

23.10.17

**7 Deputy S.Y. Mézec of the Minister for Justice and Home Affairs regarding transitioning away from gas (OQ.207/2023)**

Given the Carbon Neutral Roadmap aim to transition customers away from gas, will the Minister state what consideration, if any, the Government is giving to the future provision of gas for homes and businesses by a private company?

**Deputy H. Miles of St. Brelade (The Minister for Justice and Home Affairs):**

In developing and consulting upon the Carbon Neutral Roadmap, suppliers and distributors were invited to outline their plans for net zero, recognising that the energy market will need to move away from the provision of fossil fuels. An example is the current provision by some distributors of second generation renewable diesel as an alternative low carbon product that replaces fossil fuel diesel. Since the publication of the Carbon Neutral Roadmap, the Assistant Minister for the Environment has established an Energy Suppliers Group. The group has particular focus on policies related to Jersey's current and future energy supply and includes many private companies that form part of the Island's energy market.

[10:30]

I am informed by the Assistant Minister for the Environment that Island Energy are an active group member. Island Energy have recently published their sustainability strategy which outlines the potential for adding a proportion of renewable gas to their existing L.P.G. (liquid petroleum gas) mix, and that which can be carried by the existing gas network. While this product is not yet available at the same price point as the current fossil fuel product, I understand that Island Energy have been invited to submit more details, including the challenges and opportunities for the adoption of this product locally.

**4.7.1 Deputy S.Y. Mézec:**

Given that the Government is providing financial support for households to move away from gas heating altogether and move to electric heating, and therefore Island Energy is facing a government policy which seems to want it to lose more and more customers as time goes by, does the Minister have any consideration on the long-term viability of that particular company? I ask that question of course in the context of having seen the great difficulties that it can cause for many people in the Island when things go wrong.

**Deputy H. Miles:**

As I said in my previous answer, Island Energy are part of the active group that are looking at the sustainability of the energy supply. Island Energy have not yet submitted further details on their green gas product but the Government remains open-minded, recognising that the carbon neutral transition ideally will see diversity in the market and the best use of existing infrastructure.

**4.7.2 Connétable K.C. Lewis of St. Saviour:**

Being as we are now 10 days into this gas outage and apparently it has been reported there are still 800 people waiting to be reconnected, does the Minister think this is a satisfactory state of affairs?

**Deputy H. Miles:**

The original question was about the future provision of gas for homes and businesses by a private company. I am happy to go into further detail but I wonder if the question is relevant in this particular context.

**The Bailiff:**

I have to say, I think the question does ... I was musing on that myself and I think it does go outside the ambit of the original question by too wide a margin to be answerable in the context of this question, so I rule it out of order.

**The Connétable of St. Saviour:**

A supplementary, Sir?

**The Bailiff:**

Well you cannot have a supplementary to the question I have ruled out of order. **[Laughter]**

**The Connétable of St. Saviour:**

A nice try though.

**The Bailiff:**

But if you want to light your light up for another question after Deputy Ward having spoken, there might be time for that.

**4.7.3 Deputy R.J. Ward:**

Given that transition away from gas will probably inevitably include the transition to green hydrogen as a fuel, does the Minister feel that in terms of the long-term safety of supply of energy, maintaining the infrastructure that exists for gas is essential and that the best way to do that is to put that into national ownership?

**Deputy H. Miles:**

Detailed questions on the energy market transition and the Carbon Neutral Roadmap should really be addressed to the Minister or the Assistant Minister for the Environment, so I am not going to comment on the question of hydrogen. However, the issue of nationalisation has been raised. Our local energy market is dominated by private companies, most of whom do a very good job of providing energy, security and diversity in what is a small marketplace with logistical challenges. Nationalising the gas company is a considerable step that would need careful thought and a full understanding of the objectives of doing so. I do not believe we are in a position currently to form an evidence position on nationalising the gas company. The nationalisation of any company requires the full understanding of the pros and cons in the context of the costs of doing so. Council of Ministers would need detailed evidence that addresses whether such action is in the overall best interests and value for the people of the Island and we do not have that yet. We are currently still dealing with the outcomes of the gas outage. The C.E.O. (chief executive officer) is providing me with a full root cause analysis and we will be seeking to review the lessons learned during this incident.

