom tariffs since 2011. All this is doing is serving up storing costs for future generations to need. That cannot continue.

The second example relates to GEL's merit order. This term is used to describe the requirement that GEL is under from CICRA to despatch electricity it generates on a lease cost basis. This means that GEL is required, under its licence, to prioritise the use of electricity that it is cheapest to generate in a descending order of price, the so-called merit order. Happily, since Guernsey Electricity connected to the European grid it happens to have been the case for most of the time that the cheapest energy source has been imported electricity, which also happens to have the lowest carbon footprint.

However, can I ask you to consider this, Members of the States, if on-Island diesel generation becomes cheaper than imported electricity, for a short period in 2015 that is exactly what happened as the price of oil fell. I hesitate to remind Members that oil prices again are low. I am confident if I was to ask the Assembly if we should be asking GEL to switch on its diesel engine generators if oil prices continue to fall that the answer would be a resounding 'no'. I can hear Deputy de Sausmarez and Deputy Brehaut shaking in their seats now if we were to ask that to happen.

Yes, that is what the current regulatory requirements would require. GEL's hope is that this conundrum will be removed by the air emissions legislation and associated licensing arrangements for the power station that has been agreed by the States. However, the fact that we are having to rely upon this as a solution I think illustrates why the regulatory machine is out of touch. Over the last two years we have been having ongoing correspondence from the current regulatory position with Economic Development. I have been reassured by Deputy Parkinson's recognition of the challenges and also by his comments today. He has been realistic. However, the timeline as they set out in section 11 of the policy letter envisaging that the framework will come back before the States by the end of 2021, in my view and I think our board's view is unrealistic.

Sir, I would like to add other things but I have already spoken long enough. I would say that in relation, I think there is another point as well because Deputy Laurie Queripel in various speeches – and I whole heartedly agree with him – has made points that we should be spending money in Guernsey now, I agree with that, wherever possible. But we have to be honest, as Deputy de Lisle says, 'You have got to be honest with the public of Guernsey, you have got to be transparent.'

If this £85 million project goes ahead, and in my view it should go ahead, it will give us the certainty that we require, it will allow the other parts of the Energy Policy to develop over the next 10, 15, 20 years. Very little of that £85 million will be spent in Guernsey. I asked for some figures from our officers to give me the best they could. They believe that work undertaken in-house by Guernsey Electricity employees could save £2 million. Local fishermen will provide guard boat duties for the surveys, installation and burial; that is £100,000. Land works between landing points and connection points, a two-year contract, £1.5 million. The substation building, £1 million. Local marketing and PR agencies, £50,000; local planning and legal – my goodness me I do not know what that will be, but that is not likely to be cheap ... Anyway I will not carry on about that because I will get told off.

So most of the money will go off-shore but it is something we have got to do to provide substance to the policy. I would actually like to see that as part of the infrastructure paid for – it has all got to be paid by somebody – not on GEL's balance sheet but as part of an infrastructure project which is absolutely necessary. If we do not have electricity our hospitals cannot function, our businesses cannot function; we cannot live our lives.

As Lord Sumption said when talking about his opposition to the lockdown in the UK, 'There is no point having life unless it is worth living'. We want our lives to be pleasurable, we need electricity for that, we also need the best environment that we can have. I am very confident in the abilities of the people that sit on the Environment & Infrastructure Committee that they will do their best.

As I say we have got lots of problems to solve and resolve and this is not an easy one and so I am grateful to you.

Thank you.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you for calling me, sir. I shall be brief.

From the outset I should say I do support the policy letter and I also believe it to be a good report. Deputy Green has already eloquently summarised it so I will not repeat that.

I really want to speak following the comments of Deputy Le Clerc. She has raised my concerns regarding the limited resources available. Sir, she referred to section 11.14 but I would highlight the milestone table on pages 44-46, that is section 11.19, which actually outlines the 19 tasks ending in 2050. Sir, it is worthy of note that the majority of the Committees other than the Environment & Infrastructure to achieve mainly STSB but also Economic Development, ESS and P&R.

Sir, this I believe, adds to the points well made by Deputy Gollop with regard to how this report fits with our system of government and perhaps more importantly Deputy Ferbrache has just also very ably highlighted the financial tightrope going forward which Guernsey Electricity needs to manage. And perhaps, sir, when the President sums up he could address these points.

