



Environment Scrutiny Panel
Energy Policy Review hearing with the
Jersey Chamber of Commerce
WEDNESDAY, 22nd MAY 2013

Panel:

Deputy J.H. Young of St. Brelade (Chairman)
Deputy S.G. Luce of St. Martin (Vice Chairman)
Connétable P.J. Rondel of St. John
Mr. R. Levett (Adviser)

Witness:

Mr. Jim Hopley, Chairman - Sustainability Business Forum, Jersey Chamber of Commerce

[9:31]

Deputy J.H. Young of St. Brelade (Chairman):

Good morning. I would like to formally open this morning's session of the Environment Scrutiny Panel, conducting the review of the Minister for Planning and Environment's draft energy plan for the period up to 2050. This is the third session on the subject. Welcome to all. Just to introduce myself, Deputy John Young, Chairman of the Panel.

Deputy J.H. Young:

Okay. If you could just introduce yourself for the record, Jim.

Chairman - Sustainability Business Forum, Jersey Chamber of Commerce and Industry:

Yes. Jim Hopley. I am here today with my Chamber of Commerce Sustainable Business Forum hat on but if I can just give you a bit more background so at least you know I am conflicted in other areas. Honorary Chair, Genuine Jersey, I am a commercial member of J-CAN, so I have a slightly

different take on it from most of my colleagues in it. I also chair Jersey One World Group, which is a campaigning organisation on social issues but it also does, in fact, campaign on environmental issues: water, trees, waste; we have done a number of them over the years. But I am here today as Chamber of Commerce Sustainable Business Forum Chairman there. I was largely responsible for producing the Chairman's response to the *Energy White Paper*. Neither our President nor Vice-President could make it; apparently, it is A.G.M. (annual general meeting) and changeover day, so it would have been very difficult for somebody else from the Chamber to be here.

Deputy J.H. Young:

Thank you, Chairman. Also, you are a member of the Shadow Board of Jersey Ports, I think.

Chairman - Sustainability Business Forum:

No.

Deputy J.H. Young:

You are not.

Chairman - Sustainability Business Forum:

I am not. That is my predecessor, Allan Smith. Just so you understand, my commercial background was 40 years at the Co-op, ending up as Chief Executive of probably the Island's second largest non-finance commercial organisation, 1,200 staff, £160 million turnover and the first winners of Jersey Enterprise's Environmental Award for the work we did on energy reduction.

Deputy J.H. Young:

Thank you for that introduction; it is probably one of the most impressive I have heard. Thank you for that, Jim.

Chairman - Sustainability Business Forum:

It is a pleasure.

Deputy J.H. Young:

On your table there you will see the formal notice which is there for witnesses, just to show that we are in formal public session: what you say is on the record but you do have that protection that is set out now about privilege. So today we have invited you along - thank you for coming - because in these first sessions we are not seeing government Ministers, we are trying to see, if you like, the key drivers right across the sectors of this policy document, before we start to talk to government Ministers. We have had the benefit of reading the Chamber of Commerce submission, which you

have just told us that you were responsible for; a very comprehensive document, if I may say so. This is the submission you made to the consultation process that the Minister ran. There are a number of areas that we would like to highlight but we do not want to be entirely constrained about that: if we stray into broader areas, if your answers take us there, we will, because, obviously, we have got 5 areas here of this policy.

Chairman - Sustainability Business Forum:

I have read your brief ...

Deputy J.H. Young:

Right. So you know about those 5 areas. The ones that we thought would be most useful to kick off with you were about transport and we thought with your background you have probably got a lot of experience of transport-related issues. Sorry, so we cannot stop there. We have reserved an hour, we will try not to overrun but, if we have to, is that a problem with you?

Chairman - Sustainability Business Forum:

No. I am free till lunchtime.

Deputy J.H. Young:

Okay. On the transport question, obviously, I think you made the point in your submission that it is fundamental to business in the Island that we have a proper integrated energy strategy, one which allows business to function properly. Would you like to expand on that?

Chairman - Sustainability Business Forum:

Yes. I think what business requires is what is described in the pathway to this; the fact that they certainly need energy security. We have all witnessed ... what do they call them now "outages" from our power supply, and that is critical, not only to high-tech I.T. (information technology) organisations, and so forth, but it is really critical to extend that to commerce. The disruptive effect of power supply going down for 4 hours, or whatever, can be quite dramatic in many ways; with my background in retail, I know all about it. So security is important, certainly from a business perspective, cost is important and I think the basic premise at the moment in time is that there does need to be a thought-out, long-term integrated strategy which covers as many aspects as possible but also involves as many other constituent parties out there with an interest in it as possible to achieve the desired control, it is as simple as that.

Deputy J.H. Young:

Where do you think we are now? Do you think we have that required degree of security?

Chairman - Sustainability Business Forum:

Well, we could argue the rights and wrongs of the French link for the rest of the day, I suppose, in terms of ...

Deputy J.H. Young:

Well, give us your take on it.

Chairman - Sustainability Business Forum:

I do not see that the Island has really got much alternative at the moment in time, from a practical perspective, than to import electricity currently today. If you are looking at our fuel supplies, there is a degree of vulnerability there. I sit on the Emergency Planning Board as well, so I know some of the risk that is involved with the importation of fuel into the Island, and so forth. It has got a bit dodgy on occasions; it is not as bad here as in Guernsey. So resilience and sustainability is important. I think we could do a lot more to increase the levels of in-Island energy generation without turning on more power stations driven by oil. We have made a start with the Energy from Waste plant; I think that is generating 4 per cent of the Island's electricity requirement now. We are burning Guernsey's rubbish, so that will go up. We could do other things that would make sense. There is some justification for the Island looking at biodigestion systems, and so forth, there is a lot of liquid waste running round the Island: the dairy looked at it, walked away, because it was not really practical on the basis of scale, at that point in time. But if it was centrally-driven, if there was one central receptacle for all the waste that the Island generates: food stores, restaurants, hotels, whatever, there is also some stuff that could be done on that basis. We do need to do cost-benefit analysis on it, obviously it is not a simple exercise that you simply switch it on, but it is worthy of consideration.

Deputy J.H. Young:

Are you saying we should put more emphasis on that in the future rather than an emphasis on large-scale renewable generation?

