



Committee *for the*  
Environment & Infrastructure

Raymond Falla House  
PO Box 459  
Longue Rue  
St Martin  
Guernsey  
GY1 6AF

Deputy Lester Queripel  
Member of the States of Guernsey  
Tourrettes  
Rue des Tamaris  
La Rocquette  
Castel  
GY5 7BA

+44 (0) 1481 234567  
environmentandinfrastructure@gov.gg  
www.gov.gg

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Dear Deputy Queripel

### **Rule 14 Written Question**

Thank you for your correspondence dated 21 September 2017 (received on 22 September 2017) setting out your questions for written reply concerning the hydrocarbons programme and energy policy.

Please find enclosed a response to your questions.

Yours sincerely

**Deputy Barry Brehaut**  
President  
Committee *for the* Environment & Infrastructure

**REPLY BY THE PRESIDENT OF THE COMMITTEE *FOR THE*  
ENVIRONMENT & INFRASTRUCTURE  
TO QUESTIONS ASKED PURSUANT TO RULE 14 OF THE  
RULES OF PROCEDURE BY DEPUTY LESTER QUERIPEL**

**Question 1**

I believe I'm right in saying that a review of our current energy policy needs to take place in order that the Hydrocarbons Supply Programme can continue to completion. Therefore can the President please tell me whether or not that is the case?

**Answer**

This is not the case. It is possible for the Guernsey Hydrocarbons Supply Programme (GHSP) to be completed prior to the completion of the review of the energy policy. However, at the workshop on 4<sup>th</sup> September the consultants, CH2M, suggested that the review of the energy policy should be completed in order to inform a preferred solution for Heavy Fuel Oils and Liquefied Petroleum Gas within the GHSP.

The current energy policy was agreed by the States of Deliberation ("the States") in January 2012<sup>1</sup>, and identified the need for a review of the supply chains for importing hydrocarbons to the island. The former Commerce & Employment Department was directed to report against the actions of the policy on an annual basis, enabling a review of the energy policy, but this States resolution was not met.

In order to ensure that there is a comprehensive energy policy in place the Committee *for the* Environment & Infrastructure ("The Committee") has prioritised this in its policy plan which the States Assembly agreed in June 2017.

A number of the subsequent questions are therefore based on an incorrect premise.

The information on energy policy is publically available in the Policy & Resources Plan II and the Committee and Officers are available to provide clarifications.

**Question 2**

If it is the case, can the President please tell me;

- (a) Why is the review necessary?
- (b) How long will the review take and how much will it cost?
- (c) Will the Hydrocarbons Supply Programme need to be put 'on hold' until the review is complete?
- (d) Were the committee for Environment and Infrastructure aware, prior to the commencement of the Hydrocarbons Supply Programme, that a review of the Energy Policy would be needed in order for the programme to continue to completion?

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<sup>1</sup> Billet D'Etat III, 2012 Policy Council and Commerce and Employment Department – Energy Policy Plan

- (e) If the committee were aware, then it seems to me that it would have been best practise to have undertaken and completed the review of the Energy Policy, prior to commencement of the Hydrocarbons Supply Programme.
- (f) I appreciate that there is probably a perfectly valid and justifiable reason for the sequence of events to have taken place in the manner in which they have, but could the President please tell me why the review didn't happen prior to the commencement of the programme itself?
- (g) If the President and his Committee were aware of the need for a review of the current Energy Policy prior to the commencement of the programme itself, did the President and his Committee make that clear to the Policy & Resources Committee when Environment & Infrastructure presented the Policy & Resources Committee with their business case for the programme?
- (h) Is it possible please, to provide me with a copy of the actual Hydrocarbons Supply Programme business case, that Environment & Infrastructure presented to Policy & Resources?
- (i) If the Environment & Infrastructure Committee weren't aware that a review of the Energy Policy was needed, then is the President of that Committee able to please tell me when his Committee actually became aware of the need for the review and how they were alerted to that need?

#### **Answer**

As explained in response to question 1 above, this is not the case.

The priorities for the Committee are set out in detail in appendix 6 of the P&R Plan as approved by the States (<https://gov.gg/CHttpHandler.ashx?id=107765&p=0>), which also includes an assessment of possible costs to resource.