Thank you, sir.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

There is an awful lot I could talk about in this report but I will limit myself to three aspects, two of which actually I wholly agree with Deputy Ferbrache; that is not something I can often say, so I thought I would highlight that.

The first is in relation to the fact that an ideological pursuit of competition could be an act of self-harm. I think Guernsey is in a unique position as far as a number of its utilities are concerned and I am not sure how far we should open up the electricity market, certainly, to facilitate huge amounts of competition because I think that might actually work against the Guernsey consumer, and the consumer is what counts and often usually the consumer benefits from competition but there are aspects and elements where that is not the case, particularly in Guernsey when the consumer and the taxpayer is the same person.

The second thing I agree with him is over the N number. It makes a change from talking about the R number over the last few months but the N number. I actually believe in insurance and paying a reasonable amount for insurance, particularly when something is as crucial as electricity. But I think N-2 when we are talking about possibly having two cables to France, one via Jersey and one direct, is just too expensive an insurance premium. Deputy Ferbrache talked about if you ignore the cables then N-2 means you can be okay when two of your generators go down, N-1 means you are okay when one of them goes down and N being that you need all of them to meet your on-Island requirements. But of course we should not ignore the cables.

So basically at the moment we have got the situation with N-2 that we can survive if three of our principal sources of electricity go down: the cable to France through Jersey and our two biggest

generators. If we maintain that and we have got two cables to France we are then paying a fortune to make sure that we can survive and meet all of our on-Island requirements if four of our sources of electricity go down: both of our cables to France and our two biggest on-Island generating plants or machines. I just think that that is taking the precautionary principle too far and is costing the consumer too much and therefore it does need to be reviewed if we are going to go for a second cable to France.

So I would very much support at least going to N-1 and even considering just N because that would mean that we would have to be so unfortunate that both of our cables went down and one of our machines on the Island was not working properly before we were in trouble. Now, people who have said, 'Well that is alright but these cables both go to France, well it is for the Frenchman, so we have got to be a bit careful there.'

I just think the world is interconnected these days. What would happen if Sweden stopped burning our rubbish next week? What would happen if the Air Traffic Controllers in the South of England and in Normandy did not look after the flights approaching Guernsey? This sort of nationalistic 'Guernsey is an Island and nothing outside really stacks up,' I think is going a little bit too far. Deputy Merrett is right, there are French women there as well and that just re-enforces my argument I think.

I just think, yes of course we want to be self-reliant as far as we possibly can but we will starve, even with all of our empty vineries if we try to suggest that we can live without the outside world and we would struggle in all sorts of ways. So I think we just have to be realistic and we buy stuff from outside and electricity is stuff and we sometimes buy that too.

But what I really wanted to talk about is energy poverty or energy induced poverty, because Deputy Gollop said we need new ways of thinking; I actually think perhaps we need old ways of thinking. In the 1980's for many years I was on the Housing Authority and not only did we have a home for workers loan scheme but we also had a home improvement scheme and very often we made loans to home-owners who were pensioners. They tended to be, to use the current jargon, it was not used then, asset rich but cash poor and so they could not pay back those loans. So what we did is have a simple arrangement where we issued the loans and the sum, both the capital and the accrued interest was paid back out of their estate when they passed on. Which meant that their heirs, instead of bringing it into modern values, instead of inheriting a house worth £400,000 or £500,000, maybe only inherited one worth £450, 000 or £350,000 because there was some debt to repay. But it meant that those people could live in really comfortable accommodation because they could replace their windows or insulate their attic or do whatever.

I do not really like the winter fuel allowance because the idea of paying out lots of money so that people in ill-insulated homes can spend a lot on energy and then it all escapes out of their house into the atmosphere seems a fairly perverse way of trying to tackle the problem. It may be in the short term unavoidable because we do have lots of energy inefficient housing in Guernsey but our aim should surely be to move towards the fact that our housing stock is so well insulated that the need to shovel money at people in order to heat them in the winter is ameliorated to a very large extent.

