

STATES OF JERSEY



SUSPENSION OF DRIVE TO 'NET ZERO' (P.70/2022): COMMENTS

Presented to the States on 21st April 2022
by the Minister for the Environment

STATES GREFFE

COMMENTS

Introduction

The Minister for the Environment strongly recommends that States Members reject the Proposition which seeks to find reasons to procrastinate when it comes to addressing the climate emergency.

It is believed that the Proposition is based on false premises and that, if adopted, it would result in the opposite outcome to that which it seeks to achieve, the result being a continued dependence on fossil fuel markets

Additionally, the proposition is at odds with previous decisions of the States Assembly, the views of the local community, and international efforts to address the challenge of energy market instability as well as the climate emergency. Furthermore, the Proposition disregards the public funds that have already been utilised in the production of the Carbon Neutral Roadmap ([P.74/2022](#)) ('the Roadmap').

Further detail

In 2020 the States Assembly was of the opinion that the Government should develop a Carbon Neutral Roadmap that would outline the Island's response to the declaration of a climate emergency. If this Proposition is adopted, it will halt the programme of work and policy interventions that will assist Islanders in reducing their energy use and decarbonise and, ultimately, put a halt to the work before it has commenced.

The Roadmap sets the Island on the first phase of a long-term agenda to achieve net-zero by 2050. Moreover, it outlines goals, milestones and decision points along the way that are in line with the international community's science-based ambitions to address the inescapable challenge of climate change.

It is recognised that there will be uncertainty and challenges on the way – the volatility in today's energy markets are examples of this. However, the Roadmap gives the Island a much-needed framework within which to address these challenges and keep the Island on track to meet its the long-term goal. Conversely, along with challenges will come opportunities, for example, step changes in decarbonisation and energy efficiency technology – suspending work on the Roadmap leaves the Island without a plan to take advantage of these opportunities.

The Minister is of the view that abandoning the Roadmap, which should be considered a blueprint to guide the Island through this unavoidable work, is a dereliction of a duty to the community, future generations and preserving the Island's reputation.

The Proposition is based on two key premises:

- There is volatility / increases in energy prices due to the Russia-Ukraine conflict and the UK's decision to stop buying Russian oil and gas; and that
- The above is causing negative impacts to local low-income families, middle earners, and local businesses.

The Proposition also suggests that the full cost of the decarbonisation programme is uncertain. Based on this, the solution proposed is to suspend all efforts towards decarbonisation / net-zero for an unspecified period.

It is recognised that there are price rises and volatility in fossil fuel energy prices and these are increasing fossil fuel costs and creating overall global inflation. However, the Minister does not agree that the suspension of the programme for net-zero is the right response to this challenge.

Instead, the current situation can be seen as the preferred time to continue to decouple from a reliance on fossil fuels and move to a decarbonised energy mix. It should be concluded that if the cost of a product increases and its availability reduced, that the Island must then search for suitable alternatives rather than maintaining a dependence.

The Proposition also raises concerns about the costs of becoming carbon neutral and additional costs to Islanders at a time of global inflation, concerns which the Minister shares. The Roadmap proposes a programme of work and policy interventions for the next term of Government funded by mostly existing money within the Climate Emergency Fund ('the CEF').

This Assembly has agreed in successive Government Plans since 2019 to implement an annual modest above RPI fuel duty increase to fund the response to the Climate Emergency in addition to the initial seed funding of £5m. By a continuation of this policy, this revenue will amount to c.£23m by 2025 and remains hypothecated in the CEF.

The Roadmap is clear that the full costs of the programme will need to be further assessed and are far larger the existing £23m Fund. However, Strategic Policy 3¹ outlines the work that will be undertaken to bring forward a long-term financing strategy for potential inclusion in the Government Plan 2024, one that considers all available options to continue to fund the decarbonisation of the economy at the pace required to achieve the emissions trajectory established in the Roadmap.

An above RPI increase in fuel duty is currently the only new fiscal measure to support decarbonisation. Any new proposed fiscal measures will be brought before a future Assembly to debate². These will need to be carefully considered in the context of global energy costs and wider inflation at the time. However, stopping work now will delay our progress towards meeting the challenge of climate change which will only become more and more urgent.

