**WRITTEN QUESTION TO THE MINISTER FOR THE ENVIRONMENT
BY DEPUTY M.B. ANDREWS OF ST. HELIER NORTH
QUESTION SUBMITTED ON MONDAY 28th APRIL 2025
ANSWER TO BE TABLED ON TUESDAY 6th MAY 2025**

Question

"Will the Minister advise whether it his assessment that the transition to a net-zero carbon emissions target is likely –

(a) to increase or to decrease costs for households and businesses; and
(b) to have a greater impact on lower- and middle-income households and if so, what actions, if any, he is considering to offset that impact;

and will he advise, further to his response to Written Question 432/2024, whether any additional consideration has been given to the funding requirements of the transition to net zero, and if not, why not?"

Answer

(a) The move to net-zero will require a range of changes across the economy and the community in order to transition away from fossil fuels and the resulting greenhouse gas emissions. With the two largest sources of emissions from transport and heating our buildings, the greatest changes that we are going to see are in the move away from petrol and diesel vehicles and oil and gas heating.

There are various different ways that this transition can be achieved, and the choices taken will influence where the costs are felt. For example, switching away from private car journeys to cycling would lower both purchase, maintenance and fuel costs. Whereas, switching to an electric car, might be a higher up-front cost to purchase than an equivalent petrol or diesel car currently, but then deliver savings in terms of ongoing fuel and maintenance costs.

Similarly, energy efficiency improvements to a property will reduce the heating demand and heating costs. Switching from an oil boiler to a heat pump requires a significant upfront investment but then provides an efficient heating system that is low cost to run.

During phase 1 delivery of the Carbon Neutral Roadmap (2022-2025) the policies have focussed on providing financial support for the upfront costs of electric vehicles and low carbon heating incentives as well as subsidies for home energy audits to identify where energy efficiency improvements can be made. We are increasingly also seeing the market evolve to provide preferential financing solutions including loans and mortgages, where loans are provided to support the upfront investment in green technology and repayment is supported through the savings on the running costs.

It should be noted that this isn't a zero/sum situation and that there are costs associated with not decarbonising or delaying decarbonisation and with dealing with the consequences of a changing climate. The Carbon Neutral Roadmap (p.64) acknowledged that '*As well as the local co-benefits of the proposed policies set out in the Carbon Neutral Roadmap, the Carbon Neutral Strategy also considered the social cost of carbon, which is a proxy for the negative impacts of carbon emissions that would be avoided. This was assessed to be as high as £600M if no steps were taken to reduce emissions in the areas of transport and heating.'* Consideration should be given to the likelihood that the impacts (and costs) of a changing climate will be felt disproportionately by middle and lower income households, especially in developing countries.

(b) A number of policies within the Carbon Neutral Roadmap provide an improved service to Islanders at no direct cost to the householders or businesses. For example, bus service development trials and improved cycling infrastructure. Other measures predominantly impact higher income households – for example increasing Vehicle Emissions Duty for the most the largest and most polluting vehicles categories.

However, we do need to recognise that any initiative that requires a high upfront investment (such as a new car or a new heating system) will be more difficult to access by those on lower incomes. The Carbon Neutral Roadmap made a commitment to not increase overall income inequality across the breadth of policies that it proposed. This commitment fed into the design of the incentives.

For example, the Electric Vehicle Purchase Incentive was designed to allow second hand electric vehicles as well as new to access the funding. 81% of applications were for used EVs at the point that they were first imported into the Island and the average purchase price for all electric cars (new and used) funded under the initiative was £23,174. Overall, the incentive saw 1,208 electric vehicles brought into the Island, these vehicles will contribute to the availability of electric vehicles at lower price points in the local used car market in subsequent years.

As part of the incentive a survey of electric vehicle owners was completed. They were asked a specific question regarding the running costs of electric vehicles relative to petrol and diesel. The results were 76% of respondents using their EV for personal use reported that charging an EV was significantly cheaper than fuelling a petrol or diesel vehicle.

In addition, the Low Carbon Heating Incentive was design to provide additional support to those on low incomes. Initially there was up to £5k grant which was offered on a match funded basis to the general population. For those qualifying as low income, up to £10k was available and there was no requirement to provide matched funding. The scheme was also designed to include energy efficiency improvements within the grant funded envelope when the heating system was being replaced, in the hope that the property energy demand would be reduced and the ongoing heating costs to the householder reduced.

It should also be recognised that those on the lowest incomes are less likely to own their own properties or have their own vehicles. The upfront costs of heating system replacement won't fall directly on them, but they will hopefully benefit from improved efficiency of the heating systems in their rented properties.

(c) Further to the response given to Written Question 432/2024, officials are continuing to develop costed proposals for the second Carbon Neutral Roadmap delivery period from 2027 to 2030. Funding arrangements for this period will form the first phase of the Net Zero Financing Strategy (NZFS), as noted in Budget 2025 – 2028 (p.91). These proposals will be brought forward following the election next year for the Assembly to consider and approve. Looking beyond 2030, we expect to develop the NZFS in four-year phases in tandem with the requirements of each CNR delivery plan.

Preparations for Budget 2026 – 2029 are now underway, with consideration being given to the revenue to be allocated to the Climate Emergency Fund as a proportion of fuel duty and vehicle emissions duty. Work to bring forward the proposed fuel duty replacement policy commenced in 2024 but has now been paused for this term of Government. Revenue from new polluter pays taxes and charges is expected to form part of the NZFS where there is agreement that it is appropriate and timely to bring forward such measures.

In developing the NZFS, there will also be investigation of alternative public and private sources of funding.