

2020.04.21

10 Deputy C.S. Alves of St. Helier of the Minister for Economic Development, Tourism, Sport and Culture regarding the support available to non-States-owned utilities during the Coronavirus crisis: (OQ.110/2020)

What support, if any, is being given to the non-States-owned utilities to ensure that services are maintained during the coronavirus crisis?

Senator L.J. Farnham (The Minister for Economic Development, Tourism, Sport and Culture):

I presume the Deputy is referring to Jersey Gas in this context and I can confirm that we have been in regular contact with Jersey Gas since they raised the concerns in early April. A positive dialogue is ongoing and officers, as I have said, are in regular contact and working very closely to discuss the financial challenges that they are facing as a result of the COVID emergency. We are very conscious that Islanders' jobs could be at risk. We are currently awaiting financial information from Jersey Gas and its parent company in the Isle of Man so that we can properly assess the level of assistance that can be given or they might require. We want to make sure we find the most appropriate form for that. Can I just finish by saying that we recognise that Jersey Gas is a critical infrastructure provider to the Island and is requesting assistance either through the payroll funding scheme or something equivalent, perhaps under the loan guarantee or the special recovery fund. However, it is important we complete the relevant due diligence.

3.10.1 Deputy C.S. Alves:

Does the Minister accept that its ownership structure means a severe disadvantage when compared to other utilities whose resilience is strengthened by the fact that they are public owned?

Senator L.J. Farnham:

Not necessarily, and that is why we are carrying out the in-depth due diligence. I think the nature of their business and the strength of their business lies within the market that they are servicing. They are quite different in many ways to the supply of electricity or other utilities and we have seen changes in behaviour over the recent years with a swing towards electricity. Outside of the COVID-19 pandemic and the challenges that presents, Jersey Gas is also facing stiff competition in the energy sector.

3.10.2 Deputy R.J. Ward:

Given that the Minister referred to Jersey Gas as the vital infrastructure service that it is, does not the private ownership model of that leave the Island vulnerable to times of crisis like this?

Senator L.J. Farnham:

That is what we are going to find out with the financial due diligence that we are carrying out now. Having said that, I want to stress that Jersey Gas have always been a strong and stable company, providing a very good service to the Island.

3.10.3 Deputy R.J. Ward:

There are many companies that have been strong and stable for the Island but this has hit them and this is another example of that. Would the Minister commit to looking very seriously at the ownership of Jersey Gas with it being such a vital infrastructure for the Island?

Senator L.J. Farnham:

Yes, I would. Those conversations are being had now as part of the overall discussions we are having with Jersey Gas and its parent company.

3.10.4 Deputy G.P. Southern:

Does the Minister agree that there are 2 levels, if you like, one long term and one short term, that need addressing? One is the response to the 50 per cent drop in its sales of gas because of the reduction in holidaymakers and hotels and also one longer term because when we are over this crisis then there is a long-term infrastructure need in this particular area. Does he agree?

Senator L.J. Farnham:

Yes, I do very much agree with the Deputy and that is why it is important that the discussions we are having now provide a solution that covers not just the short term but ensures that Jersey Gas is able to sustain itself into the longer term as well.

3.10.5 Deputy K.F. Morel:

Does the Minister agree that it is part of Jersey's strategic energy plan - I am not sure that is the correct wording - to move away from gas as an energy supply in the Island?

Senator L.J. Farnham:

I am not sure that I do. I am not sure that that has been agreed. As I said previously, Jersey Gas does currently fulfil and provide some essential infrastructure, but of course I think that is a different debate for another time under our environmental aspirations.