The GHSP has been included as a priority for the Committee. The Committee recognises the strategic importance to the Island of having a secure and reliable supply of hydrocarbons, and has listened to concerns raised by the industry in terms of the urgency of the issue. The programme has established a number of factors that could be a threat to the current supply routes to the Island, including, but not limited to, a diminishing number of vessels globally available that are suitable for accessing St Sampson's Harbour, safety in some areas of the current supply chain, and a risk that one or more parts of the complex chain could become commercially unviable, possibly as a consequence of reducing demand for hydrocarbons.

Funding for the GHSP has been approved by the Policy & Resources Committee (P&RC) to allow the programme to reach a point where a set of recommendations will be made for a preferred solution. As part of the agreement for funding, the Committee agreed with the P&RC to report on the programme early in 2018.

A request for funding for the GHSP was initially submitted to the former Treasury and Resources Department in 2014, and was given considerable scrutiny prior to the funds for the first phase being released in 2016. The Committee will make the business case publically available on the GHSP website subject to P&R's agreement. Commercially sensitive information will be redacted.

During the first phase of investigatory work, and in consultation with those in the industry, it has become apparent that the global energy picture continues to change

significantly, and that Guernsey will feel the impact regardless of its own policies. This is evidenced by the recent reports that Portugal ran on renewable energy alone for four days in a row, and that Dong Energy intend to build new offshore wind farms absent of any Government subsidy. Closer to home, the UK and France have also recently announced a desire to ban new petrol and diesel vehicles from the roads by 2040.

Taking account of the much bigger picture, the Committee decided that it would be prudent to prioritise a review of the energy policy, recognising the impact that a clear policy could have in Guernsey in a number of areas, including the demand for hydrocarbons.

The development of energy policy will both inform, and be informed by, the GHSP.

### **Question 3**

- (a) I believe I'm right in saying that the committee for Environment and Infrastructure will be laying a Policy Letter before the States, at some stage during the first quarter of 2018, in which the Committee will seek funding for the review of the current Energy Policy. Can the President please me whether that is the case or not?

### **Answer**

The Committee is hopeful that the funding of the energy policy will be prioritised in the P&R Plan II.

The Committee has made a commitment to the P&RC to provide the States with an update on the GHSP through the submission of a Policy Letter early next year.

### **Question 3**

- (b) If it is the case, and the majority of the States reject the application for funding, that will mean the money is not then forthcoming: so will the Hydrocarbon Supply Programme grind to a halt at that stage?

### **Answer**

The GHSP cannot proceed without any further approval of funding from the Capital Reserve, as part of the capital portfolio. The States was updated on the capital portfolio as part of the Medium Term Financial Plan in June 2017, which the was agreed.

### **Question 3**

- (c) If the Programme does then grind to a halt, does that mean that all the taxpayers money that has been spent on the Programme up to that point, is money wasted?

### **Answer**

The work to date informs on fuel demand, current security of supply and risk in the existing supply chain. This is all valuable information in determining policy, particularly around security of supply. The States would derive greater value from the work if completed in full, if for no other reason than it will would form the

Strategic Outline Case for any investment decision that the States may be required to make.

However, even if the GHSP were to stop before completion, the money invested in the process would not have been wasted. The money spent to date has enabled the States of Guernsey to formulate an informed view on the most sensible ways forward for the Island. The work has also helped assess the validity of commonly held views and opinions within the Island, some of which have been found to be profoundly incorrect.

**Question 3**

- (d) Likewise the time spent by the consultants, civil servants and politicians who have worked on the programme up to that point: is that time then time wasted?

**Answer**

If the GHSP was to cease, the work undertaken to date by consultants, civil servants and politicians would be of limited value. That is not to say that it is time wasted, primarily for the reasons set out in response to question 3(c), but the work undertaken has so far been based on meeting long-term objectives for the Island, rather than being predicated on narrow, short-termist views.

**Question 4**

I believe I'm right in saying that the Policy Letter that I have previously referred to in Question 3, will not only be asking for funding for a review of the Energy Policy, but will also be asking for additional funding to enable the Hydrocarbons Supply Programme to continue to its final stages. If that is the case, then can the President tell me please, how much will his committee be requesting to enable the programme to continue to its final stages?

**Answer**

Please refer to the answer to question 3a.

**Question 5**

I am aware that at least three options are being considered to ensure the future security of supply of hydrocarbons to the island and to mitigate against any risks involved. Those three options, as far as I understand, are as follows:

- (a) Carry on as we are.
- (b) Relocate the unloading points for the delivery and the storage facilities for the hydrocarbons.
- (c) Relocate the residents and businesses currently situated within a certain radius of the unloading points and of those storage facilities.

