



Environment Scrutiny Panel

Energy Policy

TUESDAY, 9 JULY 2013

Panel:

Deputy J.H. Young of St. Helier (Chairman)
Deputy S.G. Luce of St. Martin (Vice-Chairman)
Connétable P.J. Rondel of St. John

Witnesses:

The Minister for Planning and Environment
Senior Policy Officer
Director of Environmental Policy
Chief Executive Officer, Department of the Environment
Director for Environment / Deputy Chief Officer, Department of the Environment

Also present:

Panel Adviser

[11:00]

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

Welcome to this second session this morning of the Environment Scrutiny Panel, meeting with Ministers in respect of the Minister for Planning's *Pathway 2050: Energy Plan for Jersey*, draft for consultation. For the record, myself, Deputy John Young, Chairman of the panel.

Deputy J.H. Young:

Thank you very much. Welcome to everybody in the public gallery too. I think we have set aside an hour and a half for this meeting. Is that your understanding, Minister?

Deputy J.H. Young:

You are content, okay. Minister, we want to try and stick to high level policy issues. We have had a series of hearings with many witnesses on the more particular aspects of your proposal. I want to begin by asking you: the picture that comes across to us is that we have a plan which is long on policies but very short on implementation measures, particularly in the means of achieving it, and that kind of implementation gap is very apparent to us. Is there any particular reason for that? First of all, do you agree that that is right? Would you have preferred to be able to produce much more detail on how this policy will work? How you are going to get it done?

The Minister for Planning and Environment:

No, I am happy the way it is. I mean it is a framework document. It is for a very long period of time. Inevitably there will be changes. What I did not want to happen was for short-term measures to be proffered, particularly by Treasury, in a way that might derail the long-term benefits of the policy, and to, through media hype or whatever, raise issues to a level that does not deliver in the long term but maybe does one or 2 things in the short term, and that is it.

Deputy J.H. Young:

Does that not run the risk that you may be asking the States, if the States are asked to approve this, to sign up to policies without knowing the implications of them?

The Minister for Planning and Environment:

No, I do not think so. The framework is quite clear. One of the biggest benefits of the work is to try and map out a sea change in people's attitudes as to what needs to happen by various means to deliver the longer term proposals. If we do not get the message across in the first place, and that does not require huge sums of money to do it, then whether or not money is found I do not think it would deliver the longer term proposals.

Deputy J.H. Young:

So this policy, in your intention, is long on soft measures, and it is about winning hearts and minds and persuading people, is it?

The Minister for Planning and Environment:

Yes, I think so.

Deputy J.H. Young:

And less about doing it and getting it implemented?

The Minister for Planning and Environment:

No, I think you are over-egging your question. You are suggesting perhaps that because there is not hard funding request or mechanisms involved at this point in time that that renders the whole document obsolete. It is a long-term policy programme. As I said earlier, things will change. We are not at a point in time where we could usefully come out and say, right, if you threw £1 million at it, £10 million, whatever, that this is going to be the expected outcome.

Deputy J.H. Young:

The Minister for Treasury and Resources told us that implementing this policy, and it came back to it on pretty well every point we asked him, is about production of what he called “business cases”. Business cases which demonstrate the financial and environmental gains on all the policies that you are proposing. How do you see those business cases, and when, being produced?

The Minister for Planning and Environment:

That will be worked upon once the strategy has been agreed by the States Assembly.

Deputy J.H. Young:

After the States have approved it?

The Minister for Planning and Environment:

Absolutely, yes. You cannot decide, in my view, too early on to come forward with a very long-term programme which, as I said earlier, might chop and change, dependent upon what happens in the future, in too hard or concrete a fashion. That is the way that other departments adopt to work. It works for short-term policy measures but this is a long-term policy measure.

Deputy J.H. Young:

So it is like a route to the future, is that how you see it?

The Minister for Planning and Environment:

Absolutely, yes. That is right. I will give you one example. It has been suggested by the Minister for Treasury and Resources that perhaps money could be found from the Treasury in order to procure a greater take up of electric vehicles. If we are going to adopt a financial bottom line in all our policies then inevitably you have got all the policies being dictated by the Treasury Department, and I think that is fundamentally wrong.

Deputy J.H. Young:

But is it justice? Can you have a strategy that just deals with soft measures that persuade people? What about the existence of carrots, incentives, and sticks, indeed, to push people along in that way? A lot of witnesses have told us they want to see a carrot and stick.

The Minister for Planning and Environment:

Yes, there is money in the system at the moment. So you cannot make the claim justifiably that it is only soft approaches. We do have the V.E.D. (Vehicle Excise Duty) money, there is the work that is being undertaken for rolling out insulation, and what have you, across the board. So as far as I am concerned there is a mix of measures, but you appear to be kind of questioning me on the basis that you would expect to have more hardnosed kind of financial appraisals up front before the policy is agreed and endorsed by everybody, and certainly the philosophical changes within that document accepted by everybody, and I think that is the wrong approach.

Deputy J.H. Young:

Clearly, what we wanted to do was ask you why. It is clear that that was your decision, that you preferred to adopt that approach.

The Minister for Planning and Environment:

In my view, that is what a long-term strategic policy framework is all about. It is at the high level to start off with and then after gaining acceptance for that high level document and philosophical approach, then a whole host of other more tailored and pointed policy initiatives will be put for agreement to deliver the policy.

Deputy J.H. Young:

So is it right that the only implementation measures you have got at the moment, and I think, just for the record, I want to make sure I get them right, the V.E.D. funds and the building bylaws in terms of the sticks to require new buildings to meet certain measures, those are the 2 levers you have, are they not, Minister?

The Minister for Planning and Environment:

Those are the 2 levers we have at the moment, yes.

Deputy J.H. Young:

They are the only 2?

The Minister for Planning and Environment:

There may well be others in the future, as I have intimated, but we are not at that point yet.

Deputy J.H. Young:

I am going to hand over to Steve now.

The Deputy of St. Martin:

Minister, you are asking us to take on your vision into the future. Do you think that the decisions that you have in your policy document here are decisions that should be binding on future Assemblies, given that it is such a long-term document?

The Minister for Planning and Environment:

That is another one of the difficulties of writing long-term strategic proposals. We are across Assemblies. It has not been done very often, if at all, in the past. It is a difficulty, yes.

The Deputy of St. Martin:

Do you think it is made increasingly difficult by the fact that you do not at this stage envisage coming forward with any business cases and there are no numbers to attribute to this policy?

The Minister for Planning and Environment:

No, I do not think so at all. That is not particularly true anyway.

The Deputy of St. Martin:

Okay, just changing the subject ever so slightly over to regulation. I would imagine that you would agree that gas and oil are not looking to feature to any greater extent into the future in which we are going to be looking at electricity in one form or another. Do you think it is going to become harder for us to exert our power as a major shareholder in the J.E.C. (Jersey Electricity Company) as the monopoly situation, if I could call it that, gets stronger?

The Minister for Planning and Environment:

I totally agree with your viewpoint that there is no room within the generation methods for providing electricity, because electricity is just a transport mechanism for transferring energy from one place, and what you are referring to is the back-end mechanisms for generating electricity in the first place. I think there is a future for gas, certainly with the moves by the U.K. (United Kingdom) and other bodies, Qatar and whatever, into moving into transport systems for using large gas deposits in a useful fashion. I think gas as a method for generating electricity or whatever does have a future.

The Deputy of St. Martin:

But that would be off-Island rather than on-Island; generation?

The Minister for Planning and Environment:

I do not think it generally matters. I mean at the moment we have electricity generation that is run on diesel and we have electric cables, and it is quite possible that the electricity company might decide in the future that if the cheaper way of generating electricity over and above the methods that they employ at the moment, which is generally nuclear plus other fossil fuel systems for peak generation from Europe, I think they might well decide that perhaps gas-powered generators is probably a better alternative, notwithstanding the money they have just spent on the new diesel ...

The Deputy of St. Martin:

Maybe I should rephrase my question, given that there is a number of different ways of producing electricity. But where do you see our position as a major shareholder in the J.E.C. as regards moving forward? Would you accept that electricity on-Island is going to become stronger and more of a monopoly situation? I am not talking about the way that the ...

The Minister for Planning and Environment:

I think it could do but I would not argue for it to do it. I think we need to have eggs in more than one basket and, as I mentioned earlier, as electricity is just a mechanism for transferring energy from one place to another, I think there is a whole host of alternative ways of generating the energy in the first place, and that is really, in essence, where the strategy is coming from. For example, it does not make sense in my mind to be using scarce resources, in terms of uranium or whatever, to generate nuclear power with the transmission losses that we have got through the electrical network system, to then be using that electricity primarily for space heating, that is absolutely ridiculous. I mean the Island faces the right direction, there is not a very large installed base for solar heating systems or geothermal or air systems. There is a whole stack of other ways of generating electricity *in situ* which might not deal with the whole load from the domestic purposes, but can certainly make huge inroads into the amount that these buildings use. I think that, in essence, is one of the fundamental plans of the strategy, to see to what extent by encouraging more homes to become autonomous in their energy or material usage and resource usage across the board. I think that is the best way to go.

