

Report on the Tidal Energy and FAB Link Projects.

The States of Alderney believe the Tidal Energy and FAB Link projects are vital to the future prosperity of Alderney, but the linkage between the two distinct projects is not always well understood, nor the impacts each will have on the island's unique and very special environment. This report seeks to clarify these matters and demonstrate that the future viability of the island can be ensured without destroying its character.

Background

The **Tidal Energy** project dates back to 2004 and has as its objective harnessing the enormous energy potential of the waters around and owned by Alderney. Conservatively estimated at up to 3GW, enough electricity to power for example 1.8 million homes. The technology is difficult, but as with the problems of extracting North Sea Oil and Gas, the price of energy rising remorselessly over the years, and over-dependence on fossil fuel, will ensure development of this 'green' resource. Although still a developing industry, tidal energy is now moving from small "pilot schemes" into "pre-commercial arrays" with projects planned in French waters off Cap de La Hague in 2017

Alderney took an early lead in recognising the benefits of marine renewable energy with the creation of the Alderney Commission for Renewable Energy (ACRE) and by establishing a legal and regulatory regime to permit licensing of the seabed and payment of royalties to the States of Alderney. The first licenses were issued to Alderney Renewable Energy (ARE) in 2008 for which ARE pays ACRE £545k p.a. until such time in the future as royalties are generated. Of this payment £200k is passed to Alderney Electricity Limited (AEL) to make a reduction in islanders electricity bills. It is worth noting that in most countries the companies developing renewable energy sources receive Government subsidies, whereas in Alderney the reverse is true.

Viability of the project, which requires very large investment years ahead of any return, depends upon the ability to 'export' the power generated to UK or France.

The **FAB Link** (France-Alderney-Britain) project, in which ARE is a 50% shareholder, is a European project, part of a series of grid 'interconnectors' between mainland Europe and UK. It is designed to provide greater security and efficiency of supply, and lower electricity cost. The investment is again very large, and the return will come from supply of electricity at prices agreed with OFGEM in the UK. The FAB cable project works to very different timescales from Tidal Energy, with first power expected at the end of 2020, and could very easily run up the Race by-passing Alderney itself. Indeed initial returns to investors would be higher if it was a purely submarine cable without touching Alderney.

FAB Link does not therefore depend upon Tidal Energy and can be seen as a stand-alone project. However without access to the FAB Link the Tidal Energy project will at best be delayed by many years, or at worst its viability will be questioned.

Benefits to Alderney

FAB Link itself is nothing more than a set of cables, each 5 inches in diameter, buried 1-2 metres deep crossing Alderney at Longis Common. It does not require 'converter

stations' or any above ground buildings or constructions. If planning permission is given then the States as landowner will be paid £70,000 p.a., approximately double the rental value of the States land in which it will be buried - the report at Appendix A explains this calculation and provides further background on the FAB Link project. The arrangement covering the path of the cables is essentially a 'way-leave' agreement, similar to those for underground cables laid by AEL. However, there are 2 significant differences with those current arrangements with AEL - planning permission is a pre-requisite for Fab Link and an annual 'rental' fee will be collected until such time as the royalties from tidal power exceed that sum.

Fibre Optic Cables – submarine power cables need to incorporate fibre optic cables to monitor performance. Specifications being sent to manufacturers include additional capacity which will provide a massive broadband capability for our island. Although final agreements with telecoms operators and regulators have to be reached, access to these cables will be relatively simple requiring no large scale surface constructions. There is a significant advantage to the island's economy from this, with huge potential for growing the number of digital or internet-based businesses and thus opportunities to increase employment levels on the island. A further benefit will be improvements in the quality of broadband services available to existing residents and businesses.

Access to **Tidal Energy** and royalties to the States of Alderney will be far and away the biggest benefit to the island. Although at least 5-10 years away, the reasonable expectation based upon existing licenses, and the available seabed as yet unlicensed, is that millions of pounds a year could be generated for Alderney. How this income should be used is for future States and islanders to decide, but they open up the possibility of much greater financial independence at a time when Guernsey is already struggling with the burden of paying for health care, pensions etc. At that point cheaper electricity for islanders too is a real prospect.

Impact on the Island Environment

FAB Link will be entirely underground and after restoration of the trenching work, invisible apart from small markers. The States are in discussion with FAB Link regarding the planning processes necessary to achieve this, which will be independently reviewed by ARUP, and the only commitment given at this stage by the States is an option agreement, subject to planning processes, to the cables alone.