Chairman - Sustainability Business Forum:

Well, I think that will come, but it is a long way away. There could be some quick wins in the short term, but we have fallen way behind the Germans in terms of solar energy and so forth. All these micro elements are quite small at first sight but, put them together ... if we could generate 20 per cent of the electrical requirement in-Island by taking the quick wins, then the longer-term energy from wind or wave, or whatever it might be, will undoubtedly come, but how long would it take to get it?

Deputy J.H. Young:

So what are we talking, 10, 20 years to up our level of on-Island use of micros?

Chairman - Sustainability Business Forum:

No. I think micros could have an impact within a 5 to 10 year period quite easily. By then you should be beginning to see some of the bigger wins in terms of sustainable energy projects with water and wind, and whatever else there might be, beginning to come forward. The technology is there, it is just refining it and making it cost-effective.

Deputy J.H. Young:

Thank you. I am going to hand over to Deputy Luce, who wants to get in.

The Deputy of St. Martin:

Well, Chairman, if I could say: you have obviously read the Minister's plan and the appendices, but in the summary it does say that our potential for implementation of micro-renewables for the domestic sector is only 2 per cent.

Chairman - Sustainability Business Forum:

Well, I would beg to differ with some elements of it.

The Deputy of St. Martin:

You would beg to differ with that, or you would be looking for a much bigger target, would you?

Chairman - Sustainability Business Forum:

I would perhaps look at it, because you are talking about ... as I said, on my information, I have had a number of sessions on this, the Director for Environmental Policy did a presentation to my committee at the Chamber, I have talked to Deputy Lewis, the Minister for Transport, on his transport strategy, for instance. But if you go back to the specific there, my information is that the current waste plant is generating 4 per cent of all requirements. If we did burn Guernsey's rubbish, that would significantly increase, 6 or 7 per cent of our requirement would be immediately forthcoming then. What potential is there for microgeneration? I really do not know, I do not think anybody has ever explored it. I talked to a Japanese company a little while ago, probably looking to bring a full biodigestion system into the Island, but they were beginning to develop that technology. They generate, obviously, heat from that which generates electricity, but they would also generate fuel from it as well, so there are lots and lots of possibilities out there if somebody

capable of lateral thinking would go looking for the opportunities. I am not an expert, I cannot tell you precisely what the window of opportunity is.

The Deputy of St. Martin:

I saw that technology as well and it was very interesting: you can basically put anything you like in one end and the fuel comes out of the other.

Chairman - Sustainability Business Forum:

You were there with me in the meeting, yes.

The Deputy of St. Martin:

Yes. It was very interesting.

Chairman - Sustainability Business Forum:

But we did not seize the opportunity, we did not take it up. There are a raft of opportunities out there and, as I said, simple things like solar power. There are one or 2 people dabbling now, are there not - it is very early days - but the Germans are light years ahead of us in that sort of thing.

The Deputy of St. Martin:

Do you think we have an issue in Jersey in particular because we do not have access to European money and European grants and subsidies that are putting the hard cash into developing or trying these new technologies?

Chairman - Sustainability Business Forum:

I think you are right, yes. Looking at it from a commercial perspective rather than a more emotional, should I say, campaigning perspective, I think there is very little initiative in the grant systems, and whatever the States employ in terms of grants, to put a real, as it were, mental slant on it. So for things like the Innovation Fund, and so forth, it should be now a requirement - at least in part in some areas - for money to be passed out to organisations and projects that will be of long-term benefit to the Island in this environment. I am sure that is the case.

The Deputy of St. Martin:

I mean, obviously, you represent the Chamber of Commerce, you have got a lot of businesses and a lot of employees and employers behind you, and your own personal experience. How much money or time have businesses got to devote to trying to look to save energy, to save emissions?

Chairman - Sustainability Business Forum:

Well, I think it says in one of your briefs somewhere, you give some practical examples, and you have heard it before, but if I give you the story of what the Co-op here did, we decided some 5 or 6 years ago when we looked at our ongoing costs, after-labour costs, one of our major things was our total bill for energy, basically, and that was including water. We set out a strategy to, first of all, benchmark where we started, so we measured our usage in a very comprehensive manner, and then we developed a full strategy for tackling that usage to see what we could achieve. We reduced our electricity energy consumption by 23 per cent in 2½ years, by a whole variety of tactics, and that included retro-fitting light bulbs, it included looking very carefully at what we were doing in terms of refrigeration, what we were doing in terms of a whole variety of things. We came out with a whole raft of initiatives and we cut our usage of electricity by 23 per cent.

The Deputy of St. Martin:

How long did that take you to reflect that on the bottom line? Obviously, you delivered some savings but there was some expense as well; how long did it take to repay those changes?

Chairman - Sustainability Business Forum:

Well, the biggest gains came because we fitted special equipment to our air conditioning and refrigeration to even out spikes and, because of the way the tariffs work on that maximum-demand tariff, which hits you when your usage is at the highest point, by putting limiters into the situation. They were the most expensive thing we did, apart from some of the retro light fitting exercises. The payback on that, store by store by store, was less than 2 years.

Deputy J.H. Young:

What about transport costs, fuel costs within the Co-op?

Chairman - Sustainability Business Forum:

Well, they were high. We certainly looked at scheduling our deliveries in a much more logical way, we did a deal with the boys up in Trinity who convert cooking oil into diesel, and surprised ourselves by finding we were getting slightly more miles to the gallon out of the refined fuel than we were from the ordinary diesel we were putting into our fleets. There were not huge possibilities there because you have got to deliver what you have got to deliver; you can trim it, but you cannot make immense gains.

[9:45]

Deputy J.H. Young:

What about importation? Obviously, one of the issues for the study to explore is this question of security of supply. In that industry you are describing now, obviously, it is acutely dependent upon

transport in and out of the Island. So did you feel that: “Well, there is no scope here, we just have to accept what is and regard it as an external factor”, or are there things that the Island could do in the future?

Chairman - Sustainability Business Forum:

Well, you are dragging me down the road of whether we could become more sustainable in-Island for things we produce, I do not chair Genuine Jersey without having some credence in terms of trying to pick that up but, being realistic, the opportunity for us to produce more of our own basic requirements in-Island are extremely limited, there is only so much we can do. We can do more, but we cannot dramatically change it. I think what is essential in this, and it is beginning to happen now, is that the way we transport into the Island, aircraft and planes, pretty much all goods are brought in by boat and not by plane. There is huge scope for efficiencies there in terms of how Condor operate these vessels. I think there is legislation coming that will force them to look at the fuels they are using and what they are doing. Of course, that is not necessarily a net gain for the Island.