The Deputy of St. Martin:

What is your view then on the J.E.C. feed-in tariff? We are looking to encourage more people to produce their own electricity. Do you not feel that the J.E.C. should be paying more for that?

The Minister for Planning and Environment:

No, the feed-in tariffs are a limited financial mechanism, in my view, for encouraging the wrong principles to apply in generating electricity in the first place. As I said earlier, there is a whole different philosophy that this document is trying to promote, which is about wise use of resources,

about not necessarily having to hook into a collective system, which then kind of binds your hands in terms of your inability to take on board other cheaper sources of generating your power. I think from a sustainability point of view you really need to have more eggs in different baskets rather than exclusively relying on one electricity provider.

The Deputy of St. Martin:

So when you referred to solar power a couple of minutes ago, you were referring specifically to using solar power to heat your home?

The Minister for Planning and Environment:

Yes, absolutely. I mean there is no real reason why, if houses and householders were encouraged to move in that direction to install equipment to capitalise on what, in essence, is free energy they would be in a better position, and would thereby be able to sidestep, if you like, the perhaps unfair charges that a single provider of electricity or power is able to exert in a market of that nature.

The Deputy of St. Martin:

So you see a specific difference between creating your own power, energy, whatever you want to call it, at home for your own consumption in creating power and energy to feed into the grid?

[11:15]

The Minister for Planning and Environment:

Absolutely. The feed-in tariffs are used as an encouragement, if you like, for the take up of new technologies, and the basis of it is normally put forward to generate a business whereby you are selling the power. I think that is the wrong philosophical approach. The right approach is, I think, to encourage people to use whatever they can in terms of energy resources they have at their fingertips or with their own sites, and not to just look at the issue as a business model for making money out of other people's misfortunes.

The Deputy of St. Martin:

How do we encourage people to do that if we are not going to encourage them to feed their power back into the grid and make a few pounds back? Are they going to do it purely for their own benefit? How do we financially encourage them to do that?

The Minister for Planning and Environment:

How we financially encourage them and how we encourage them are 2 not necessarily similar things.

The Deputy of St. Martin:

A lot of people will not be able to afford to do this work.

The Minister for Planning and Environment:

I think they will and my officer has just written something down. There are some grant systems that we have had in place and it has been mentioned here about one local farmer at Woodside Farm who was assisted in providing solar photovoltaic panels in order to generate electricity for his own farm needs. He was not given the money from the Treasury Department or from another collective investment scheme, or whatever, to encourage the take up of that technology so that he could be running as an alternative electricity provider, like the J.E.C. He primarily wanted to generate electricity from natural resources that are falling on his own land and the encouragement the Government has given him is to do exactly that.

The Deputy of St. Martin:

How was that funded? Was he given the money up front to purchase the equipment?

The Minister for Planning and Environment:

He was given some money up front through some of the schemes that we have for the rural economy.

The Deputy of St. Martin:

Getting back to tariffs, do you have any other further views on ways that we could regulate into the future to encourage people to use less energy? Do you have a view, for example, on rising block tariffs?

The Minister for Planning and Environment:

As I say, I think it is too easy for people to lock in to say that the only way to encourage other use of resources is by running mini businesses to take on the electricity company, and I think that is wrong.

The Deputy of St. Martin:

But why is it wrong?

The Minister for Planning and Environment:

It is an educational thing and this, I think, is one of the strengths of the Environment Department in that we do have Eco-Active as a general environmental programme, whose prime aim is to encourage wise use of resources across the board and to win the hearts and minds of those persons to encourage them to make changes in their lifestyles and to invest their money wisely.

The Deputy of St. Martin:

So in the carrot and stick approach you would never advocate a stick and always advocate a carrot?

The Minister for Planning and Environment:

I think if the stick is ... can you define what you mean by "stick"?

The Deputy of St. Martin:

Let me put it a different way. You therefore do not see any need in the future for regulation to encourage people down the roads that we are extolling in this policy?

The Minister for Planning and Environment:

Regulation is one way of dealing with things but I would much rather up front, try and encourage people to change first by educational means rather than forcing people to do things that collectively may be favourable to a few and not favourable to the majority.

The Deputy of St. Martin:

What is your view on cross-subsidies between ... you mentioned V.E.D., for example? Are you in favour of taking money from one department to put into another?

The Minister for Planning and Environment:

I do not think they work particularly well. That is not to say that I am not against environmental taxes but environmental taxes I think are a keener way of changing people's behaviour. They are not in fact a tax measure, they are more a measure to encourage the behaviour change, and once the behaviour change has changed then those mechanisms can be undone.

The Deputy of St. Martin:

How far do you realistically think you can get with this policy by encouragement when you are not really very keen on regulation? Do you feel that you can do this by encouragement?

The Minister for Planning and Environment:

I do, yes. Certainly speaking to a whole load of youngsters, and they are the future, I think the world is changing and it is incumbent upon this department to encourage more thought in what we do and not to reduce everything down to a financial bottom line.

The Deputy of St. Martin:

Do you not think that when those youngsters become older and start having to work, income and balance their budgets, what have you, at home that they might change their tune slightly? I mean

it is very nice to think that we could do this by encouragement but my view would be that we cannot. We would need to regulate, we would need to do more than encourage people because at the end of the day ...

The Minister for Planning and Environment:

If you are going to regulate you have got to make decisions at the top to say that your choice of energy, energy provider or usage, is the only choice and, as I said earlier, I think the better way is to encourage a basket of uses approach and to encourage wiser decision making in the first place. I think if you force people too much inevitably you switch off. We could say, right, okay, the Minister for Environment wants to convert all of the housing stocks, so it is 40,000-odd units, into top notch kind of first class dwellings and the cost of doing that is going to be some tens of millions. In fact it would be a whole lot more. So realistically that approach is not open to me because the States as a body do not have access to those funds and even if they did, we would be part of the priority setting, which would place the expenditure of those monies in different pots, way before people generally decided that improving your insulation was the first priority.

The Deputy of St. Martin:

The J.E.C. into the future are going to be very dominant. Do you think we should have the ability, like we are shortly going to have the telephone lines, for other producers of electricity, to use the infrastructure in Jersey?

The Minister for Planning and Environment:

I think under the 1937 law, a lot of people do not really understand that law, and it is certainly the input. Although we have a virtual monopoly situation it is my understanding of the law that anybody can generate electricity and I think if people did there might well be requirements under that law to make the network available at a sensible cost, as happened with the Jersey Telecom network to other suppliers.

The Deputy of St. Martin:

Do you think that would include the cables under the sea to France?

The Minister for Planning and Environment:

Yes, it certainly would.

The Deputy of St. Martin:

Do you think that a 1937 law would stand up to scrutiny in this day and age?

The Minister for Planning and Environment:

Would it stand up to scrutiny to carry on in the fashion that it is being operated at the moment?

The Deputy of St. Martin:

No, I just wondered, obviously it is a very old law.

The Minister for Planning and Environment:

It does not stand up to scrutiny and part and parcel of the recommendations within the strategy is that law does need to be taken a look at.

The Deputy of St. Martin:

What is your view, Minister, on the differences between Jersey and Guernsey? Where over here we are only a part shareholder in the J.E.C. whereas in Guernsey the States of Guernsey own the G.E.C. (Guernsey Electricity Company) 100 per cent?

The Minister for Planning and Environment:

I think the better approach is probably to privatise the J.E.C. completely.

The Deputy of St. Martin:

That takes away my next question which would be that obviously there is some political decisions to be made and if we own the J.E.C. 100 per cent that would be much easier for us to direct them.

The Minister for Planning and Environment:

This is one of the difficulties of having a State-owned or part State-owned commercial body. An Environment Department, whose job function is to do things for the greater good, if you like, of the public, and inevitably if you do have a State financial interest or part interest in a company that is the best place to deliver some of the things within the strategy and framework. There are going to be tensions in terms of the philosophical direction that perhaps you can go in or be encouraging other people to go in.

The Deputy of St. Martin:

Do you think it would cost us more for electricity if we were 100 per cent owners of the J.E.C.?

The Minister for Planning and Environment:

I think what would happen would be perhaps that other companies would be encouraged to come into the market to offer the type of equipment that I referred to earlier. There is no doubt in my mind that if we did have a repositioning of people's wise use of resources and people were encouraged to see the benefits of home generation as far as possible, not for the complete

electrical package but for a substantial part of it, then that would bring a whole load of business soon to the market that we do not have at the moment.

The Deputy of St. Martin:

But the J.E.C. are just about to embark on multi tens of million pounds worth of upgrading their cables to France. Surely any potential takeover of them to the 100 per cent stage would be hugely expensive for the States, would it not?