So I would like to go back to the idea of actually having a loan scheme where those who are asset rich and cash poor can access it and where they are not expected to repay it during their lifetime. It will not be a cure because I know there are younger people in rented accommodation, particularly in the private sector where some of the housing stock is not as energy efficient as we would like. But I think a big part of this problem is with pensioners, particularly because they spend more time at home and feel the cold more. Younger people tend to be out at work and only having to heat their houses in the evenings and at the weekends, whereas the famous Mrs Le Page in Torteval is suffering for six months of the year sitting at home.

So I would really like to look at that idea and I think it could go wider than just home insulation actually. There are so many policies where we say, 'Oh, this stacks up apart from those poor people who are asset rich but cash poor'. Well if we had a way of helping them to release some of those assets, and I know we passed a law that will facilitate Private Equity Release Schemes, but frankly

3095 they are not always the best deals in the world and I would not always advise that they are something that people should do. But the old system, where the States would actually make home improvement loans, I think had a lot to commend it. So I hope it will be looked at again by my Committee, ESS, when they are charged together with E&I at looking at fuel poverty.

3100 One final comment, which may be better held for when we discuss the Carbon Reduction Policy rather than Energy Policy, but I do see a problem. If your boiler goes down tomorrow – well what will it matter it is June! – if your boiler goes down in six months' time and you ask for quotes for replacing, you would be quoted an awful lot less for a new oil boiler than you will for an electricity boiler. I know because it happened to me last winter and we are talking about thousands of pounds difference from the same providers: 'This is what it costs for an electric boiler and this is what it costs for an oil boiler.'

3105 I do not know how we overcome that, I am not suggesting grants for people who may not need it, like myself; all I am saying is that is a disincentive towards decarbonisation and I think that it needs to be considered as part of the detailed work that will go on once we pass this excellent high level strategy when we get onto the tactical stuff that really interests me. I think that is something that needs to be considered, so I will leave you with those thoughts, sir.

The Bailiff: Deputy Tooley.

Deputy Tooley: Thank you, sir.

3115 I am in general very supportive of this policy letter. As others have said, I do want to see a greater emphasis on energy efficiency, albeit with proper ventilation and I think we have to acknowledge that import will never be as good for us as locally produced renewables and that is clearly in the long term plan.

3120 My remaining concern is over transparency in the renewables we buy. My concern though is not the same as that of Deputy de Lisle. I am content that while Jersey and we both draw our electricity from a mixed pot, the supplier can only sell as green as much electricity as it has bought or produced from green sources. And we can buy purely from that total while Jersey might buy some from that total and some from the less clean, green total.

3125 The effect of the Jersey/Guernsey mix can be different despite us using the same cable. (*Dog barking*) My concern is that we should have independent certification, a kind of proof of provenance for the renewables we buy and these certificates should be retired once the power is used. I cannot find a reference to this in the policy letter and I would welcome Deputy Brehaut's confirmation and reassurance that we do have such independent certification for the renewable energy we have bought to date and will have these going forward when he sums up at the end.

3130 Thank you, sir.

The Bailiff: Deputy Tindall.

3135 **Deputy Tindall:** Thank you, sir. Slightly caught out there when Deputy Tooley and her lovely dog finished a little early. So, yes, thank you.

3140 Having been involved with what can only be described as the middle phase of this Energy Policy with the Economic Development, I am pleased to see it finally being debated in the States. The varying situations of the policy letter which I have seen, including the last sent to the Development & Planning Authority through the E&I consultation, have shown a considered approach taking into account feedback in an evolving process. The result is, in my view, quality proposals and I commend the Committee for the Environment & Infrastructure for this policy letter. I think this is also an opportunity to have a debate at this time on such an important subject because, as many Members have noted, this is in effect a good pre-cursor for the debate on the Recovery Strategy.

3145 There are many issues in this policy letter which I would normally wish to comment on but the letter of comment from P&R does touch on this, as have other speakers, so I will restrict myself to only a few observations and also those issues raised by several Members which sit firmly in the DPA

mandate. Whilst the title is the Energy Policy 2020-50 the policy letter makes it clear that it is a policy framework rather than one single Energy Policy. It is necessarily high level at this point although it covers many aspects and like many big initiatives of the States, work will be needed on detailed policies to implement the objectives. That said, sir, it is an opportune time to do so in this debate as it will enable another opportunity to voice our views in respect of the States of Guernsey Recovery Plan.