Deputy J.H. Young:

No, but it is related to our sustainability and our security of energy and supply.

Chairman - Sustainability Business Forum:

It is. I think at the moment government are playing with fire, they do not recognise how important our bread and butter day-to-day links are and, if you put them at risk by not making available the right sorts of agreements with the right suppliers, there are some serious issues out there for food security and other areas of consumption. If the links break down, there is real trouble. We have not got resilience in the Island in any sense. At this moment in time, I am in doubt whether there is much more than 6 or 7 days' of food supply sitting in these Islands, there is no back-up supplies, apart from at the Co-op, we have got the warehousing.

Deputy J.H. Young:

Is that something that should be addressed in this strategy?

Chairman - Sustainability Business Forum:

I do not think it is part of the energy strategy, it is part of a much broader strategy, it is ...

Deputy J.H. Young:

But is it part of your submission that what we do in the energy strategy should relate holistically to what we do across the whole of government for the future?

Chairman - Sustainability Business Forum:

I think historically we have had a silo mentality, T.T.S. (Transport and Technical Services) have not talked to Environment, the Economic Development Department works in isolation from the other departments; all these things do need linking up; there are signs that is beginning to happen, but we are only part of the way down a much longer road.

Deputy J.H. Young:

So that is what we ought to recognise: going down that road of integrated policy?

Chairman - Sustainability Business Forum:

Absolutely.

Deputy J.H. Young:

Did you want ...?

The Deputy of St. Martin:

Again, I would just say, you mentioned Condor, and I know that food is not part of energy, but there is a related story here, and that is that Condor are going to have to convert the fuel they use on their big vessels, their regular day life-line vessels, and that is being done because of the environmental effects, and they want to generally improve the environment. But there is going to be a cost to it, and that cost, I imagine, will be borne by the operator, who will then pass it on to the consumer. I would venture to suggest it is a, sort of, classic example of the cost of getting greener, it is just a typical example: new, cleaner fuel requirements and it is going to be the consumer that is going to end up having to pay.

Chairman - Sustainability Business Forum:

Yes. In failure in any structure there is bound to be conflict, and I think that is the classic conflict: there is a cost involved in going down the most appropriate route but, if you link to that demand management and you do the sensible things ... and we do them at the Co-op in terms of, if you are reducing it in the first place you can mitigate the inevitable, because these things will happen with or without an energy strategy because they will be forced on us by E.U. (European Union) legislation or necessity, or whatever else it might be.

The Deputy of St. Martin:

Getting back to your own particularly fantastic savings - 23 per cent is not to be sneezed at, it is really good - you mentioned the air conditioning was one of the particular parts. Do you see then a huge scope, in St. Helier particularly, to save energy and save emissions?

Chairman - Sustainability Business Forum:

We were a unique business to some extent because of the nature of what the operation was. We did not do it by ourselves, we worked very closely, believe it or not, with Jersey Energy (and I think you will see them as a witness in this). Although they are the energy provider, they had a vested interest with us in looking at what could be achieved. We did also set some points and rules and whatever else we felt was most applicable. The gains we made are not transferable to the whole of the commercial sector, but I would be absolutely gobsmacked if every commercial organisation in St. Helier could not trim their energy consumption, if they properly and sensibly thought it out, by somewhere in the region of 10 to 15 per cent, including the States. **[Laughter]**

Deputy J.H. Young:

You spoke about the J.E.C. (Jersey Electric Company) being on board with you. If that was taken to the extreme, do you see a conflict issue there?

Chairman - Sustainability Business Forum:

No, I do not. Funnily enough, Jersey Energy is a subdivision and their specific thing is advising organisations on the appropriate use of technology, and so forth, how to utilise the raw material in terms of energy. I think Jersey Electricity Company have got a genuine wish to make the use of what they are supplying as efficient as possible. They are investing in the domestic market in terms of what they are doing there and, what did they say: for every pound that they put in, it saves the household £5.40, I think, in terms of their energy bill. I think they genuinely are prepared to invest and co-operate and work to make everything more efficient even though, at the end of the day, that will reduce the draw on them as the supplier.

The Connétable of St. John:

Among your members at the Chamber, would they be minded to do a joint partnership with, as you say, States of Jersey, on investing in alternative technologies? One that always comes to mind in my book is geothermal. We have some volcanic areas in the Island, and particularly in the east where we have some hot spots, and there must be, in my mind, exploration done in that area. I was just wondering, among your many members, if they would be prepared to do a joint funding?

Chairman - Sustainability Business Forum:

The Chamber is what it is, the members of the organisation are separate. I have no doubt within our 600 membership there would be organisations which might be interested in going down that route, but I would honestly say that probably within-Island there is very limited expertise, so you are going to need to partner with the more respectable people. There might be people here who would be prepared to invest in that, members of Chamber might very well fall into that category, but I think the only ...

The Connétable of St. John:

I am talking about the investment side, obviously.

Chairman - Sustainability Business Forum:

Yes. I am sure there would be people within the Chamber who would consider investing in that sort of activity, but I cannot speak for 600 people and give you names, I really do not know, but there will be organisations there prepared to look at that sort of thing.

The Connétable of St. John:

Thank you.

The Deputy of St. Martin:

We spoke about micro-renewables only being 2 per cent but in the summary, Jim we have in the industrial and commercial sector energy efficiency improvements at 19 per cent. Your personal experience would back up that that is a possibly a target which is quite achievable.

Chairman - Sustainability Business Forum:

Yes. I honestly think so, Deputy Luce. The States target is, what, to reduce energy consumption in properties by something like 10 per cent; now, I do not think that is particularly ambitious, to be honest. I think, with sufficient investment, you will get the payback and it could be significantly more than that. As I say, I doubt whether there is an organisation anywhere in St. Helier who could not trim 10 per cent off tomorrow.

The Deputy of St. Martin:

Do you think in the current economic environment that word of mouth would be everything; as soon as you hear your neighbour has saved 10 per cent on his energy bill by spending a few pounds, that everybody will suddenly be wanting to do it?