The Minister for Planning and Environment:

If the States were going to be the ones to buy it now but I was not going in that direction. I was going in the opposite direction. I think the J.E.C. should be allowed to stand on their own 2 feet as a commercial company, independent of the States.

The Deputy of St. Martin:

How then, if the States have no influence as a shareholder, do you think we could direct them to go down a particular road when it comes to tariffs? You would be looking to competition to reduce prices, would you?

The Minister for Planning and Environment:

Competition; absolutely, yes.

The Deputy of St. Martin:

I think that is as far as I will go for now.

Deputy J.H. Young:

Can I just clear up, maybe I misheard, but I thought I heard a contradiction there. On the one hand you were saying that the States should own 100 per cent of the J.E.C. ...

The Minister for Planning and Environment:

No, I did not say that. No, I said that the J.E.C. in my view should be able to run under its own steam.

Deputy J.H. Young:

So you are arguing for a free market approach in the utility providers?

The Minister for Planning and Environment:

Absolutely, yes.

The Deputy of St. Martin:

But in Guernsey, the Guernsey States own 100 per cent of their electricity company, do they not?

The Minister for Planning and Environment:

They do, yes. But that is at the other end of the spectrum.

Deputy J.H. Young:

Can I make sure I understand what you are saying? What you are saying is that in order to achieve your strategy we do not need regulation, what we should do is encourage an open market position with a multiplicity of providers all being given access to the network in the same way that the J.T. (Jersey Telecom) network is open?

The Minister for Planning and Environment:

I have not said we do not need regulation. I am saying the stick approach should not be at the foremost part of the policy. You may well need regulation if indeed other mechanisms fail. I think the first approach of the policy is to try and educate people and to change their habits in terms of the electricity generation and usage and to encourage by good example, first and foremost, the take up of those other systems.

Deputy J.H. Young:

I am going to hand over to Phil now.

The Connétable of St. John:

I will come in on utility scale renewables. Currently your department issues licences to the Energy from Waste plant for discharge of cooling water essentially to the sea. Given you are in a position to revoke that licence and make sure that hot water is used sensibly on a heating system for St. Helier for heating flats and swimming pools, et cetera, why has this not been done? Why have you not revoked the licence or given them a period of time in which to move this forward?

The Minister for Planning and Environment:

I think any such action would be seen as extreme and in a lot of these kinds of situations you have to do the usual political thing, which is to win the hearts and minds of your colleagues. I am able to state that after a lot of work with the Minister for Housing, it has been agreed that the Minister for Planning can work with the Minister for Housing in terms of a regeneration project for La Collette and part and parcel of what has been proposed over a number of years is to take the waste heat, which is, as you correctly say, kind of dumped into the Ramsar area, into the sea, and to usefully use that heated water for the Regeneration of Housing project that is being considered at La Collette.

The Connétable of St. John:

The Regeneration of Housing project for La Collette could be many years away. In the interim ...

The Minister for Planning and Environment:

You know, Constable, that if the Minister for Planning or any other Minister came out and said: "Look, I am going to withdraw your licence" which effectively would mean that a key electricity power station or the incinerator, or whatever, were to be closed, then that Minister would not be in post for very long.

The Connétable of St. John:

But surely, you can put a stipulation of a timeframe in place to make it happen?

The Minister for Planning and Environment:

It is within the report.

The Connétable of St. John:

What is the timeframe please?

The Minister for Planning and Environment:

It is as soon as practically available.

The Connétable of St. John:

So therefore there is not a timeframe.

The Minister for Planning and Environment:

No, there is a timetable, but you have to be practical.

Director of Environmental Policy:

I think perhaps what the Minister is referring to is statement 24, which talks about doing some feasibility work because I accept the point that we need to understand how we would use that heat and in what format. The Minister has proposed some housing projects but there might be others. I think we need to do some feasibility work around what is achievable. But I am not sure that there is a direct link between the licence and the stipulations that you put perhaps on the licence and something is removed.

The Minister for Planning and Environment:

The other thing you have to realise is that under the water pollution laws, which I have powers over at the moment, they deal with pollution events that would otherwise pollute the wider

environment. I do not have powers at the moment specifically, which is why we are in a position of coming forward with an energy strategy and framework, one part of which is to look into the feasibility of maybe providing the type of regulation that Deputy Young was suggesting through granting of greater powers to the Minister for Environment to do these things.

[11:30]

But the key issue to govern whether or not these things happen is to tease out the feasibility and the possibility of doing these things within the political system that we have got, and it is made more complicated if there is a shareholder interest in the electricity company or in the other facilities that are being run by the States, which cause these problems in the first place.

The Connétable of St. John:

Can I move on from there? The Minister for Treasury and Resources seemed to want to put an awful lot of reliance on electricity for our future. You mentioned earlier that you still believe there is a place within the market for gas. The Minister for Treasury and Resources did not believe that the gas pipeline at this time was viable or was not viable in the future. What is your view on that?

The Minister for Planning and Environment:

A pipeline to France probably is not viable in its own right. There was the Pöyry report, or whatever it is called, a number of years ago which suggested exactly that. That a pipeline just for gas probably was not economically feasible or viable but it went on to further suggest that if indeed a pipeline were to be extended for the importation of other hydrocarbons or water or whatever, then it might well be. But over and above that, the work that the department undertook in considering that report was to look at other alternatives whereby you would not necessarily have relied upon a complete pipeline and a small offshore terminal, with support from such places as Qatar, or whatever, to supply the United Kingdom with L.N.G. (Liquefied Natural Gas) for the next 25 to 50 years, certainly could be contemplated. Indeed a number of companies have spoken with officers and myself from the department, and are actively looking at that proposal. A short terminal link maybe down at the La Collette, maybe somewhere further afield, through which gas suppliers could be usefully imported in the right quantities and the right scale and as part of the connection trips that supply the U.K.

The Connétable of St. John:

You have a much broader view for our future than what the Minister for Treasury and Resources has.

The Minister for Planning and Environment:

I think the Minister for Treasury and Resources has to be very careful because he is the States shareholder for the J.E.C. so I think that puts him in a conflicted position, and some of the comments that he makes perhaps might be more geared to supporting the J.E.C. as the only player or the key player in these energy markets, for other reasons.

The Connétable of St. John:

Can I move on, yet again, to tidal energy? Given that is some way off, that is probably maybe 20 or 30 years off, if we ever get it.

The Minister for Planning and Environment:

Sorry?

The Connétable of St. John:

Tidal energy: where do you see it starting to come into play within this framework? Is it 5, 10, 15 years away or not at all?

The Minister for Planning and Environment:

I think personally that it could be faster. With the work that is being undertaken at the moment with the Economic Development Department to assess the next stage as to the organisation of our energy suppliers, I think you might well find within a very short timeframe that there are a number of companies who would be quite willing to invest their money in our energy dense waters.

The Connétable of St. John:

Companies on-Island or off-Island, and would you be encouraging the States of Jersey, through our Treasury Department, to sign up to be a partner in these companies?

The Minister for Planning and Environment:

The Treasury Department will obviously make a case for being a business partner or not being a business partner. From my experience in the States over the years, when the States get involved in private businesses, inevitably they do not really kind of pay their weight, in my view, as a fully-fledged private business person would. I would personally discourage the investment of Treasury money, if we had Treasury money available to invest in private businesses, and I think the better route would be to go through licensing agreements or profit share or whatever or just ordinary taxation methods, and allow private business to do the exploitation in the way that they know best.

The Connétable of St. John:

Moving on again: is your department, the marine side, actively involved in trying to obtain the seabed around the Island from the Crown?

The Minister for Planning and Environment:

I think it is about half and half. At the moment Sir Philip Bailhache is involved in discussions as part of the work that he may have formalised as Minister for External Affairs. We do have a working party group that was tasked to do a specific job and that is led by Dan Murphy and that group is about to have its workload completed. Part of the recommendations within the energy strategy of course is to go for a new framework agreement for a new energy partnership, groups of persons, who will be tasked to further the commercialisation work that you are referring to.

The Connétable of St. John:

You are getting sufficient funding from the centre for this or is it difficult trying to get the funding?

The Minister for Planning and Environment:

There is always an issue with funding. But, as I mentioned earlier, sometimes it is too easy to think that if you just throw a lot of money at something that you are necessarily going to deliver the goods.

The Connétable of St. John:

When I say "funding" I am referring to the negotiations with the Crown seabed.

The Minister for Planning and Environment:

From my understanding the jury is still out and it looks as if the exploitation of the seabed could take place if there were lease arrangements still through the Crown with royalties coming back through the Receiver General to the Island, as is the way it happens at the moment. Personally I do not think that it is absolutely necessary to be wanting to purchase the seabed from the Crown for whatever cost as the alternative. Both would work and we appear to be closer to moving ahead without necessarily prolonging ...

The Connétable of St. John:

Why would we want to purchase something that already belongs to the Island since 1204?

The Minister for Planning and Environment:

That is the point, but if you are purchasing it for £1 then it is not really an issue.