Whilst this debate is not directly looking at helping our hardest hit, such as the tourism and hospitality industries, it is looking at the importance of our energy independence, security and resilience of supply and supporting a return again to a vibrant economy. It focuses on equity and fairness and consumer value and choice when people need more than ever to get value for money.

However, the last of the objectives listed in Proposition 1 is for me the most important to endorse at this time during this Covid crisis, and that is decarbonisation. I say the most important, not because the other objectives are less important but because of the timing of this debate, because we must decide at this stage before we do anything else that we aim to build back better in a carbon neutral way. We must seek to provide for the Island's children a much better place than the one to which we were headed before the Covid pandemic hit. This is not just because of the importance of doing our bit for this planet but because it is important to our economy.

Guernsey Green Finance is at the forefront of development of green and sustainable finance and the sustainable finance week, next week, it is a great opportunity to showcase what we can offer. But to support the growing sector of our finance industry the States of Guernsey must practise what it preaches, at a time when we need to fight to keep as many jobs as we can.

Whilst climate change is the most threatening event for this planet, for Guernsey we must also seek to ensure we have electricity we can use if one of our supplies fails and one that is not chucking out CO². We need to ensure we have a supply for the increased demand in electricity and the decrease in demand for hydrocarbons. This is not something we must ignore as the availability of non-electricity fuels will decrease due to the world around us taking decisive action and we must be prepared for that. I believe we should not be reactive to that trend but proactive. In the Guernsey Gas Bulletin for 2018 it clearly indicates why.

Instead of the good news story of 2017 that we see in the policy letter at paragraph 6.12, when we reduced emissions by 10.5% we find that greenhouse gas emissions for Guernsey actually increased by 10.3% in 2018. This is the biggest increase since 2012 and before then 1991, only a year after the base year of 1990. The reason for the increase is largely due to the amount of power being generated on Island because in 2012 a fault in the cable link to France resulted in the need to generate electricity on Island, resulting in an increase in power generation emissions between 2011 and 2012. And in the latter part of 2018 there was another cable fault again leading to increased power generation emissions. This brings the stark reality of the effect of a lack of security of supply on the greenhouse gas emissions of this Island.

Paragraph 8.1 of the policy letter sums up, for me, the position.

Delaying progress on the GLF-1 project or indeed not investing in the second interconnector at all would likely necessitate additional and strategically and financially suboptimal investment in local power generating plant required to ensure supply resilience. The plant would need to operate using hydrocarbon fuels which would comply with sulphur limits set within air pollution legislation, potentially resulting in increases to operating costs. Alternatively the Island would need to accept an increase in risk to the security and reliability of electricity supplies, e.g. an increased frequency of power cuts and distributions to supply.

Within paragraph 6.5 it still disappoints me that Guernsey did not follow the lead of the States of Jersey by declaring a climate emergency and making a commitment to reach carbon neutrality by 2030, or even acknowledge there is a climate emergency like the Isle of Man who prepared a climate change report under independent oversight to inform the government action plan. We did manage to acknowledge there was a climate crisis, adding this as a priority area but with no climate action plan yet, it still seems to me like a weak response.

3200 However, we are told the Propositions in this policy letter seek to enable Guernsey to manage the global transitions of decarbonisation at local level in an appropriate timescale but I do not agree this is an appropriate time scale. I feel passionately we should be doing everything we can to reach those targets as soon as possible. But given the risk averse nature of this States I can understand why Proposition 3 is framed in this way. Yet in paragraphs 2.1 and 6.8 we are told the vision is to be net zero emissions and so in effect carbon neutral by 2050 at the latest. Yet this is not what it says in the Proposition 3. I would like it to be clearly placed on *Hansard* that this Assembly is firmly of the opinion we should be carbon neutral as early as possible and at the *latest* by 2050.

3205 We are told that E&I hold the view that at this stage the objectives of the Energy Policy can be achieved without the use of fiscal levers to effect the necessary change. I will be pleased to hear more from Deputy Brehaut in the light of the Covid-19 crisis and a possibility of using fiscal levers to push forward change and manage inequalities. I urge Members to take a look at the way the traffic on the roads has already started to return to pre-Covid levels and we are already in phase 4.

