

STATES OF JERSEY



NATURAL GAS PIPELINE: STRATEGIC STUDY (P.157/2009) – COMMENTS

Presented to the States on 28th January 2010
by the Council of Ministers

STATES GREFFE

COMMENTS

Deputy Le Claire's proposition requests the Council of Ministers to commission a strategic study into the benefits of providing Jersey with a natural gas pipeline, the findings and recommendations of which would be reported back to the States within 12 months of the proposition being approved.

The Council of Ministers, however, believes that commissioning a study along the terms referred to by Deputy Le Claire is unnecessary and would duplicate the efforts already undertaken by consultants, Pöyry, in their 2007 report, which examined the economic feasibility of supplying hydrocarbon fuels to Jersey. The Pöyry study sufficiently accounts for many of the issues highlighted by the Deputy in his report, and overall advises that the Island's existing LPG consumption volumes are too small to warrant a strong investment case for a natural gas pipeline.

Moreover, it is evident from both the Pöyry report and the proposition that the cost of pipeline construction would have to be paid by the States. It is stated that Jersey Gas would be unlikely to make an investment in any such project, which raises concerns about investing public funds into an enterprise that has no positive payback and where Jersey Gas is not willing to risk its own capital.

The Council of Ministers therefore asks members to reject this proposition. The Council believes that the proposition is running ahead of States policy and any decisions concerning the Island's future fuel supplies should be made in the context of the ongoing Energy Policy White Paper. The States has not yet adopted a formal decision in respect of carbon emissions targets, but disputes the environmental benefits of natural gas and instead believes that the long-term focus of the Island's fuel supplies should be on self-sustaining and renewable energy sources.