Deputy J.H. Young:

If I could just clear up one point from that about this. You are positive on the future for the gas supply and the proposals for the offshore terminal; one of the points that has been made to us and other witnesses is the fact that the gas network in the Island is relatively limited, and there has been no investment whereas the electrical network is of course much more extensive. How do you see that gas network, if things were to go that way, being enabled for more consumers?

The Minister for Planning and Environment:

The delivery of gas does not necessarily have to have a network of pipes to deliver it from a central location and distributed gas usage is another way. It is pretty big in France. A lot of the outlying properties in Brittany, for example, you have gas containers and gas tanks that are built into the foundations of the property in a safe fashion, and the deliveries happen by tanker.

Deputy J.H. Young:

So bottled gas as in bulk storage?

The Minister for Planning and Environment:

Absolutely. At the moment because the gas company is ostensibly operated from Guernsey the Island does not really kind of receive an economically sound deal in terms of the kind of gas and the other gas products, but with a terminal facility then the unit cost for gas canisters could come down substantially.

Deputy J.H. Young:

The picture you have painted is one of a multi-fuel situation with a free market of new providers coming and so on, how does that match with the information we have been given that investors in new facilities require certainty of policy for the future in order to make those investments?

The Minister for Planning and Environment:

The certainty they require is a planning permit to do whatever they want to do on the seabed, in the sea, or in the air.

Deputy J.H. Young:

Maybe what they might be talking about is greater certainty about the financial conditions and so on that they are going to be investing into. What the market is for their product and so on. Do you not see there is an argument there that needs to be looked at?

The Minister for Planning and Environment:

At the end of the day, I mean those needs can be quantified. We have got 100,000 persons and the energy requirements of those persons can be adequately estimated and that is the market that they are playing to. Equally, there are export markets that might well be able to be hooked into and that would require an infrastructure approach for laying of cables with the hub-type systems that have happened off Cornwall and other parts of the U.K. to be put down, maybe by the J.E.C. or maybe by some other provider, or indeed advances to be made in terms of the investment into storage facilities for the energy that is produced offshore.

Deputy J.H. Young:

This is export ... would you like to explain; export of power to elsewhere?

The Minister for Planning and Environment:

Yes.

Deputy J.H. Young:

Like where?

The Minister for Planning and Environment:

Like France. Like the U.K.

Deputy J.H. Young:

So export of power ...

The Minister for Planning and Environment:

Like Guernsey.

The Deputy of St. Martin:

You sound very convinced on the tidal situation. We have been given evidence which range from tidal power around the Island could provide a percentage of our requirements locally, to the other extreme which says tidal power could provide not only our own requirements but much more than we could export. Do you have a view on where you think the power we have in the tide around the Island falls?

The Minister for Planning and Environment:

I think the gross power that is available is certainly more than we would require to run the Island and able to provide an export facility. The work that is being done only really quantified one or 2 of the tidal streams. There are others. Work is being undertaken not only by the Carbon Trust but at

a recent tidal conference in London that I attended there was serious interest from our French neighbours in terms of the southern waters of the Island for energy production.

The Deputy of St. Martin:

How do you see, if I can use the phrase, “the battle” between off-Island wind power and off-Island tidal power developing in the next few years?

The Minister for Planning and Environment:

How do you mean “the battle”?

The Deputy of St. Martin:

Obviously at the moment there are some views that we should be going for tidal and there are other views coming up at the moment that we should be investing in wind power offshore.

The Minister for Planning and Environment:

I think you do both. At the end of the day if you have energy dense waters or windy areas kind of at sea and there are outside companies who wish to take advantage to harness that energy then the government position should be one of encouraging those companies to set up.

The Deputy of St. Martin:

Just one final question, getting back to the things we have discussed very recently, you spoke about the deregulation, giving back our shareholding in the J.E.C. to encourage competition. What would be your view of the partners in the energy partnership, for want of a better phrase? Do you think that everybody who has a seat there should have a commercial interest and be in for competition or do you think there should be political steering on that partnership as well?

The Minister for Planning and Environment:

I think what has been proposed is the 2, and we have said that there should be political involvement and commercially interested parties.

The Deputy of St. Martin:

But which way do you think the majority of the seats should fall?

The Minister for Planning and Environment:

I am not sure that there should be a majority. My approach, and it is probably a peculiar position to the Planning and Environment Department, is one where you have all-comers at the table and you run risks if you try to put all your eggs into one of those baskets. I think the best way is to

have equal partners, if you like, at the table or even unequal partners at the table, in order to encourage the best that can be done under all of the circumstances.

The Deputy of St. Martin:

Do you seriously think we could make progress at speed if we had a different person around the table?

The Minister for Planning and Environment:

I cannot see any disadvantages to that approach. In fact I think it tends to work the other way. If you have exclusive interests predominating then competition issues come to the fore and perhaps people are less keen to encourage other forms of energy usage if it is not part of their commercial enterprise. We have seen that with the discussions that I encouraged early on with talks between the gas company, the electricity company and the oil producers.

[11:45]

So there is a clear assumption that because of the backing the States was giving to the electricity company that perhaps they were the biggest player at the table and that meant that the other interests of the other parties could be played down.

The Connétable of St. John:

Several witnesses have argued forcibly that the policy lacks coherent co-ordination across the various States departments and the plans proposed for an energy partnership are vague and do not establish the need for the role of any one body. The department should take a step back from proposals and start from that question. Would you agree with that?

The Minister for Planning and Environment:

No, I do not think I would agree with that at all.

The Connétable of St. John:

Not at all?

The Minister for Planning and Environment:

No, I think the framework document that is being put forward is being put forward in the same way as our air quality report or the rural economy documents that came forward, and in all of those documents what has been highlighted by way of recommendation is that the lead should be expressed through the Environment Department while working in close partnership agreement with other departments. I think that sets out the model in my mind, very strongly, that it is not one

department doing this and the other department is not doing anything. It is a co-ordinated approach across the board bringing all the interested parties together.

Deputy J.H. Young:

I want to shift the discussion to an area that I think you probably are much more involved in implementation than the rest of the policies. In your appendix 5, page 25, you set out an estimate of around £3 million for energy efficient measures required for the existing stock of properties. Can you tell us, Minister, whether you believe that that £3 million enables you to bring all the existing housing stock that is not energy efficient at the moment into line, as it were?

The Minister for Planning and Environment:

No, quite clearly it is not enough to do that. It is doing whatever we can with the available funding. It is a 5-year programme now.

Deputy J.H. Young:

So the Minister for Treasury and Resources made the point to us that year one is funded. At the moment there is no certainty about years 2, 3, 4, 5 and so on. But this might be in the medium-term plan to be considered. He cannot say that it was. But of course what I want to try and get at is this scale of resource that you have put in this report, what proportion of the whole task of bringing all the housing into line is it? Is it 50 per cent, 10 per cent, 5 per cent?

The Minister for Planning and Environment:

The figures are based on 1,000 properties or thereabouts with a small contribution. It really depends to what extent the philosophy of help from the Government through Treasury funds is all about. As I mentioned earlier, I mean that is a philosophical argument that I do not necessarily see eye to eye with the Minister for Treasury and Resources on. I think that some of these things that need to be done by residents and homeowners are things that when they properly understand that they are going to make huge savings to their long-term builds and improvements to their housing in terms of raising their asset values, these things will come about ordinarily.

Deputy J.H. Young:

Hearts and minds.

The Minister for Planning and Environment:

If you wanted to bring about a government-funded regeneration and bringing up to date of all of our buildings to modern day standards it is going to cost more money than we have, so there is no point going there.

Deputy J.H. Young:

Did you say that these figures are based on 1,000 households?

The Minister for Planning and Environment:

Thereabouts, but I mean it is ...

Deputy J.H. Young:

In each year or over the 5 years?

The Minister for Planning and Environment:

It is a rule of thumb. It depends on ... first of all certainly the experience we have had from the V.E.D. is that not all of those persons who are eligible wanted the assistance in the first place. There is a huge body of members of the public who do not really like government hand-outs and the associated "interference" that any State assistance brings.

Deputy J.H. Young:

I understand that, but I am trying to get the scale of the task here. The energy targets are very strongly dependent on achieving success in this area that you are actively involved in implementation now. So, as we speak, you must know more about this than anybody. What I am trying to get at is how many households per year does this plan deal with?

Director of Environmental Policy:

I will have to look at the action statement that is relevant. It will be in here.

The Minister for Planning and Environment:

I would have said, I mean, 500 to 1,000, but it is a sliding scale and it depends how much money we have available and what money is going to be spent.

Deputy J.H. Young:

Okay, so it is 500 to 1,000. How many homes are there known in the Island not to be meeting in total energy conservation?

The Minister for Planning and Environment:

Pretty well all of them.

Deputy J.H. Young:

How many is that?