**4.7.4 Deputy R.J. Ward:**

It is interesting that we do not have evidence. The evidence I think that most people can see, and I would ask the Minister about, is that they have had a gas outage for a long time, prices are extraordinarily high, the money that is being spent on the gas is going off-Island to investors elsewhere and the priority is the return for those investors rather than providing a service for our

Islanders. Therefore, I would ask the Minister again as the competent authority for the supply of this energy, and that is why I ask this question of this Minister, the most pertinent approach would be to take the infrastructure in particular into national ownership so it is not lost, as we look for a long-term solution and address the Carbon Neutral Roadmap?

**Deputy H. Miles:**

I refer to my previous answer, the nationalisation of any company requires a full understanding of the pros and cons in the context of the costs of doing so. At this present time, we do not have that information.

**4.7.5 Deputy L.J. Farnham:**

The gas outage I think demonstrated an extreme vulnerability of part of our community and part of our economy. My question is in relation to the provision, the future provision of gas supply to homes and businesses. Is the Minister or the Government going to give serious and urgent consideration to the gas infrastructure insofar as if the gas company had not been able to fix the fault, we would have been left in a real challenging position given the time taken by another energy provider or other energy providers could be months, if not 2 to 3 years, to reconnect all of that supply? Will the Minister state whether they have given that consideration or undertake to put some urgent structures in place to perhaps deal with that situation should it arise?

**Deputy H. Miles:**

Once again, I question the validity of this question which was if any consideration of the Government was given to the future provision of gas for homes by a private company.

**Deputy L.J. Farnham:**

May I just bring ...

**The Bailiff:**

I do rule that as being in order, I think, Minister. This is to do with the future provision of gas and this question touches upon that and it seems to me that that is not unreasonable. I allowed the one on nationalisation, it seems to me that the future provision is not unreasonable.

**Deputy H. Miles:**

Okay, thank you for that indication. I share the Islanders' disappointment that they lost gas supply for over a week, in some cases, and I am acutely aware that some customers have still not been reconnected. Yesterday I met with the C.E.O. of Island Energy and asked for an explanation and an update. I wrote to the C.E.O. of Island Energy yesterday to ask for them to share the arrangements that they have in place across the business to assess the risk of an emergency occurring and to prepare and maintain a risk register. I am hopeful that that information will be forthcoming, which will allow the Government to plan for any future outage. Both the Council of Ministers and the Emergencies Council have met to consider this issue and we are taking the issue extremely seriously and waiting for further evidence to establish what we may or may not do in the future.

**4.7.6 Deputy S.Y. Mézec:**

The Minister referred to the pros and cons on the question of nationalisation and also spoke of not having the evidence on that at this point, and I completely agreed with her on that. Could I therefore ask the Minister then whether or not the Government will be seeking to gather that evidence and

examine it to work out what the appropriate answer to this is, given that it is the Government's position to provide financial incentives for customers of Island Energy to abandon the company, which may raise serious questions in the near future about their financial viability and their ability therefore to provide gas to homes and businesses in the Island, having seen how difficult that can be when it is shut off at short notice?

**Deputy H. Miles:**

I think the question is: what are Government doing to gather the information? As I said, I met with the C.E.O. of Island Energy yesterday. I wrote to Island Energy to ask for some very specific information. If that information is not forthcoming, as the competent authority I have the ability to apply an Article 7 order which can compel Island Energy to provide the necessary information to the Government of Jersey. We have also sought some legal advice in what we may do to change the gas law, which is within the remit of the Minister for Infrastructure, but to make an amendment to the gas law in order to compel Island Energy to provide the information that the Government require to provide contingency planning to ensure the safety of the supply of gas in future.

**Deputy S.Y. Mézec:**

Does that include information on the ownership model because that was where the original question was coming from?

**Deputy H. Miles:**

I think the ownership model of the gas company is in the public domain. They are a private company and my focus as competent authority is focusing on the continuation of supply.

**The Bailiff:**

I think, Minister, the question was directed to whether information enabling the Government to consider the future ownership model was being gathered in the exercise that you are talking about and I think that is correct, Deputy, is what you were asking.

**Deputy H. Miles:**

I am so sorry, I misunderstood the question. Yes, of course.