Chairman - Sustainability Business Forum:

Well, I am not a paragon of virtue but I was given the opportunity of doing a full presentation to the Chamber of Commerce lunch in terms of what the Co-op had done in whatever, shared the information. I would have been a bit reluctant to tell my direct competitors precisely what we did, but I was quite happy to give them a general steer. The sad fact is that there were a limited number of organisations who were interested enough to get hold of me afterwards and say: "Can we come and meet your people?" It was not me that did it, it was an organisation that did it, we had a raft of people working on this. I put a number of individual organisations together with my colleagues, who have followed us down the same route ... I cannot tell you exactly what gains they

made, because I retired, so I am not directly involved any more, I am doing other things; perhaps, that is a better way of putting it. But certainly anecdotal evidence from bumping into these individuals is, by following the same route, they have made very significant savings as well. It is not doing the simple things like turning off computers and switching off a few lights, you have got to be much more fundamental in that, you have got to really get into the infrastructure of what you are doing and you have got to be prepared to take short-term investment costs to get longer-term pay-back.

Deputy J.H. Young:

Does that lack of enthusiasm among your fellow members there, past as it were, indicate that there are not enough incentives in tariff structures, and so on?

Chairman - Sustainability Business Forum:

Quite possibly, yes. What amazes me is that the message that we are constantly preaching in Sustainable Business at the Chamber of Commerce, we have got a group of about 20 organisations: some in transport, some in tourism, finance, a couple of hotels; a variety, one or 2 smaller organisations, some of the more environmentally-orientated businesses, they are all signed up to Eco-Active Business and we share information in that. We try to disseminate it more broadly but the uptake and the interest that it has generated at the moment in time is pretty limited. That is quite disappointing because, at the end of the day, the mantra is: "Do not do it because it is the right thing to do", of course, it is the right thing to do: "do it because it makes sense, it saves you money, it puts money on the bottom line." From a commercial perspective, it is a no-brainer, as far as I am concerned.

The Connétable of St. John:

Yes. You will have seen in the summary, Jim, on page 15: "Energy efficiency improvements in the public sector: 1 per cent." So obviously you are not at all happy, I presume, with the way the States of Jersey is looking after our buildings?

Chairman - Sustainability Business Forum:

I think there is probably, correct me if I am wrong, about 10 per cent savings; I cannot give you the actual timescales on it. I think they are going through what would be best described as an attitudinal cultural change at the moment in time. They have got to convince everybody of how important this is. It really does need to move up the political agenda, and that is the responsibility ultimately of the Council of Ministers, Rob Duhamel is not going to drive this by himself.

Deputy J.H. Young:

Right. Well, I want to come to that now. What has government got to do to deliver this that it is not doing now? What are the key problems about the set-up now that it is not working?

Chairman - Sustainability Business Forum:

There are lots of nice intentions here but the effectiveness is fairly limited. Eco-Active Business is under-resourced, it is not really going anywhere, the membership is relatively stagnant. What it is delivering in terms of guidance, and so forth, to organisations ... and that is not a criticism of the individuals involved, they are good people doing the best job they can with the limited resources they have got. This White Paper has taken for ever to come out; I mean, I think, what was it ... 5 years in incubation, or something? Okay, there were good reasons for that, lots of changes of Ministers, lots of other problems, lots of other priorities, but it really needs now for the whole of the States to get a grip of this, to recognise how important and how fundamental it is to the Island's wellbeing in the future. You need a fully linked-up, integrated approach to it. You do not only need Environment trying to drive this, you need T.T.S. engaged fully in the areas where they are responsible, you need Economic Development. Stop only concentrating on one industry, which is finance and high tech, and consider the wellbeing of the total Island and to have a major input into this as they have the opportunity. You need the Social Security Department, because they are going to rub up against this in some areas. I think it really comes to affordable energy, whether the least well-off in society will be paying for it, to have their part. You need the Treasury to ensure that the right resources are allocated and put into this so that you have got joined-up government, throwing that together with the commercial organisations out there who are willing to take on the challenge. Jersey Electricity are playing their part, I am sure the gas boys and the fuel companies would co-operate if they were dragged into the orbit, and so forth. The commercial sector organisations, like the Chamber of Commerce, and I am sure the Institute of Directors would join that sort of partnership, because it is in all our long-term interests. We have got to do something and, if we do not do something, we are facing dire consequences down the road.

Deputy J.H. Young:

Where are the drivers, though? I mean, if we had the Chief Minister here, are you saying: "Put some government money into this" is that ...?

Chairman - Sustainability Business Forum:

That is part of it. I do not think it is only about money, is it, it is about the priorities that government perceive. We have got lots of priorities at the moment; I am back here tomorrow talking to the Health boys, that is a very big priority - and I understand that entirely - but I think unfortunately environmental concerns, and energy in particular, has been too far down the agenda for too long.

Deputy J.H. Young:

But is this just an environmental subject?

[10:00]

Chairman - Sustainability Business Forum:

Well, no it is more fundamental than that, is it not? I mean, if I use the simile of the health service, we were facing a crisis in the health service such that if we did not do something we would have real issues 3, 5, 10, 15 years down the road, something had to be done. Whether what is being done is the right thing or the wrong thing, at least there is now a very concerted effort to take a long-term view on it and deal with the problems, and that is precisely what is flagged up here, that is why it is a pathway to 2050, or whatever it is. Where we are today, where we are starting is where we are, we cannot change that. The aspirations in there to achieve this by then or achieve it by then or achieve it by then, are laudable but whether they are practical and whether they are deliverable is a different issue. What it needs is a concerted, concentrated, permanent approach to it. The key to this is that Environment, with its strategy, should be reporting very regularly to the whole States on what they are achieving. Have we hit the first Eco-Active targets? If we have not, why have we not? What do we need to do to move it on? Because we have got obligations under Kyoto, we have got obligations to the wellbeing of the Island; if we do not tackle this issue, where are we going to be in 20, 30 years' time?

Deputy J.H. Young:

I think you mention there practicality, deliverability. What we are trying to explore, what we are looking for is how confident can we be that these targets in here can be done? What practical steps do we need to take? For example, money: at the moment, as I understand it, these Eco-Active organisations function with money that comes from taxes on vehicles being imported, and that is it.

Mr. R. Levett:

No, that is Energy Efficiency.