Director of Environmental Policy:

Okay, I have the numbers. They are in action statement 3, so what we are looking is we are setting ourselves a task which is, accepted, an ambitious task that by 2020, 6,300-odd houses will have been treated. That is using the first proposal, which is the subsidised home energy audit plan. The idea behind the audit is that we would allow people to understand what they can do to improve their property by an audit and by someone visiting them. It is just showing them the paybacks and giving them some education about the types of savings that they could make. Then perhaps a small incentive to go away and do that work; so maybe £200 or something to go away and do some loft insulation or cavity walls. So very minimal set of interventions there. We have priced that for the first 5 years of the policy because as you have heard we clearly do not know how things are going to change in the future around some of the available technologies. When we have looked at the numbers over the whole of the 2050 plan we have also accounted for the fact that during that period people will be upgrading their properties just by course. Boilers will break and people will buy a new boiler, they will have no choice about that because a boiler is not going to last from now to 2050. So we have allowed some passive upgrades as well because the boiler that you will buy now/yesterday will be a lot more efficient than the one that you perhaps bought several years ago. So we factored in and that is all in Supporting Document B. We have made some assumptions around how the stock will improve naturally and how it might improve by us making full interventions. We looked at the first 5 years of financing and that is what we are sticking with. It is the M.T.F.P. (Medium-Term Financial Plan) money that we know we have and 2 more years of that money. I think what we are very clear about is that we have to look, and the energy partnership will have to look, at how effective those interventions are. If it transpires that hearts and minds are nowhere near enough and people are not persuaded by education and the home energy, all the things that we hope to provide, then we have to look at something that is going to be more aggressive. I think the difficulty for us is understanding what that next step would be. We talked about this perhaps a little bit before. The Green Deal has not shown to be a particularly effective model, the Green Energy Scheme did not particularly set the world alight. It is quite difficult to address the market failure that is people not acting in their own interest to do energy efficiency measures. So we have proposed quite a light touch first effort, which is around the subsidised audits, and we are going to keep a watching brief and develop those policies depending on uptake.

Deputy J.H. Young:

So just to be clear: the light touch is for the first 5 years?

Director of Environmental Policy:

Yes.

Deputy J.H. Young:

We have not got a view beyond that?

Director of Environmental Policy:

It is not that we do not have a view, it is that we have to see how well the pilot work we are doing is.

Deputy J.H. Young:

I am sorry if I keep on going. How many houses in the Island do not meet the standards?

Director of Environmental Policy:

There are 19,000 homes that are heated by hydrocarbons that were built before 1997.

Deputy J.H. Young:

How many have you done already in the scheme?

Director of Environmental Policy:

1,300, something like that, but not all of those will be hydrocarbons, so maybe 1,000.

Deputy J.H. Young:

And we have 2,600 in the plan for 5 years.

Director of Environmental Policy:

Yes.

Deputy J.H. Young:

That is 3,900 out of 19,000 will be done by 5 years?

Director of Environmental Policy:

Perhaps, yes. That is what we are setting ourselves as the first effort.

Deputy J.H. Young:

Would you accept then, to do the rest there does need to be policies? First of all do you think the policy should extend to the able-to-pay sector - this is probably a question for the Minister?

The Minister for Planning and Environment:

No.

Deputy J.H. Young:

So are you advocating a free market? People take it up or not?

The Minister for Planning and Environment:

There is obviously a hierarchy in all of the interventions and any Minister or any departmental official is going to have their preferred position within that hierarchy. I must admit, as a Minister, I do not particularly like the idea of wasting generally collected kind of taxpayers' money on schemes that do not necessarily deliver things that could be delivered by other mechanisms.

Deputy J.H. Young:

So the 3,900 that will be done in 5 years is all low income households, is it?

Director of Environmental Policy:

No, that is not what is proposed.

Deputy J.H. Young:

Maybe I did not put my question clear enough. Will the policy now address energy conservation measures in able-to-pay households as well as low energy households?

Director of Environmental Policy:

Yes, correct.

Deputy J.H. Young:

Does that mean there will be grants?

The Minister for Planning and Environment:

It means that grants will have to be considered as one of the mechanisms but it might not be the only mechanism.

Deputy J.H. Young:

Does that not need to be in the strategy when it goes forward?

Director of Environmental Policy:

It is. It explains that what we want to do is re-profile the money, so we currently give 100 per cent grants to the socioeconomically vulnerable. Now we appreciate that that is a declining group because as you work through them the people that want to uptake those opportunities become exhausted. There are people who move into that group, so there will always be a small core of people who require 100 per cent grants by virtue of their socioeconomic vulnerability. But what we

are profiling and what we have profiled in the 5 years, which is appendix 5, page 25, I think it was, is that we will re-profile the money that we currently spend on the able-to-pay sector and begin to use that to provide the subsidised home energy audits. That is the incentive, if you like, that the able-to-pay sector will get. They will get a cheap audit, partly subsidised by Government but they will have to pay a small amount towards it. That will be the thing that tells them what is appropriate for their home, what the upgrade measures that work for them are, how much they are likely to cost and what the paybacks are likely to be. We assume or we hope that the enlightened self-interest will then kick in and people will uptake those measures. If it transpires that that is not enough then we have to look at something significantly more stick-like, if that is where we go.

The Minister for Planning and Environment:

So, in essence, I mean it is an educational process first.

Deputy J.H. Young:

That is the general point coming across. What about other measures? I think in answer to your question, you were against, and I apologise if I cover this again, providing and ensuring that we have tariffs that encourage people to carry out energy conservation measures. You do not favour that? Is that correct?

The Minister for Planning and Environment:

At the moment I do not.

Deputy J.H. Young:

So in the going forward to the future you would not see any role for other measures other than subsidies such as tariffs, structured tariffs and so on?

The Minister for Planning and Environment:

I have not discounted it. I said at this point in time that is not ...

Deputy J.H. Young:

But it is not in and it is not out?

The Minister for Planning and Environment:

No.

Deputy J.H. Young:

What about loan arrangements? Have you discussed any ideas of loan arrangements with the Minister for Treasury and Resources?

The Minister for Planning and Environment:

They are exactly the same thing. There are banks out there that loan money, why should the Treasury loan States money?

Deputy J.H. Young:

Moving from existing homes to new ones: is it realistic to aim at carbon neutral homes under the new energy bylaws?

The Minister for Planning and Environment:

I think it is.

Deputy J.H. Young:

How are you going to deal with this issue about the conflict between whether we aim at achieving carbon neutrality regarding energy consumption and efficiency that was identified last time you brought the building bylaws between different fuel providers; there was that issue arose? How are you going to get round that if you go for carbon neutrality?

The Minister for Planning and Environment:

Again, it is about advising people of the carbon content of the particular fuels? I think what comes across incorrectly perhaps is the insistence on behalf of the J.E.C. that nuclear power comes carbon free; it does not.

Deputy J.H. Young:

At the moment we understand that under the carbon accounting rules that is the case, is it not?

The Minister for Planning and Environment:

It is a bending of the accounting rules and if you take lifecycle costing and if you look at the power that is being generated not from uranium, which is for the base load, but for peak production, which can come from any other sources, that carbon has to be taken into account. Now the fact that has been generated in France or Germany, or whatever, does not take away ...

Deputy J.H. Young:

I think we know the arguments but we have been told that the current rules mean that what is being argued about energy being taken over the electricity pipeline is carbon neutral, as it were. Is that correct? Is it within the rules?

Director of Environmental Policy:

With the Carbon Accounting Rules it is, yes.

Deputy J.H. Young:

So my question is: how can we have building bylaws for new buildings that require carbon neutral without clearing that point of carbon accounting up with the electricity? How can we do it?

The Minister for Planning and Environment:

I think it is a progression towards carbon neutral. It would be low carbon to start off with. Then we will turn the screw as quickly as we are able.

Director of Environmental Policy:

I think we accept the ...

Deputy J.H. Young:

Turn the screw on ...?

The Minister for Planning and Environment:

On bringing people into a more sustainable way of dealing with their fuel.

Chief Executive Officer, Department of the Environment:

In the bylaws we made it very clear that the bylaws are fuel neutral, so we measured delivered energy to the property and it depends what that property is using in terms of its carbon target to meet. So that is how the bylaws are currently ...

Deputy J.H. Young:

That is now, but what about the future because this policy is saying new building bylaws, no carbon. Carbon free.

[12:00]

Director of Environmental Policy:

I think we accepted as part of the consultation process that to go towards carbon neutral instantly was too much of a step. So we suggested that we are looking at low carbon, so we would look to point the industry at the lowest carbon homes by virtue of the materials that the property has been built requiring so that if you attack the material structure of the building, the amount of delivered energy to space heat that building is much, much lower. So you could be, for example having, if you wished, an oil house or a gas-fired house, but you would be using such a little quantum of energy that you could still fulfil the requirements to be low carbon without necessarily driving fuel switching.

Deputy J.H. Young:

What is your timescale, Minister, for new building bylaws on new homes; upping the ... What was your phrase you used there: "Upping the ..."