The first phase of delivery in the Roadmap proposes immediate policies that support householders to reduce their consumption of fossil fuels therefore reducing their vulnerability to increasing fossil fuels prices. Islanders will have access to tangible grant assistance to reduce their energy use and transition their heating systems and personal vehicles away from fossil fuels, in the first instance to electrical solutions. The provision of non-fossil fuel electricity (70% nuclear:30% hydro) by Jersey Electricity already is a more sustainable with stable and predictable prices compared to fossil fuel markets.

¹ [P.74-2022.pdf \(gov.je\)](#) pg. 39 Financing Strategy

² Changes to Vehicle Emission Duty were agreed by this Assembly in GP 2022-2025 a small proportion of which will be hypothecated to the Climate Emergency Fund

The Minister recognises that the discharge of these policies must take account of the distributional impacts of their costs. The fifth principle of the Carbon Neutral Strategy, which was adopted unanimously by the States Assembly, was:

' We will make sure that carbon neutrality policies do not overall increase income inequality'.

The Roadmap specifically requires the policies to take account of the 'just transition' and not increase overall income inequality. Extensive distributional impact assessment work completed to date and further work planned as the policy details are developed in the future. Policies are designed around idea that the most support will be given to those on the lowest incomes - to halt this work now is considered to be detrimental to those who stand to benefit the most from the policies within like heating system and electric vehicle grants.

The Proposition notes that there are members of the local community impacted by the global rise in energy costs and ensuing inflation. The Government is already responding with the Minister for Social Security, having implemented measures that help the most vulnerable Islanders impacted by rising costs of living. The cross-over between social and environmental policy is recognised with a multi-disciplinary officer team supporting Ministers providing expertise in local and global economic trends, social impacts and energy markets and climate.

Some voices have suggested that the Government should reverse the above RPI increase in fuel duty that was previously agreed. However, Ministers concluded against this on the basis that it is not a targeted or helpful response to those most impacted by rising energy costs or overall inflation. Later in 2022, the next Assembly will make a decision as to whether to enact a further increase in fuel duty above RPI in the context of energy prices at the time.

It is important to recognise the reputational risk to the Island if the Assembly decide to suspend the drive to net-zero which would be at odds with global efforts. Internationally no other jurisdiction is concluding that the solution to unstable fossil fuel prices is to pause their efforts to decarbonise – many have concluded quite the opposite. For the Island to do so would have the following impacts:

- Negative consequences as relates to the Island's international reputation by it not playing its part to tackle the urgent global issue of climate change. The Island would be retreating from the commitment made at COP26 to have the Paris Agreement extended to the Island. The recently published International Panel on Climate Change³ report provides strong evidence that the world should be increasing its level of ambition over and above what has been committed as part of Paris, not stepping back from it.
- The Island has the opportunity to use its commitment to tackling climate change as a differentiator in the sustainable finance / green economy space for its Financial Services Industry⁴. This is recognised by the industry itself. By

³ [AR6 Climate Change 2022: Mitigation of Climate Change — IPCC](#)

⁴ [Jersey for Good - A Sustainable Future | Our Work | Jersey Finance](#)

adopting this Proposition, the Assembly would not be able to take advantage of this opportunity.

Finally, if the Assembly were to adopt this Proposition, it would be in opposition to the strong message from the local community which has already been discussed at length in this Assembly.

The Citizens' Assembly gave a clear recommendation that Islanders want net zero and a high level of ambition along the way – carbon neutral in 2030. The Citizen's Assembly wanted this recognising volatility in energy markets that existed before the Russia-Ukraine conflict. Furthermore, they concluded that we must manage our energy use and decarbonise without delay, and wanted the Government to set an ambitious agenda to:

- reduce our contribution to global carbon emissions.
- protect ourselves from reliance on fossil fuels by decarbonising; and
- investigate and act on opportunities for energy sovereignty.

The Roadmap sets the Island on the first phase of a long-term agenda to achieve all the above aims.