Deputy J.H. Young:

That is Energy Efficiency. I am a bit confused about these various eco-bodies. Here we have got a document called "Eco-Active Energy Efficiency" which is investing money in domestic properties for low income groups.

Chairman - Sustainability Business Forum:

That is a majority from the J.E.C., I think, is it not?

Deputy J.H. Young:

Right. So we should see that as a J.E.C. thing, okay. But you spoke about Eco-Active Business.

Chairman - Sustainability Business Forum:

Eco-Active is a subset of the Environment Department: they have got Eco-Active schools, they have got Eco-Active States, they have got Eco-Active businesses, they have got, I think, one officer (they had a part-time girl, but she went off to Mauritius) working part-time permanently on it, and I think she reported to other people that had a direct input in. The Director for Environmental Policy ultimately controls it, okay. So their resources in terms of people are extremely limited. They do the best they can with the limited budget they have got. But we need to take a quantum leap beyond that, if we are going to get anywhere near these aspiration targets, this really needs serious resource, not only in terms of money but in terms of time and effort to be put into it to achieve the desired ...

Deputy J.H. Young:

But does that not take us into a question of whether this is seen as an environmental strategy or an environmental and an economic strategy? Does it not take us into issues that Deputy Luce was raising there about ...?

Chairman - Sustainability Business Forum:

I am sure it does and I do not think you can split those elements out. Yes, it is an environmental strategy; energy in this context is bound to be about the environment. As I said, the major driver here, as far as I can see from reading the first lines of it, is we have got an obligation under Kyoto; energy is the only way we can deliver our emissions target under Kyoto by 2050. So the 2 things are directly linked. But buried in there, of course, is the economic model of how we use scarce financial resources to achieve these results.

The Deputy of St. Martin:

You used the word, Jim: "fundamental", and I think we are slowly teasing out of you your resilience that we need to get on and do something here. A phrase that I am putting to all the people that are coming to give us evidence is the carrot and stick scenario. Now, we have talked about carrot just now when we were talking about the incentives for business to save money, that is the reason they do it, it is good, but what about the stick scenario? The way you are talking now, should we be putting something in place to make it happen, like block tariffs, for example: the more power you use, the more you pay?

Chairman - Sustainability Business Forum:

I have got to be very careful when I answer that. My personal point of view, and Chamber's view, might be totally different.

Deputy J.H. Young:

Well, give us both.

Chairman - Sustainability Business Forum:

Give you both. I think, obviously, Chamber's view would essentially gravitate around a desire to fight off as much as possible direct regulation, red tape and too many encumbrances on the flexibility that they have been given to operate. I understand that, and to a degree can support it in many contexts, but I think this is a classic area where sooner or later it is going to require - a personal view - direct government input and regulation and so forth, if we are going to get even remotely near achieving the results that we want. But, in doing that, what it should be and it can be if it is structured, thought out and joined up, is longer term. It might be seen as an encumbrance in the short term, but it can be to the benefit of the organisations that are inflicted with that regulation.

The Deputy of St. Martin:

Do you think the economic situation we have at the moment is beneficial or otherwise? I mean, in some ways, people are looking even more importantly now at ways to save money. Is it likely the environment is going to be the beneficiary of that?

Chairman - Sustainability Business Forum:

Well, I think there is a 2-way thought process on that: everybody keeps telling me that the green agenda has slipped down the agenda because of the economic circumstances, people have got other more pressing priorities, and that is a perception that in some instances might be true. But, as I say, any sensible organisation ... energy costs, whichever way you look at it, are going to be one of the major elements of every business' costs going forward. The vagaries of the world market and so forth is something that we cannot directly control in-Island ourselves, to a large extent; we are going to have to pay the price for energy or for whatever else, whether it is oil or whatever we import. We cannot be short-term sustainable in-Island ourselves in this. All commercial organisations, if they ignore that cost element and what they can do about it in the short term, do it at their peril. I just cannot understand it, it is straight money on the bottom line, it is as simple as that, and if you can do simple things and get pay back in very short periods of time ...

The Deputy of St. Martin:

Is it a question of education, then, we need more education?

Chairman - Sustainability Business Forum:

Education, whatever but, as I said, the drive and the initiative for this has been extremely low-key. If you talk to the people who go out into business, help preach the gospel to people, they do not really reach out to that big of an audience, they are not resourced. They talk to States departments now because suddenly it is firmly recognised that if we do certain things within our own States, we can save ourselves a lot of money. That needs replicating now right across the commercial sector.

The Deputy of St. Martin:

So you are really looking for a big drive here. In your submission, you make a number of references to the Energy Partnership and you say things like: "A lot of dependence has been placed on the Energy Partnership" and you have concerns about the ability of the partnership to be the catalyst for delivery. Could you elaborate on how we should set that partnership up?

Chairman - Sustainability Business Forum:

Yes. I think the way the partnership is proposed to be constructed is fine in terms of the constituent elements that you are going to put together: the States departments, the major interested parties, non-government organisations, and so forth, how that make-up is formed. The partnership then, as far as I can understand, it is going to be allowed to set its own terms of reference. So the partnership is set up in such a way that it is able to do that in a realistic sense, and then it is underwritten by government in the sense that, not only is it able to create its terms of reference but it is created in such a way it can deliver those terms of reference and deliver the achievements. The missing element, as I see it, the vulnerability at the moment in time, is you can create fantastic partnerships which can write what they are going to do to get all these laudable results but, unless it is resourced and unless it is then given the credence that it deserves ...

The Deputy of St. Martin:

Does that go as far as regulation and ...

Chairman - Sustainability Business Forum:

There might be an element of regulation, it needs teeth, and certainly at the end of the day it needs the support of the whole of the States, but in particular the Council of Ministers, to drive the deliverables.

Deputy J.H. Young:

Sorry to interrupt. Does that mean delegating these delegated powers to do the job?

Chairman - Sustainability Business Forum:

I am not a constitutional expert. If that is the right way of doing it, yes.

Deputy J.H. Young:

Well, they need to be able to do things.

Chairman - Sustainability Business Forum:

If it has not got teeth, if all it can do is become a preaching shop, a talking shop, without the ability to force delivery, then I do not see that it is going to be as effective as it could be. It will probably achieve things, it would move things down the road, but it would get nowhere near achieving what we are trying to provide.