The Minister for Planning and Environment:

Turning the screw.

Deputy J.H. Young:

Turning the screw. What is your timetable to turning the screw?

The Minister for Planning and Environment:

2014 to 2020, as soon as possible. But, again, the trouble with long-term policies is that you have to kind of act as if you are there forever. It may well be that somebody else comes on to the patch and decides that this is not the long-term measure that we want to encourage.

Deputy J.H. Young:

Have you given notice to the various consultee bodies that you are planning to turn the screw in 2014 on this?

The Minister for Planning and Environment:

Yes.

Deputy J.H. Young:

Have they made any comments?

The Minister for Planning and Environment:

We are not there yet and there will be a consultation phase which will seek their views as to whether or not we are being too rash and too extreme in moving things too fast.

Deputy J.H. Young:

Which comes first; this policy or that, what you have just described?

The Minister for Planning and Environment:

This is the framework document. It is high-level stuff and you cannot do the detail policy until you have got agreement with the high-level stuff.

Deputy J.H. Young:

Thank you, Minister. I am going to hand now to Steve. Are you okay to pick up?

The Deputy of St. Martin:

Yes. Thank you, Minister. I would just like to move over to transport if I could. With regards aviation, it mentions in your policy here that without interventions we are going to fall seriously short in the reductions we are hoping to make in the aviation sector. Could you outline what you think those interventions are going to have to be?

The Minister for Planning and Environment:

I think the interventions will probably be piggybacking on kind of European or U.K. interventions, which are starting to look at aviation, particular short-hop aviation, and suggest, for example, that other means of transport should be first and foremost considered when the distances involved are less than 200 miles. Obviously, for an Island that is not connected to any other bigger body, which means that train travel or other travel is more difficult or non-existent, that may impose further problems. But if the general direction of travel for the U.K., for example, is to begin to consider banning or regulating short-term hops across the U.K. then indeed in the whole of the world will be moving towards that and we will probably have to follow suit as far as we are able.

The Deputy of St. Martin:

So are you saying that into the future you see a much greater emphasis on marine transport rather than aviation?

The Minister for Planning and Environment:

Yes, I do.

The Deputy of St. Martin:

How do you then answer the worries and concerns of the financial sector of Jersey which relies so heavily on direct links with planes into London and the inability to travel to London?

The Minister for Planning and Environment:

That will be an issue, but I think what is happening is that there are a number of other competing technologies which would render short-term travel environmentally unsound. The investment that the Island is making with the internet facilities for Jersey Telecom, I think, are the tip of the iceberg in terms of the enhancement to the communication facilities whereby video-conferencing and other such methods of communication will take the place of short-term travel from here to Gatwick for a one-hour meeting, only to hop back on the plane and flying out.

The Deputy of St. Martin:

How do you reconcile that view then with the increasing difficulty in making any sort of long-term profit out of marine transport? Our local links to the U.K. are under stress economically. It is very

difficult to make a profit on transporting passengers with fast ferries and stuff like that. You are basically saying that not only are we going to lose our short-term links aviation-wise but we are destined for slow transport on marine vessels.

The Minister for Planning and Environment:

The market will adjust accordingly. I think what will happen is that there will be a greater emphasis on electronic communications. It is happening now. People are doing back-office work in other places, in India or whatever. So that does not require large planeloads of Indians coming on a daily basis to Jersey to do the back-office work and then going back at the end of the day.

The Deputy of St. Martin:

Just getting back to these interventions in the aviation sector that you mentioned, Minister; you mentioned interventions and just following the E.U. (European Union) and the U.K., but would you envisage any local interventions which would put us separate from that?

The Minister for Planning and Environment:

I think with international transport you are dealing with bigger interested parties. So the things that you can do at the local level are probably less than you can do at the bigger level. I think we will be governed by other larger players in the market rather than setting the standards from a Jersey perspective.

The Deputy of St. Martin:

Thank you for that. Moving from planes and boats to cars, there is a big emphasis on moving over to ultra-low-emission vehicles and by 2020 we are hoping that 10 per cent of our new cars will be that. Given the huge differential between an electric vehicle and the equivalent petrol/diesel vehicle at the moment, how do you see that being financed?

The Minister for Planning and Environment:

I think the costs are going to come down and when the costs come down people will start purchasing the vehicles.

The Deputy of St. Martin:

It is as simple as that, the cost will down and people will buy them?

The Minister for Planning and Environment:

Yes. That is the ordinary market economics. If we follow a line of thought which says that we must encourage the early take-up of these new technologies for environmental reasons then I think we would probably be wasting our monies.

The Deputy of St. Martin:

So you would not advocate pumping a lot of money into the purchase of electric vehicles in the next 6 months?

The Minister for Planning and Environment:

It does not generally make sense in my view, as I said, to be using collectively-raised funds to look for early providers of take-up of technology when the market is going to deliver lower-cost technology at some point in time.

The Deputy of St. Martin:

You are hopeful that the reduction in the cost of that technology will allow us to achieve our 10 per cent by 2020?

The Minister for Planning and Environment:

I think they will. Yes, for sure.

The Deputy of St. Martin:

Do you feel that the Sustainable Transport Policy is working, Minister?

The Minister for Planning and Environment:

Sorry?

The Deputy of St. Martin:

The Sustainable Transport Policy in Jersey, do you feel it is working?

The Minister for Planning and Environment:

It depends what you mean by "working". I mean it is meeting the aims of the Sustainable Transport Policy, which was to bring about a reduction of some 15 per cent in the commuter traffic to a level that is experienced when the kids are not at school. That is the aim and that is what has been delivered.

The Deputy of St. Martin:

What about the number of people on public transport?

The Minister for Planning and Environment:

The number of people on public transport has gone up slightly but, again, it is a bundle of measures which, in my view, are not particularly ambitious. They are definitely not ambitious in

very green environment terms, but that is what the States as a collective body have decided upon as being sufficiently ambitious to deliver whatever aims we have decided upon.

The Deputy of St. Martin:

If we do not achieve the aims of getting people on to public transport in the next 4 or 5 years, would you advocate intervention in that as well, Minister?

The Minister for Planning and Environment:

I think the jury is still out in mass transport transports and we have seen the reawakening of interest in the U.K. and further afield for tram systems in order to take the strain of the short-hop distances for people in city areas.

The Deputy of St. Martin:

Do you see that as something we should be looking at over here?

The Minister for Planning and Environment:

I think it is something that could be revisited, yes.

The Deputy of St. Martin:

I do not want to presume anything, but I would imagine one of the first ones would be St. Helier/St. Aubin. If you did St. Helier/St. Aubin, you would still then expect people to drive to the station, park their cars and just take the tram to town?

The Minister for Planning and Environment:

No, I would go further than that. I would consider replacing with tram systems perhaps, or at least reconsidering it, from the airport via Les Quennevais and the large population centres; Railway Walk back down into town and something equivalent to the east of the Island along the heavy residential corridors. It would upset the taxi drivers, though.

The Connétable of St. John:

While we are on taxi drivers, since you raised it, what pressures are you putting on T.T.S. (Transport and Technical Services) to amend the taxi laws and see that the vehicles they use are low-emission vehicles?

The Minister for Planning and Environment:

I think there is a general encouragement that has taken place through the usage of vehicles within the States bodies. I think the same thing must rub off on to the taxi groups generally but, again, there is encouraging and then there is paying for the service vehicles. If we turned around and

said that it was a good idea for the States to be purchasing top-notch taxi vehicles for taxi drivers to be driving, I think the taxi drivers would, on the one hand, say: "Yes, that is fantastic," because they do not have to pay for their biggest capital assets, but they would probably not appreciate the other States' interference that would come with it in allowing private persons to use a States-owned asset. So it is a difficult one.

The Connétable of St. John:

Just moving on from that, while we are talking about the regulation, currently we see these huge vehicles on the farm, farm tractors, et cetera, which are totally oversized in relation to the size of our industry and the amount of these tractors, et cetera. What would your views be on changing the regulation of the size of these vehicles and controlling them?

The Minister for Planning and Environment:

There is obviously a play-off between the size of the vehicles and the economics. Our field structures are generally small fields, but that does not suit modern-day farming methods. Now, from an environmental point of view we do our best to try and retain hedgerows and the field sizes the way they are while, at the time, knowing that there are economic repercussions of that particular policy. But it is the usual thing with planning - you have got to balance between the 2. The same thing applies to the use of larger vehicles on our fields. In the old days we used to dig potatoes with a fork, by and large, as you know. The modern equipment that we have got at the moment is, for a lot of people, out of scale and keeping with the size of the fields, but if we were to introduce, from the Environment Department, a regulation that said that you had to go back to hand-digging, on the one hand, the heritage bodies would be patting us on the back suggesting that this is good farm management and attention to cultural detail and all the rest of it. But I do not think we would be getting much support from the farmers and the supermarkets who obviously want to bring the cost of production down to sensible levels to continue to allow the farmers to make a reasonable profit from their land. So it is a juggling situation and I think we cannot be too extreme.