So can the President tell me please, is my understanding, as laid out above in 5(a) to (c) correct or incorrect?

**Answer**

This is not correct.

As Deputy Lester Queripel will recall from the stakeholder presentation he attended in September, a number of solutions have been devised and assessed, and then stress tested against possible rates of decline of hydrocarbon demand on island that may be influenced by the presence of an updated energy policy.

In due course further information will be published on [www.gov.gg/fuels](http://www.gov.gg/fuels) in line with the transparent approach adopted throughout the programme.

**Question 6**

- (a) If my understanding is correct as laid out in 5(a) to (c), then can the President please tell me what the total area of that radius actually is and what it encompasses?
- (b) Can the President please tell me whether or not his department have made the residents and businesses within that radius, aware of the risks and options?
- (c) If the answer to 6(b) is that the department have made the residents and businesses aware, then is the President able to supply me with any responses from those residents and businesses please?

**Answer**

As explained in the answer to question 5, Deputy Lester Queripel's options are not correct.

**Question 6**

- (d) If the answer to 6b) is 'no', then can the President please tell me why his committee haven't made the residents and businesses within the radius, aware of the risks and options, and does the committee intend doing so in the foreseeable future?

**Answer**

The premise upon which Question 6 is based is incorrect. The Committee can confirm that there is no intention to relocate any residents or businesses.

**Question 7**

If a decision is made to relocate the residents and the businesses currently within that radius, can the President please tell me, does his committee have a view as to:

- (a) Who will actually pay for those relocation costs?
- (b) Where will the residents and businesses be relocated?
- (c) What will happen to all the empty and redundant buildings, that result from the relocation?
- (d) If people and businesses were relocated against their wishes, would that not be a violation and contravention of their Human Rights? Particularly Article 8.1. Which states 'Everyone has the right to respect for his private and family life, his home and his correspondence'.

**Answer**

As explained previously, there is no intention or plans to relocate either residents or businesses.

### **Question 8**

- (a) Can the President please tell me, will his committee be asking the States Assembly to choose their preferred option, in the same Policy Letter that I have previously referred to in Question 3?

#### **Answer**

As explained in the answer to question 3a, the Committee is hopeful that the funding of the energy policy will be prioritised in the P&R Plan Phase 2b.

The GHSP has opted to revert to the States at an early stage to allow debate of the issues and make decisions for the next steps. The Policy Letter will present information gathered through the programme and allow for debate on the key factors influencing the next steps. This includes early stage recommendations. It should be noted a preferred option would require the next stage of the GHSP to be completed.

### **Question 8**

- (b) If the answer to Question 8(a) is 'no', then is the President able to tell me when his committee will be asking the States Assembly to decide on a preferred option please?

#### **Answer**

The work on the GHSP is not at the stage where the States will be asked to decide on a fully defined preferred option. As detailed in 8a the next stage of the GHSP needs to be completed to develop a fully defined preferred option. The programme will be reverting to the States at an early stage with information to facilitate constructive debate and obtain direction.

The GHSP will follow a recognised method of Programme management ("*Managing Successful Programmes*"), progressing through the following stages and associated gateway reviews:

- SOP Strategic Outline Programme + Gateway Review
- SOC Strategic Outline Case + Gateway Review
- OBC Outline Business Case + Gateway Review
- FBC Full Business Case + Investment Decision Gateway Review
- Implementation
- Realise Benefits.

This timeline, including details of when the GHSP expects to return to the States is available at <https://www.gov.gg/CHttpHandler.ashx?id=108186&p=0>

### **Question 9**

Is the President able to give me an assurance that the Assembly will be fully informed, with as much detail as possible, regarding every option on the eventual list of options, including the relocation costs?

#### **Answer**

In developing proposals for the GHSP the Committee can confirm that it will continue to provide as much information as possible alongside any

recommendations it makes to the States. For the avoidance of doubt, as stated above, there are no plans to relocate residents or businesses.

All work carried out to date is available online at [www.gov.gg/fuels](http://www.gov.gg/fuels).

The long list of 68 feasible options was circulated to Deputies and stakeholders on 28<sup>th</sup> July 2017, and a detailed workshop was held on 4<sup>th</sup> September 2017, during which attendees including Deputy Lester Queripel were able to assess those options and discuss the process that the GHSP team had been through and add any thoughts of their own.