The Deputy of St. Martin:

Just one more before I finish. How long do you think we have got before we need to start baring these teeth and regulating people? I mean, I know you are going to say: "Yesterday morning" **[Laughter]** but, realistically, how long do we give businesses in the Island generally to start conforming or to get improvements on the table?

Chairman - Sustainability Business Forum:

I think this has got to be, a little bit like you said, stick and carrot. To come in very heavy-handed at this stage of the game would probably be inappropriate. I think what you have got to do is create the right sort of mix of competition, and then sell it, and then regulation and then coercion comes as the final thing if you are not getting the desired result early days.

The Connétable of St. John:

So what you are telling us is we need a champion?

Chairman - Sustainability Business Forum:

Yes.

The Connétable of St. John:

Just thinking of my days on main drains and to make things happen you had to keep on plugging, plugging and plugging. You need a champion to run with this and without a champion ... it does not matter who it may be, but somebody who is middle-of-the-road, not extreme is where we need to go, possibly, yes. I mean, the Energy Partnership would need somebody to front it, if you know what I mean, you cannot have the multiplicity of organising things in a partnership, I guess, unless it has got a focal point and a voice that makes sense. Without that, it is certainly not going to move forward. One of my many other roles I have at the moment is I chair the Voluntary and Community Sector Partnership, and that has been created simply because voluntary and community-based organisations in the Island, apart from the A.J.C. (Association of Jersey

Charities) have not got a voice out there fighting for their wellbeing in a global sense at the moment in time, and that was specifically created for that very purpose, to give it a voice. That is something that this whole thing is going to need. But ultimately that champion has also got to have influence at the right levels with policy and so forth, certainly as far as not just the Council of Ministers, but with the whole of the States.

The Connétable of St. John:

So therefore somebody who wants a Utopia - we have got the current Minister for Planning and the Environment who wants a Utopia - may not be the right person to be the champion.

Chairman - Sustainability Business Forum:

Can you turn the microphone up. **[Laughter]** No. I will say to you what I said face-to-face to Rob Duhamel. Unfortunately, Rob's intention and his desire is laudable, I think at times he does tend to be a little bit obscure in some of the things that he is promulgating, and so forth.

The Deputy of St. Martin:

You could be a politician... **[Laughter]**

Deputy J.H. Young:

Should it even be a politician who is in the lead? I am hearing somebody who is advocating it extremely well at the moment. Should it be a politician? Does it need to be a politician?

Chairman - Sustainability Business Forum:

If it is not a politician, I think what it does need is full political backing right through the States, because I think the whole of the States should grasp the importance of this. I keep coming back to the health service, because I have been very heavily involved in that, and the gratifying thing is you politicians, when you look at it, might not have agreed with everything that involves, the detail, et cetera, but you saw the importance of what was being promulgated, you voted through the plan by 48 votes to 1, or whatever it was, and that in itself gives the whole exercise a whole degree of credence. That is what we need with this and then whatever structures you create, a partnership or whatever it might be to drive this forward, needs the full backing of the States. That is not to say that they should not be held to account and criticised and examined for what they are promulgating and what they are doing, but they do need that support ongoing. They need to be targeted, there needs to be regular benchmarks: "What have you achieved? Are you getting there? Are you not getting there?" It is that sort of approach that I would advocate and I think the Chamber of Commerce would concur with that.

The Deputy of St. Martin:

Yes. I see in your submission you mentioned the targets you have just spoken about, you mentioned 5-year milestones. You say you can see if we kick this off, the new Energy Partnership, hopefully a champion for that, and then immediately set some targets for 5 years away and say: "If we do not get to those targets in 5 years' time, we have got to step the pace up again."

Chairman - Sustainability Business Forum:

Yes, or whatever period. To be honest, when we start down this road, the target or the time will move anyhow. Who is to say that, by the time you get to 2050, the whole world is starting to do that. You have got to move down the road, then adjust it if you need to.

Deputy J.H. Young:

I think, Jim, you have made a very coherent case for concentrating on the short to medium term in terms of doing things now in a practical way, with targets for 5, 10 years and so on. I wonder if I could shift the discussion on to long-term large-scale renewables. What I would like to tease out from you, if I can, is what the business view is of the opportunities that might be there for the future and what we need to do to make the gains from them.

[10:15]

Chairman - Sustainability Business Forum:

All right. Well, I think the first point in terms of renewables in the Island is that that really should be a Channel Islands exercise rather than a Jersey-only exercise. I think it is quite critical that we do co-operate with those other jurisdictions: ultimately, you have got advantages there because of geography and whatever. Guernsey is probably further down the road to some degree than Jersey is at the moment in time because they have got more directly involved there and ultimately a little bit earlier. So I think there is a huge opportunity there. The big difficulty, as I see it in this is precisely what you go for, what is the big opportunity. We are talking about putting test wind turbines on the reefs out there just to measure what is happening, and whatever; now, that has created such a furore with the environmental organisations - and I am part of them, so I understand the risk involved - but the French, as far as I know, were putting turbines off Cherbourg and somewhere down to the south of the Minkies now you know. We are way behind the ballpark there. But maybe that is not a bad thing, because this is cutting edge technology. I mean, I am not an expert around the wave turbines or the water turbines or whatever it is, and so forth. At some point, there has got to be a tipping point where the economies in this will come good. What Jersey has got to do is get its act together, have a strategy there so that, when the opportunity presents itself, we can seize it. That is what I am saying, I cannot see that happening tomorrow, I cannot see it happening in the next 3 to 5 years; I can see the beginnings of it, 5, 10 years out,

and the big win is further down the road. Because I am sure, in the fullness of time, that a very significant proportion of our energy can come from renewable sources.

Deputy J.H. Young:

But the question that raises for me is: are you saying that in this area of long-term renewables that Jersey should be followers rather than leaders? Because this question has come up, it has been said by some advocates that there are opportunities there; that if Jersey were not followers there would be economic gains early which the Island could take advantage of whereas, if we follow, all we do is end up just paying.

Chairman - Sustainability Business Forum:

Well, we are not capable of creating the technology, are we? We might be capable of generating energy using the technology. So it is all a question of timing. I am not close enough, I have not got the information to make that judgment, but I can see exactly what you are saying: that there is good reason to get in early days and be in on the ground level. Certainly, what you have got to do within the context of that is tease out partnerships with people who are prepared to take the R. and D. (research and development) course to tick this off. If you could find that sort of partnership, by all means, get in tomorrow.