The Deputy of St. Martin:

Just getting back to transport, it says on page 64, when it is discussing the previous Sustainable Transport Policy congestion management targets: "It may become necessary to consider developing more challenging incentives and disincentives in order to achieve the necessary the global shift." Can you enlarge on that?

The Minister for Planning and Environment:

That is bringing back a tram maybe.

The Deputy of St. Martin:

It is not congestion charging then?

The Minister for Planning and Environment:

Congestion charging, we just had a recent report on the traffic management implications with the North of Town Masterplan in terms of parking and part of what was looked at was whether or not there should be charges levied for people to park in town. It is not particularly popular. It is not necessarily going to be supported by other Ministers, but it is being looked at.

The Deputy of St. Martin:

So you are considering congestion charging?

The Minister for Planning and Environment:

I think everything should be considered, but not perhaps as seriously as other measures that might have a better effect both politically and realistically.

Deputy J.H. Young:

Can I just check: from what year are you looking at bringing that in then, Minister?

The Minister for Planning and Environment:

I do not think we specified a particular year.

Deputy J.H. Young:

But this is in the context of what, revenue generation for the future or management of traffic?

The Minister for Planning and Environment:

This is work that is to do with the cost of providing parking infrastructure for people living in town or for commuters who wish to park in town.

Deputy J.H. Young:

So that is a new planning policy under consideration?

The Minister for Planning and Environment:

Yes.

Deputy J.H. Young:

But that will be subject to consultation, when you are ready?

The Minister for Planning and Environment:

Yes, it is all subject to consultation.

The Deputy of St. Martin:

I think that is about all my questions on transport, Chairman.

Deputy J.H. Young:

I would just like to cover one or 2 issues. There are those - though, I have to say, from the information reaching us they are very much in the minority - who say that we should not be bothered because we get low-cost energy and the U.K., whose treaty we are part of, does not meet its targets anyway. What would be your answer to that?

[12:15]

The Minister for Planning and Environment:

It is an educational and philosophical thing and that is why I place so much emphasis on those aspects of the plan. At the end of the day I think there is a body of opinion that says, for example, cheap food is the best way forward. That causes problems economically for the people who are producing the food and does not necessarily embody a sensible approach to one's eating or health habits. I think it is exactly the same for energy usage. If energy was provided or was seen to be provided too cheaply, the consequence of that in environmental terms might be more difficult to mitigate for. I think it is the philosophical approach. It is the ethics of energy use and wise use of resources which is the most important thing and, in order to do that successfully with any policy making lower down in the system, you have to have full support not only of the public who are going to be affected by it but your other colleagues in supporting the policies going forward.

Deputy J.H. Young:

Do you think wise use of resources and good environmental best practice is a help to the Island in terms of its external profile economically?

The Minister for Planning and Environment:

I think it is, yes. I have always said in my way of thinking that Jersey has already got one small Green Island but perhaps we could have the whole Island as a green island and live up to the messages.

The Deputy of St. Martin:

But how do you then answer the lesser-paid people on the Island who are struggling to pay their bills under the economic circumstances? You are advocating: "Well, pay more for your electricity."

The Minister for Planning and Environment:

Well, this is the point. I mean if you look at the electricity bill, for example, is there any reason that a States-owned electricity company or a part-owned electricity company could not be acquiring energy from nuclear sources from France and selling it with a small premium on top rather than the premium that is encouraged at the moment? We are talking around about 5p or thereabouts for the production costs of nuclear power and yet the market price is substantially higher and then the States are coming in to take a slice of the profits to go back to the Treasury for being the part-beneficial owners. If you are wanting to adopt a more ethical process for dealing with energy use in order to safeguard the interests of those at the bottom end of the spectrum who cannot afford to pay the high prices then there are financial mechanisms over and above robbing the rich to pay for the poor to deliver the same system. We were approached a number of months ago by a Dutch company who wanted to set up a new wind farm process within our waters and the basis of that company was that it was going to be owned beneficially by all members of the public and run as a co-operative measure. The benefit of owning the energy company was that your prime benefit as part of the ownership was to receive cheap energy. That, to my way of thinking, is absolutely fine.

The Deputy of St. Martin:

I am a little bit confused now because on the one hand you are talking about increasing the price of electricity because it is ethically the right thing to do and then ...

The Minister for Planning and Environment:

No, I am not saying that. I am saying that at the moment we have got a company ostensibly part-owned by the States which has some interest in ethics of energy usage or whatever. The lines of communication, I think, are confused because we are still expecting, from a Treasury point of view, that company to put monies back by way of dividends into the Treasury pot.

Deputy J.H. Young:

So you are advocating cheap energy, Minister?

The Minister for Planning and Environment:

No. I am saying if you wanted to advocate cheap energy then there is no real reason why the companies that are set could not be set up to run on that basis.

The Deputy of St. Martin:

What about the investment in infrastructure, Minister? Surely that has got to come from somewhere. You cannot just go on *ad infinitum* selling cheap energy. You have got to make profits in order to reinvest.

The Minister for Planning and Environment:

It depends on how you are setting up the company. If you are generating your own electricity from the sunshine that is falling on your own roof, you do not need to sell it to anybody else. You need to cover your costs for the investment that you made in the equipment and to deliver the cheapest energy that is available to you. I think that, as a model, is light years away from other systems that we have set up, which ostensibly say that we are doing it for the public good or the benefit of the public while, at the same time, not quite living up to that.

The Deputy of St. Martin:

Okay. So we have got cheap energy there, but I thought 5 minutes ago we were talking about ethically charging people more because it was even ... we were talking about food production and digging with forks and we were comparing that with electricity and generating your electricity ethically. I thought you had accepted that that was more expensive and people should be prepared to pay more because it was ethically correct.

The Minister for Planning and Environment:

I am saying it should be grown ethically ...

The Deputy of St. Martin:

We are talking about electricity.

The Minister for Planning and Environment:

... and marketed ethically if you want that type of approach.

The Deputy of St. Martin:

Yes, okay.

Deputy J.H. Young:

I think we are getting a bit bogged down in this. I am a bit puzzled, I have to say. Clearly this question of wise use of resources is uppermost in your mind of how you sell this hearts and minds message and part of that means that you are saying that ethical supply, ethical management of it and so on, but the price is not a factor in that.

The Minister for Planning and Environment:

I think price is a factor but the pricing mechanisms that are being employed do not necessarily push us towards proper consideration of those ethics.

Deputy J.H. Young:

Does that not point towards regulation then?

The Minister for Planning and Environment:

No. It points us towards groups of people deciding to do things for their own needs in a way that does not necessarily over-rely on other collective organisms or organisations that are delivering ...

Deputy J.H. Young:

So the multiplicity of suppliers and their freedom, as you have said. I think we have 5 or so minutes left. You have repeatedly, Minister, spoken about hearts and minds as being the way in which this strategy will happen and it will not just stay a document. Could you just tell us how you propose to do that? What tools have you got at your disposal? What is your approach to getting it done? Can you point us to the part of this document that sets that out, not in detail but in summary?

The Minister for Planning and Environment:

Yes, chapter 3.

Deputy J.H. Young:

Who is going to do it, the hearts and minds?

The Minister for Planning and Environment:

It is primarily a job for the Minister for Planning and Environment working with other interested Ministers.

Deputy J.H. Young:

So the Council of Ministers basically?

The Minister for Planning and Environment:

No, in the partnership.

Deputy J.H. Young:

Through the partnership?

The Minister for Planning and Environment:

Yes.

Deputy J.H. Young:

The Minister for Planning and Environment is in the lead of that partnership?

The Minister for Planning and Environment:

That is what is being proposed.

Deputy J.H. Young:

Will they be able to employ people to promote this message that you are saying?

Director of Environmental Policy:

Yes. For example, around helping the private sector to improve their environmental performance, we are proposing about £70,000 a year for resource to assist that sector in improving their environmental performance. So if you look at the action statements, I think there are quite a few that outline exactly how we intend to promote that particular message.

Deputy J.H. Young:

Okay. I think Roger wants to pick this up.

Panel Adviser:

Thanks, yes. The first big hearts and minds programme on energy in the U.K. was Save It in 1982. Since then we have had Get More for your Monergy, Energy Action Cities, Going for Green, It's Clever Stuff, Environment Cities, Are You Doing Your Bit and I think I have probably forgotten a few more as well. It is hard to disentangle the effect of these from everything else that has changed, but I think on even the most optimistic assessment all of these together have not achieved anything like the sort of percentage reductions in energy use, the transformation which you are admirably aiming for over 40 years in your strategy - less than 40 years now. The only places that have got anywhere near those sorts of savings it has been done by a mixture of hefty regulation and hefty incentives. Why do you think Jersey is different?