At paragraph 3.6 of the policy letter it says:

The policy would need to be aligned with other directly linked States' areas of priority, such as the emergency climate change policy and action plan and the work in developing a long term infrastructure framework and the hydrocarbons programme, the Economic Development Strategy, the Housing Strategy and policies that support future Guernsey's plans objective of sustainable wellbeing.

3215 The Energy Policy and all these mentioned also link in with the Island Development Plan and will inform how we can upgrade our buildings and build new ones fit for the future, to make them energy efficient and reduce CO² emissions. Whilst energy efficiency of a property may not even require any new works at all but simply good home insulation, encouraging the installation of electric heating will be important.

3220 At paragraph 6.10 we are told that the future Climate Change Policy will include consideration of reducing emissions from non-emergency sources such as waste and agriculture, given we are told they represent 28% of emissions between them in 2018. This would seem a very good idea. Given there has been a 3.3% increase in emissions from agriculture, land use, land use change and forestry as part of the Greenhouse Gas Bulletin, the DPA will be pleased to work with the E&I as the increasing trend in total emissions from this source since 2002 is due to increasing emissions resulting from land use change and the reasons for this need to be fully understood.

3225 There is one Proposition which specifically involves DPA and that is Proposition 14. Unfortunately my feedback on this Proposition when I submitted it in February 2020 was not taken into account because it clearly conflates two matters. Currently the Proposition says:

To direct the Committee for the Environment & Infrastructure to work with the Development & Planning Authority to bring forward further recommendations to improve the energy efficiency of existing and future housing stock, assess the potential for an impact of requirements to report building energy standards and/or to implement a minimum standard for the rental market and reporting standard for the sales market by the end of Q2 2021.

3230 The first part of the Propositions relates to further work to improve the energy efficiency of existing and future housing stock and this report. This sits in part in the DPA mandate as we are responsible for part L of the Guernsey Technical Standards and the building regulations. We have more than 20% of carbon dioxide emissions lost through our buildings.

3235 In January this year the DPA announced changes to part L, Conservation of Fuel and Power, of the Guernsey building regulations to promote an improvement of thermal performance and energy efficiency of buildings. The thermal performance of a building is determined by the individual thermal performances of the various elements for structure, namely the roofs, walls, floors and window/door openings and by the efficiency of the services installed.

3240 The orientation of the building can limit heat losses and gains through the glazed elements while the quality of the build also has an effect and is measured and controlled under part L. Unfortunately the introduction of the new requirements which we agreed in January has been delayed due to the Covid crisis but I can confirm that the plan is still to bring them in by the end of this month, so I can

reassure Deputy Dorey that once those regulations come into effect, new houses and extensions will have to be built to the higher standard. I also understand the GHA are already building new properties to this standard.

With regard to Deputy Laurie Queripel's observations on the UK regulations with respect to their ventilation, I confirm that our regulations are the same as in the UK and I am advised by our building control manager that any issue is not due to the regulations themselves but the way in which they are complied with. It is true that the more airtight we make the buildings the more critical the ventilation but the issue is generally down to poor commissioning or ongoing maintenance.

The DPA look forward to working with E&I to bring forward the further changes to cover the thermal efficiency of current properties. I agree with Deputy Soulsby we should be helping our Islanders from a health and wellbeing perspective on the points she made: upgrading homes, being able to downsize at less cost and to have more affordable homes. I hate to be a broken record but as this is firmly within our mandate and we are not part of the discussion of the Recovery Strategy, I ask for the DPA to be part of the further work once approved.

P&R mentioned the E&I note that there is little in this policy letter addressing reduction in demand through initiatives such as grants for building insulation. And they would not wish for this debate on the Energy Policy to act as a proxy debate on climate change and supports E&I's focused approach. But this point is reflected directly in Proposition 13 on energy poverty and from a DPA perspective this Proposition 14, because without grants the cost of any further changes to the building regulations will hit the pockets of Islanders.

Any increases in requirements for thermal efficiency could and should involve the provision of grants. Deputy Roffey explained in his usual eloquent way the reason why loans are not appropriate. The DPA is not able to introduce such loans except through the protective building grants legislation, and we have discussed the possibility of asking for funds to do so. However, this ability to make grants should be part of a broader programme to target energy efficiency and protect the built heritage of the Island and I am in no doubt on a means tested basis.