Deputy J.H. Young:

Well, I am pleased you have mentioned that. I think Deputy Luce wants to pick up on that.

The Deputy of St. Martin:

We have had for a number of years, Jim, as I am sure you know, a tidal energy sub-panel ... I cannot remember now, involved in more renewables ... commission. Do you think they have moved fast enough? Have they made enough progress in the time that they have been working?

Chairman - Sustainability Business Forum:

The honest answer is what you always get: I have not got a clue what they are doing. I mean, I am involved in this in a realistic way, I just do not know. I had one meeting, I do not know, maybe 5 years ago. I am a bit vague about where this might be going but, you know, nobody has come to the Chamber of Commerce that I am aware of and said: "This is what we are currently up to." I am involved with pressure groups, and they do not ask me. We do go talk to T.T.S., we go and talk to Environment, but nobody has ever approached the panel, as far as I know. Because they seem to be a bit anonymous; that is not to say they are not doing work, I just do not honestly know.

The Deputy of St. Martin:

No. Just following on from what you said before to the Chairman, you would be more of a believer in the “fast follower” I think is the phrase that is being used in financial circles at the moment. Rather than being involved heavily in research and development, do you think fast following is possibly more where we should be?

Chairman - Sustainability Business Forum:

Well, I think if you find the right partners and platform to test the technology, there is no issue with that. We have probably got the potential areas where this could be done.

The Deputy of St. Martin:

We do not have any option but to partner with the French; do you see any alternatives to the French electricity grid-type partnership?

Chairman - Sustainability Business Forum:

That is the short-term practical requirement, is it not? I do not think we can go back to burning oil again, and so forth.

Deputy J.H. Young:

But long-term the thing is that offshore renewables would need to connect into a grid somewhere, and so I think the Deputy’s question is: you have got experience of having partnerships, links, this issue of security of supply and the need to work with the French particularly, because the links are closer ...

Chairman - Sustainability Business Forum:

The French are involved with Alderney, as far as I am aware, so it makes eminent sense to include not only the rest of the Channel Islands but the French grid in these discussions, certainly. Yes, I can see a very strong case for that. Whether they are the right people to be talking to to supply the actual technology, I have not got a clue; I am not an expert in this field.

Deputy J.H. Young:

No. But what you have said, you are not averse but it would need partnerships, it needs to be pan-Channel Islands and ... I think that is it, that is your message, is it not?

The Deputy of St. Martin:

Just looking back on what you have told us so far this morning, Jim, if we could just focus in on emissions and reducing emissions - something you have been highly involved in - alternative energy supplies, we have touched on. But where do you see the balance between those 2? Is reducing emissions and reducing the amount of energy we use the most important thing we need

to concentrate on in the short term rather than the type of energy we are using? I am obviously thinking here of we have got nuclear; it does not have much carbon emission but it does have other problems. Should we be looking at the type of energy or should we be first of all looking at reducing our energy demand?

Chairman - Sustainability Business Forum:

Well, I do not want to get into a political debate whether it is right for us to be using nuclear power, 28 per cent of what Kyoto requirements are, and so forth. That is just where we are at the moment in time. I would advocate, and I think we have tried to do that, a multi-disciplinary approach. I mean, energy reduction and emissions are, as far as I am concerned, joined in many ways: one goes with the other, to a certain degree. Within the context of that, I do not think there is a simple one-solution-fits-all on this. Short term, we are going to be dependent on the French grid, that is a dead cert, but we can and should start micro-generation in some areas very rapidly. You can do that, there is liberty in that sense as individual organisations. You know, Woodside have their solar array up at their farm, or whatever; what they cannot do at the moment is sell what they generate back to Jersey Electricity, and so forth.

The Deputy of St. Martin:

So do you think feed-in tariffs are important?

Chairman - Sustainability Business Forum:

Yes. I think that sort of thing is relative simple to do, they are not complex. You need to create the infrastructure that encourages people down this route. As I said, the dairy, when it was built a couple of years ago, looked at putting an anaerobic digestive system in there, but it got very little support from anybody else and they took a look at it and walked away.

The Deputy of St. Martin:

Yet, this new plan mentions anaerobic digestion in a number of different places.

Chairman - Sustainability Business Forum:

Well, what you really need is a States-driven major initiative and, you know, there is so much at the moment that just gets slung into the incinerator, effectively, put into ...

The Deputy of St. Martin:

I think what we are hearing from you this morning in very general terms is that we need more direction from government.

Deputy J.H. Young:

We are drawing towards our hour. I wonder if I could just take the subject on to another area briefly. There was discussion about tariffs, and early on in your presentation and your submission you mention the question of fuel poverty, and you have said whatever strategy we have as government there needs to be involvement of Social Security. Now, are you saying then that government will actively have to have policies to subsidise energy supply? How do you see that working?

Chairman - Sustainability Business Forum:

Well, poverty in energy from a personal perspective for me, obviously there is good evidence out there now that energy costs are escalating, and that is not a Jersey problem, that is an international problem; we are all suffering from the same dilemma. If part of this strategy is driven by a desire to meet our international obligations and to reduce our energy usage, there is a distinct possibility, as Deputy Luce just said, that that might come with an increased cost to the final user of that energy. Within the context of doing that I think you have got to be very careful in this environment to protect the least well off in society so that they can cope with that scenario, and you can conduct it in a number of ways: by developing the programme that Jersey Electricity has currently financed in terms of providing better insulation, and so forth, and aiming that on a needs basis, because there are an awful lot of people who can afford to pay for their own insulation, so the limited resources need to be targeted to the most vulnerable. Then, within the context of that, at the end of the day, as power prices increase - because I think it is inevitable that will happen over time - what you do need to ensure is that you are protecting the least well off so that they do not suffer what is now termed in jargon as “energy poverty.” That might mean that the people who can afford to pay it, pay slightly more, and that might be the commercial organisations. But the counter to that is you are driving them down the route of needing less and less energy because they are making their circumstances that much more efficient by doing the sensible things. Although the costs on one way will be going up, the cost on the other way could be going down. The Co-op cut its usage in terms of units by 23 per cent; it did not cut its costs by 23 per cent because, concurrent with that, the cost was going up significantly. So what you did was you mitigated an escalating cost situation.