The Minister for Planning and Environment:

From our previous track record. I mean we have shown ourselves in the past to be a society that is capable of rapid change when the chips are down and when people are sufficiently committed. I think at the moment - and that is possibly why the U.K. experience has not borne as much fruit as perhaps it should have done - that is because the chip are not necessarily down as much as they should be and people are not committed.

Director of Environmental Policy:

If perhaps I could add as well, I do not think we are necessarily suggesting that we are not different. I think we are setting out a plan that starts with relatively soft measures and we leave the door open to ramp that up if and when perhaps we do not achieve what we had hoped to achieve. That is the role of the Partnership, to be receiving that information, reporting back and observing where we are not perhaps - and let us be optimistic - achieving in certain areas. We leave the door open, I think, on a lot of these policies to - exactly that - move towards heftier sticks rather than carrots if that is the case. I think we have to accept that Jersey is coming from quite a long way behind compared to other jurisdictions and I agree with you, there is no particular evidence that one place has got it absolutely right. So we are starting that journey rather than finishing it, I think.

The Deputy of St. Martin:

Is there not a grave danger that we are going to fall at the first hurdle because we cannot put anything concrete into this policy? It is a bit of a wish list. It is hearts and minds.

The Minister for Planning and Environment:

I think, again from 2 directions, there is an exaggeration that this is all kind of airy-fairy, hearts and minds. There are a number of policies and recommendations that do carry with them the type of policies and the type of inventions, financial ones that you are talking about, that do deliver some of the policies. Now, there might not be enough in your estimation but to imply that this is just hearts and minds and nothing else is fundamentally wrong.

The Deputy of St. Martin:

I am just concerned. I would think we would all like to sign up to this, but I am sure there will be concerns about there that if, after the 5 years when we get to the point of intervention because the gently approach has not really worked ... because I personally think when the commercial reality hits we are going to need more than gentle encouragement to get people to achieve what you have got in the document. I just think that the Assembly may be very concerned about signing up to something when they know in 5 years' time we have got the interventions cutting in, but they do not know what the interventions are going to be.

The Minister for Planning and Environment:

I think that presupposes that the financial interventions are going to be affordable. From my reading on the Council of Ministers, I do not think there is a bottomless pit waiting to be tapped to provide Government and States intervention to deliver the type of lifestyles that some of us might think should be lived by the majority if not all of the public.

Deputy J.H. Young:

Just for the record, the Minister for Treasury and Resources repeatedly said he was open to business cases on any of the matters and, incidentally, I have been asked to correct the statement where I said - this is to do with bringing all houses up to an energy conservation standard - that it was only in place for one year. The Minister for Treasury and Resources said it was for 3 years, not one year. So apologies for that.

The Deputy of St. Martin:

It is funded to the end of the current M.T.F.P.

Deputy J.H. Young:

But the Minister for Treasury and Resources did say, in response to questions about whether funding was likely to be available for this or not, that he was open to sound cases. That seems to be quite different to saying: "There is none available. We cannot do it and we are relying on our hearts and minds policy." Would you not agree that there is a difference between the Minister for Treasury and Resources saying he is open to receive business cases and saying that there is no money available at all? It is an assumption that there will never be any money.

The Minister for Planning and Environment:

Where is it saying that there is an assumption that there is no money?

Deputy J.H. Young:

You just said it earlier, Minister. Maybe I misheard. I apologise if I did.

The Minister for Planning and Environment:

No. I said from my reading of the state of our finances I think the approaches that most departments have made in the past are not necessarily going to be those that are made in the future. If you are looking at the type of intervention to do the job properly and in a short enough timeframe which will require huge amounts, way outside of what the Minister for Treasury and Resources has got available or you think he might have available, it is just pie in the sky. You cannot do it.

Deputy J.H. Young:

So huge amounts. This is the sum resource to do this, Minister?

The Minister for Planning and Environment:

As I said, if you have got 40,000 houses and the majority of those are outside of the energy requirements for operating in the way that we would all like them to be operated and you are

saying that the only way to change it is by States intervention, we can cost that but, as I said earlier, it is going to be more than tens of millions. It is going to be maybe hundreds of millions, and we just do not have those monies available.

[12:30]

If the monies were available then, according to the other priorities that are being placed upon us - new hospitals, new infrastructure for sewerage and other facilities, new harbours, new this, that and the other - despite our positioning as suggesting that these things are morally right to be done and should be at number one priority, there is no way that in the ranking of things it represents a sensible probability of getting those monies if they were available. This policy has taken, what, 5 to 6 years of going round and round and round in circles, trying to get the ministerial buy-in to a level that everybody is happy to buy into. If it comes across as being too extreme, either in the financial requirements or the environment requirements or any other requirements, it is not going to fly and that was the basis.

The Connétable of St. John:

So the Minister for Treasury and Resources is paying lip service to your department. Would you describe it as that, with the small funding that he is giving you annually?

The Minister for Planning and Environment:

I do not know what he is offering. The only comments that were made to me was would I not like to have some money so the electricity company could give people electric cars. That is not necessarily fulfilling what we would like to see in terms of the transport sections of this energy plan.

Deputy J.H. Young:

Thank you, Minister. That is a very helpful statement you have made there. Roger, you wanted to come in?

Panel Adviser:

Yes, thanks. I just wanted to pick up on this point about money. Just listening to this debate, obviously there are huge problems about large-scale public funding. That is one of the reasons why the panel, I think, has been asking about smarter tariffs, levies, cross-subsidy, hypothecation and things like this; tools for making the financial incentives push people towards more sustainable energy use without requiring brute force public expenditure. I think, if I have understood you rightly, you were setting your face against a lot of those things earlier. I wonder if you could clarify.

The Minister for Planning and Environment:

No, I am saying I support them and indeed the energy audits are exactly right. They are well positioned. It is not large sums of monies and, broadly, that documentation will be used to encourage people to at least understand the opportunities or the downsides of continuing to supply themselves with energy or other facilities in a way that perhaps could be operated in a different fashion. Having highlighted the problem in the first place, then people can take individual action or there might well be other financial policy interventions if monies are available to assist in doing that, but the key issue is that people are not going to do anything unless (a) they think it is worthwhile doing, and (b) there is a real possibility that they can do these things.

Panel Adviser:

Audits are still providing information rather than providing a direct incentive to change behaviour. Perhaps a rising block tariff, for example, would incentivise people who are high users, in particular, to use less energy.

The Minister for Planning and Environment:

Yes, but with block tariffs and things you are moving away from the environmental considerations and the reasons for doing these things into setting up financial constructs to encourage the continued high-level running of the electricity company or the main provider for energy rather than concentrating on the environmental issues for doing the things in the first place. We are the Environment Department. So all of the things that we are suggesting be done by and large is to put the environmental principles at the top of the list and they do not always sit cheek and jowl with the financial considerations, which quite often do not consider the environmental issues.

Deputy J.H. Young:

Are you advocating a kind of purist environmental approach with the strategy then? Surely these issues cross over between environmental and economic and surely there is a case for the sort of measures that Roger just asked you about?

The Minister for Planning and Environment:

Yes, there are and that is why there are recommendations within the report for funding policies as far as we are able to go, but it is a delicate balance to make and a too extreme approach is not going to be supported by our colleagues and by the Island.

Deputy J.H. Young:

I interrupted. Go on, Roger.

Panel Adviser:

I just wanted to pick up on one other aspect of this. You mentioned the autonomous house where you use the sun. There is a problem with that, which is that the sun does not tend to shine when you want your lights on. It does not tend to shine much when you need your heat. The conventional response to this is to say: "Well, let us export electricity from a house when it is generating lots and import it when it needs more because over a whole grid you can have different renewables that can even out supply and demand much better." So for a given cost of solar panels, for example, you get much more benefit if you can export and then re-import. Obviously that requires some system of who is going to pay whom how much for importing and exporting. Surely the environmentally efficient way to deal with a micro-renewable such as solar panels on a house requires some interconnection and some economic framing for importing and exporting?

The Minister for Planning and Environment:

I think that is one way of doing it, but equally the better environmental way is to encourage the take up of house extensions which give rise to an air buffer or for passive heating systems; also insulation which cuts down on the energy losses and does not require as much energy to be produced in order to heat the home in the first place. With those 2 particular measures I think you are in a better position than having to rely on the export of surplus electricity and the backwards and forwards trading to help use your energy through not taking up those other more environmentally-sustainable technologies.

The Deputy of St. Martin:

Is there anything in this, Minister, that you would put differently if you could rewrite it again? Is there anything that you personally feel is missing in there or is this everything that you would wish for?

The Minister for Planning and Environment:

No. I think for the time involved it is a very good document. It is a practical document. It gets us part of the way towards where we would like to be and it should be supported as soon as possible.

Deputy J.H. Young:

Phil, one last question?

The Connétable of St. John:

No, thank you.

Deputy J.H. Young:

Well, thank you very much, Minister. I will close the session at that point. Thank you for giving us your time.

[12:37]