**Question 10**

If the answer to Question 9 is that the department won't be providing the States with all the costs for relocation, then I assume and conclude, that that will mean the President and his committee, will be asking the States Assembly, to make a decision on a preferred option, without knowing how much every option is going to cost. Is the President able to tell me whether I am right or wrong, in coming to that conclusion please?

**Answer**

There are no outline costs for relocation as it is not an option under consideration.

**Question 11**

Bearing in mind we are only a small jurisdiction, does the President agree with me that his committee should only be pursuing and researching options that are proportionate and affordable to the island, in order that we then comply with any laws that govern our receiving and storing hydrocarbons here in Guernsey?

**Answer**

The Committee agrees with Deputy Lester Queripel that it should only be pursuing and researching options that are proportionate and affordable for the island. The GHSP is following the capital and business case processes that facilitate sound decision making to ensure value for money.

**Question 12**

- (a) Can the President tell me please, whether or not we are legally obliged to comply with laws and regulations, regarding ensuring the safe delivery, and storage, of hydrocarbons here in Guernsey?

**Answer**

Yes. As with the provision of any service the States of Guernsey, civil servants, private sector companies are legally obliged to comply with applicable laws and regulations.

**Question 12**

- (b) If the answer to Question 12(a) is 'no', then can the President please tell me what is it exactly, that he and his committee are seeking to mitigate against and why?



**Answer**

This question is not applicable as the answer to question 12a is “yes”.

The GHSP has not suggested current services violate particular laws or regulations. The GHSP is about ensuring security of fuel supply to the island, understanding and managing the risk in the supply chain and enabling sound investment decisions whether by private sector or the States of Guernsey.

**Question 12**

- (c) If the answer to Question 12(a) is ‘yes’, then can the President please direct me to, or even better still, provide me with a copy of the current laws we are legally obliged to comply with, regarding the delivery and storage of hydrocarbons, when he posts me his response to these questions?

**Answer**

This is not practicable: there is a plethora of laws and regulations that govern the provision of fuel to the island, including health and safety, maritime, environmental or specific fuel regulations. These are all publically available. As stated in answer 12b focusing on these elements is to misunderstand the purpose of the GHSP. Naturally any laws or regulations which are considered to pose a threat to security and reliability of supply are commented on within the external consultants’ work. In due course this report will become available and assist in informing debate on the forthcoming policy letter.

**Question 12**

- (d) If we are obliged to comply with any such laws, can the President tell me please whether or not we are currently in danger of violating any of those laws, regarding the way in which hydrocarbons are delivered and stored here on island?

**Answer**

Compliance with international standards is only one component of the GHSP work. Please refer to answers 12b and 12c and add to these the need to ensure Guernsey can meet the challenges of the changing global energy market.

**Question 12**

- (e) If the answer to Question 12(a) is ‘yes’, then is the President able to tell me please, what is the very least we need to do in order to ensure we comply with the laws?

**Answer**

Guernsey needs to be compliant with applicable laws and regulations. Please refer to the answers in 12b and 12c.

**Question 13**

I can only assume that international law and policy makers set the legislation for matters such as these, so is the President able to tell me please, how long will we have to amend our current facilities, if new laws relating to the delivery and storing of hydrocarbons, are introduced by whomever it is that makes such laws?

**Answer**

Please refer to answers 12b and 12c regarding comment on legislation and regulations in relation to the GHSP. The primary drivers of the programme are security of supply, risk management and sound investment decisions.

**Question 14**

Is the President able please, to give me an assurance that he and his committee are in constant ongoing dialogue, with all the relevant parties associated with the delivery, and storage, of hydrocarbons here in the island, including whomever it is that makes the laws relating to that delivery and storage?

**Answer**

The Committee is able to confirm that it is in dialogue and continuing engagement with those parties referred to by Deputy Lester Queripel, and has considered international standards. The GHSP has engaged with many stakeholders that have been identified as experts in the area by virtue of their involvement in the current importation of hydrocarbons to the island.

**Question 15**

Is the President able to provide me with a list of all the associated parties I previously referred to in Question 14 please?

**Answer**

The full list of those that have been consulted is noted on the website at [www.gov.gg/fuels](http://www.gov.gg/fuels).

**Date of Receipt of the Question:** 21 September 2017

**Date of Reply:** 5 October 2017