

STATES OF JERSEY



GREEN INITIATIVE FUND: ESTABLISHMENT (P.12/2013) – COMMENTS

**Presented to the States on 18th March 2013
by the Minister for Planning and Environment**

STATES GREFFE

COMMENTS

Background

I have great sympathy with the intent of the objective of Deputy G.P. Southern of St. Helier as outlined in this Proposition, i.e. to provide additional stimulus funding to 'kick-start' the economy and, in parallel, to develop sustainable projects to the long-term economic and environmental benefit of the Island.

Indeed, many of the actions I have proposed in the consultation document 'Pathway 2050: An Energy Plan for Jersey' will lead, in our estimations, to increases in sustained employment opportunities. Key growth areas arise around energy efficiency in the built environment, through increased demand for energy assessors and installers of energy efficiency interventions, such as insulation, as a result of Action Statements 2, 3, 4, 5, 6, 7 and 8. Furthermore, in the longer term we anticipate that utility-scale renewable energy could be generated in our territorial waters for use on Island or export (Action Statement 22). Should a suitable scheme be approved, it is likely that there would be opportunities to diversify the local economy with consequent local employment opportunities.

Thus, given the parallels between the aims of the Pathway 2050 document and the Deputy's Proposition, it may be surprising that I am unable to support this Proposition, but I shall go on to explain why I believe that it has come forward too soon.

Energy efficiency in the domestic sector

In respect of the proposed interventions to improve energy efficiency in the domestic sector, the Proposition refers to the fact that upfront capital costs are required, and financial incentives are offered in the UK. I acknowledge that some form of incentives can accelerate the 'able-to-pay market' to take up energy efficiency improvements. However, unfortunately I disagree with the Deputy's emphasis on direct grants as a main mechanism for this sector. Alternatively, I have proposed a programme of incentivised Home Energy Audits to enable householders to better understand their properties' energy use and the potential energy and money savings that installing the appropriate measures could bring about. Well-installed measures bring about energy savings that will pay back the upfront costs in sometimes as few as 2 to 3 years, and as technologies improve, this pay-back period continues to fall.

Currently, and at this early stage in the consideration of the draft Energy Plan, I consider it premature to embark on a large-scale grant programme for the able-to-pay sector as proposed. The public consultation on the Energy Plan closed at the end of January, and the Environment Scrutiny Panel are about to commence their review of the document. I will be bringing forward a redrafted document before the summer that accounts for both Scrutiny and the public's feedback.

Thus, to depart from this proposed policies and interventions in the Energy Plan by supporting this Proposition would be premature. The Energy Partnership is the proposed forum that will monitor progress of the Energy Plan. Their role will be to evaluate and propose policies and further interventions to accelerate the uptake of energy efficiency measures by the able-to-pay sector if progress is deemed insufficient in due course.

Renewable energy

The Proposition also refers to the potential for the 'Green Initiative Fund' to assist an accelerated uptake of the utility-scale renewable energy such as wave and tidal power. I agree that the States must be looking to innovative funding models to ensure that when an appropriate scheme comes forward, the Island is not unprepared. I believe this is likely to arise through public/private 'Cleantech' investment or perhaps even shared equity funding.

However, there are many steps that the Island needs to take before it is ready to consider investment in utility-scale renewable energy; for example, resolving issues over the ownership of the seabed. Furthermore, the nascent stage the industry itself is at makes it unlikely that commercially available tidal stream arrays will be available for at least 15 years, giving the Island some time for it to consider its commercialisation strategy.

However, it is possible that offshore renewable energy schemes that seek to use Jersey as a research and destination, come forward sooner than a large-scale project, and I accept that Jersey should not be unprepared should such an opportunity arise. Should this be the case, I believe that an alternative funding route is already in place.

The first strategic aim of the Economic Growth and Diversification Strategy (P.55/2012) is to 'Encourage innovation and improve Jersey's international competitiveness' and the States Assembly has given support for an 'Innovation Fund' in order to achieve this aim.

I can see many parallels between the objectives of the Deputy's proposed 'Green Initiative Fund' and that of the 'Innovation Fund', whose aim is described as *'is to support innovation and will be available to support a wide range of activity from direct business support to strategic infrastructure investments, in the private, public and third sectors. The one consistent factor of policies that merit support will be that they improve the rate of innovation in Jersey and lead to significant employment creation'*.

Therefore, I believe the Island is already placed to consider moving faster if the opportunity arises, without the need to set up a further fund; an interested party may simply put forward a business case to the Innovation Fund. It is possible to ensure that a representative with the appropriate expertise was co-opted onto a selection Panel that considered such a project. It is accepted that further funding may be required to supplement the existing budget of the Innovation Fund for such a project, which tend to be considerably beyond the scope of the existing Fund (and indeed beyond what is proposed here). I would likely be supportive of a Proposition to increase the funds available for the right project in due course.

Conclusion

Unfortunately I cannot support this Proposition, although I do understand and sympathise with the Deputy's wish to see sustained economic growth and environmental benefits. I believe that this Proposition is premature given the current stage that the draft Energy Plan is at. The Energy Plan proposes a way forward within existing budgets overseen by a multi-disciplinary 'Energy Partnership' whose role it will be to monitor progress and propose changes if, over time, the agreed policies do not deliver the expected results. The Innovation Fund also provides a potential funding route should a small-scale offshore renewable energy project come forward ahead of a utility-scale project, which is not expected for the next 15 or so years, given current technological progress.