Deputy J.H. Young:

Does that answer lead to the conclusion that government needs to be more interventionist in regulating tariffs, for example, to ensure that the tariffs are structured in such a way that we avoid or reduce the potential impact of fuel poverty for disadvantaged or low-income groups?

Chairman - Sustainability Business Forum:

My personal view again, not Chamber of Commerce view, if you look at what is happening in the U.K. (United Kingdom) now, the competitive situation in terms of energy in the region, and some of

the rather dubious tactics some of the energy supply companies have used in multiple tariffs and so forth, I think at the end of the day, the government has recognised they have got to regulate that. They have got to ensure there is a mechanism there which at least gives the less proficient people in terms of the ability to take advantage of that scenario, an underwritten situation that pushes them on to the best and most economic set of circumstances. Now, when you have got a monopoly supplier, I mean, there is some gas provision in the Island, but there are very limited amounts. It is exactly the same as the prime boat operators: there is a place for the J.C.R.A. (Jersey Competition Regulatory Authority), or whatever, to be regulating the cost of this, not only to the least well off, but to the whole of the potential customer base. You cannot have a situation where a monopoly supplier can just fix his prices without some degree of regulation.

Deputy J.H. Young:

So, really, what you are saying is that the regulation has got synergy in both arguments for giving carrots for greater incentives for saving of fuel but also in terms of regulating the tariffs for supply. So I think the 2 go together.

Chairman - Sustainability Business Forum:

They do, indeed.

Deputy J.H. Young:

I think our adviser wanted to clear up some points, did you not?

Mr. R. Levett:

Yes. Thanks. It is building on the distinction you have just made. A moment ago, Jim, you said maybe people who could afford to pay more should pay more; I would just like to develop that a little bit. Because one proposal for that that is floating around is rising block tariffs, where people get a very low rate for a subsistence level of electricity and then luxury users pay more. I wonder whether you think that is something which should be considered here. The other one is relating back to what you were saying earlier about how micro-renewables could be developed much faster. One of the tools that has been proposed for that is feed-in tariffs where people get paid enough to make it worthwhile putting in, generating. That was certainly one of the things that enabled Denmark to do a great deal of anaerobic digestion some years ago. Now, Jersey Electricity has pointed out that the costs they set you on for buying renewables off are relatively low, so it may resist the commercial reasons, so it is not going to happen unless there is regulation. Do you think the regulation framework ought to be looking at requirements for tariffs like that in order to reconcile business profitability with environmental incentives?

Chairman - Sustainability Business Forum:

Yes. I do. Obviously, Jersey Electricity is going to take the line of least resistance, are they not, and I think there is going to be a huge opportunity there for securing some of these quick wins but, by riding roughshod over that scenario and creating what you have just described, a Scandinavian-type situation in terms of these input tariffs and so forth ... I missed the first thing you mentioned; perhaps we can go back to that, but you mentioned 2 or 3 things before you went on to tariffs.

Mr. R. Levett:

Right. The rising block tariff where you have a low rate of ...

Chairman - Sustainability Business Forum:

Yes. I think one of the big problems here at the moment in time is that we have not had a situation where the analytical work behind the usage of electricity, both commercially and domestically, has been in place. But with this new run-out that the J.E.C. is doing of smart metering, you have now got the mechanism - as you have got with water, as obviously everybody has now been put on metered water - you have got the mechanisms there now where you can start analysing what exactly individual households, if you wish to, are doing with the power and so forth that they are using: when they are using it, how much they are using and so forth.

[10:30]

That creates a scenario where you can start, if you wish to, analysing what you are saying: block tariffs and variable tariffs, depending on what is happening. Take a person with a huge swimming pool that is taking a huge draw to heat, being charged a similar price to an old-age pensioner living in a flat who needs the minimum amount of supply just to exist, that is a political argument, and my credentials probably push me down that road.

Deputy J.H. Young:

So you are saying government should use its influence on J.E.C. to bring about some of these changes.

Chairman - Sustainability Business Forum:

There is an opportunity there to consider it, there are the beginnings of a mechanism there to enable them to do it, because smart metering ...

Deputy J.H. Young:

What is smart metering, sorry?

Chairman - Sustainability Business Forum:

The J.E.C., as far as I know, are running out a revision of the metering across the Island, and one of the reasons there is that they can have a very sophisticated ID method produced for the house with full detail on what their electricity draw-down is at any point in time. That gives people the opportunity of getting on to minimum demand tariffs or maximum demand tariffs, so that can be taken further now. It is a bit Big Brotherish and 1984 and all the rest of it, because the information that becomes available then enables you to do other things as well, which is what we were talking about in terms of block tariffs and variable tariffs and whatever else it might be. So they are now running across the Island, Gigabyte Jersey or whatever it is, changing everybody's meters over to smart meters. They can then pull the data back and supply individual households ... I went to a presentation at J.E.C. a while back, so I do have an idea of what is happening.

Deputy J.H. Young:

There is a spy, indeed, in the midst ...

Chairman - Sustainability Business Forum:

No, I think the major objective in it is genuinely designed to enable not only houses but the commercial practices as well ...

Deputy J.H. Young:

What, to save money, to reduce consumption?

Chairman - Sustainability Business Forum:

Yes. To be able to analyse what they are using in terms of power and, as a result of that, to take sensible decisions on what they are doing. Basically, that is what we did at the Co-op, we analysed our usage and when we were using it, but we had to do it manually because the smart metering was not there. It is there now and they are running it out. So, as I keep saying to you, I honestly believe that J.E.C. is half way there to creating an environment where people can reduce significantly their energy consumption, it is just that nobody is selling it to, in a total sense, the general public and commercial organisations, you know, banging on their door: "Get the smart meter in, you can then use it to save yourself a fortune."

Deputy J.H. Young:

We were due to see J.E.C. today; unfortunately, that meeting has been postponed, but we will be following that up. Colleagues?

The Deputy of St. Martin:

No, fine, can I just say to Jim, I think we have had a very useful hour here and I thank Jim for his honesty and sensible evidence he has given us.

Chairman - Sustainability Business Forum:

As I said, I know I was calling here as Chamber of Commerce, but if you want to call me back in a personal capacity, I might have a few more things ...

Deputy J.H. Young:

Well, we have strayed into that a few times, do you not think **[Laughter]** but I really thank you, Jim, for coming today and talking with us. Thank you very much, and I will formally close the session.

[10:33]