As mentioned by the UK Committee for Climate Change, there will need to be enhanced skills required to enable the upgrading of properties to provide the appropriate level of insulation, and in respect of protected buildings, specialist techniques to upgrade the fabric and, say, add PV tiles to the roof.

Continuing with Proposition 14, as I said, I do take issue over the way in which this was drafted. In my notes which I submitted to E&I, I suggested the 'and/or' element in the Proposition be removed by making the second part a separate Proposition. This is because whilst workers to building regulations and reporting energy efficiency sits firmly in the DPA's mandate, minimum standards for rental and sales markets is nothing to do with the DPA. I pose the question as to whether, as this deals with the standard for different housing markets and a form of consumer protection, perhaps E&I should also work with Home Affairs and ESS on these matters.

So the DPA look forward to continuing to work with E&I to further investigate the opportunities to further improve and expand building regulations, to contribute to the emissions reduction target both for new builds and existing properties undergoing alterations. But we will go ahead without the 'and/or'.

In Propositions 11 and 13 they recommend the establishment of the energy partnership, and as I say also to address energy poverty, both of which impact in some ways on the DPA's mandate and we look forward to being involved as and when needed. Also I continue to stress the need for all the Committees to work together. If we cannot work together how can we say we will work with all States' Members and the public?

With this in mind, I also note paragraph 9.4 which says that E&I will work with a nearby off-shore wind farm to benefit from the scale and I would ask for consideration to be given to work with the States of Alderney on this as it appears to me there is not enough discussions that are being had with the northern island of our Bailiwick.

I also want to add my support to Deputies Brehaut and Ferbrache's view that regulations should not be for regulations sake. Good regulation should have a worthwhile purpose and should always be beneficial.

3295 Paragraph 9.2 is also of import as it refers to a system of management for intermittent and smart AI technology, e.g. washing machines that switch on during low dips of distributed generation will be essential for the uptake of renewables.

And, sir, this is my last main point as I know people will wish to finish up as I appreciate we are after 5.30.

3300 The debate on the policy for 5G is to return to the Assembly this year but I think it is important to touch on its importance in respect of climate change and energy transition. In an article by Hugh Pavenberg, the Director of EU External Affairs at GSMA, the industry organisation that represents the interests of mobile network operators worldwide, he described the contributions to the first conference on renewable energy for 5G Europe, which took place in January this year, from the supporters representing not only his industry but also wind power and solar power in Europe.

3305 The event had two goals: first, to discuss energy related features of 5G networks and how mobile network operators can switch to renewable energy; second, to bring together the two industries of mobile and renewable technologies. The message was that the introduction of 5G networks will offer new opportunities to speed up the energy transition and reach the goals of the Paris Agreement because the 5G networks of tomorrow will be much more energy efficient than current and previous generations of mobile networks. 5G will also increase the ability to transform entire industries, creating fast opportunities for energy savings and facilitating the energy transition to a decarbonised economy and society.

3310 I mention this because action on climate change and the need to use digital means to work more effectively in a post-Covid world will benefit from the introduction to 5G, with of course the proviso it is and remains no threat to human health. Sir, I believe we should be working as quickly as we can to have zero carbon emissions. I hope that those talking about the Recovery Plan will include projects that work towards zero emissions.

3320 Now is the time more than ever before to grab the opportunity to change the way we do things. We have seen what the world could be like with fewer cars and fewer aeroplanes and we like it. Some will lose out but we must find replacements and work around so that we can all come out the better and not return to the one size fits all approach because that is what we have always done, we must be bold and visionary. As Deputy Green, living up to his name, said, 'We must be green in everything we do'.

3325 Thank you, sir.

The Bailiff: Members of the States, am I right in thinking that there are other Members who wish to speak in this debate? Because if there were not I would be minded ... well, as long as there is one Member, that is fine. Thank you very much.

3330 Well it has gone half past five and rather than try and conclude debate on this tonight we will now adjourn to 9.30 in the morning. I invite the Greffier to say the Grace.

The Assembly adjourned at 5.39 p.m.