Tidal Energy has long been supported in principle by successive States, but in terms of construction activities no agreement has ever been given or implied. Agreement to the FAB Link does not in any way compel the States to agree to any other works. The turbines themselves will be deep underwater with no visual impact. However, in order to export power from the Tidal Project and extract power for Alderney's own use it would be necessary to construct a Converter Station. Current estimate is that the various buildings to achieve this would take up about one third of Mannez Quarry. Floodlighting would not be necessary, noise levels would be less than our existing power station and the site would be landscaped to soften the visual impact..

It must be emphasised that the States has given no commitment to such a construction, which would need to go through a rigorous process of Environmental

Impact Studies, Public Consultation and Full Planning Procedures and States debates before any such agreement could be considered.

Conclusion

The States of Alderney is governed by strict legal, procedural and planning frameworks and at all times abides by those. A number of Policy and Finance Committee Meetings have debated the FAB Link, taking advice not only from the Law Offices in Guernsey but also States-appointed lawyers with extensive knowledge of power transmission agreements. It was the unanimous conclusion of all States Members that we should proceed with the option on the FAB Link, subject to continuing safeguards on planning, and the very tight regulatory and safety standards required by both UK and EU authorities. Appendix B provides a summary of the decision-making timeline to date for both projects.

Preservation of our environment and community remain the top priorities for all States Members, whilst planning for developments which will benefit future generations of islanders.

NH 27 August 2016

From: Chief Executive

To: Policy and Finance Committee

Date: 28 April 2015

Title: FAB Link Electricity Interconnector

Appendix A

1. Background

- 1.1 FAB Link Limited is a joint venture between Alderney Renewable Energy Limited and Transmission Investment LLP. The FAB Link project is being developed in partnership with the French national grid company, RTE, under a joint development agreement signed between FAB Link Limited and RTE in 2013.
- 1.2 The Project is for the development of an HVDC power interconnector between France and Britain, with the ability to facilitate the export of electricity from Tidal Turbines in Alderney's waters.
- 1.3 The economic case for the Project is underpinned by regulatory support to be introduced by the UK's Office of Gas and Electricity Markets (Ofgem) under their "Cap and Floor Regime".
- 1.4 Because this regulatory arrangement can only apply to interconnection at this time, the Project is therefore being advanced on the basis that it is not possible to commit to the connection of Tidal Generation at this stage and that any costs incurred in anticipation of Tidal Generation may be disallowed under the Cap and Floor Regime.

2. Agreement

- 2.1 Since early 2013, the States have been considering granting FAB Link Limited a cable easement agreement for the rights to install the cables for the Project, and on 28th November 2013 a Heads of Terms was signed between FAB Link and the States.
- 2.2 Progressing the Heads of Terms towards a detailed agreement has proved complex and time consuming, and in September 2014 the States appointed legal advisors CMS Cameron McKenna (specialists in transnational interconnector projects) to assist the Chief Executive in reaching a final agreement for routing the Project via Alderney.

- 2.3 Following extensive negotiations over the finer details of an agreement with FAB Link the final outcome will be an Option and Agreement for Lease agreement together with an associated 'Licence and Cable Easement'. The Option allows FAB Link to carry out the necessary investigations and enabling works and to acquire the necessary consents (e.g. planning permission) prior to entering into the final lease-type arrangement with the States, which is needed to allow the interconnector cable to be laid and brought into operation. The current timetable indicates that works could commence in 2018, and the cable will be fully operational no later than 2023.

3. Financial Considerations

- 3.1 Although FAB Link is incurring extra cost to route via Alderney, it is recognised that some consideration is appropriate until such time that fees are replaced from income from Tidal Generation.
- 3.2 FAB Link are offering annual payments of £70,000 (index-linked) over the 50 year life of the licence and easement agreement, a total of £3.5M at current prices.
- 3.3 Whilst assessing this offer the following points are of note:
- i. The amount of seabed required for the FAB link cable(s) equates to c.4 'blocks'. Currently Alderney Renewable Energy rents 48 blocks from the States of Alderney on a long term licence for £345K per annum – i.e. a payment of c. £7.2K per block. Thus, the FAB link equated annual rental would be c. £29K for the seabed element.
 - ii. The total area required on land for the cable route equates to about an acre – this being a thin strip which will likely run alongside States owned highways. A valuation for this has been obtained from a local estate agent. His valuation is in the range of £0-3K per annum. Thus the FAB link equated annual rental would be at most £3K for the land based element.
 - iii. In total then, based upon current returns for a seabed licence and estate agent valuation the rental value from FAB link is in the range £29-32K per annum. The offer from FAB link of £70K per annum is over twice the annual rental valuation based on current known returns and professional advice.
 - iv. The costs associated with negotiating the legal agreements, currently estimated at c. £80K, will be met from ACRE reserves and ARE has committed to donating £50K to the reserves as an additional contribution towards these costs.

4. Other Considerations

- 4.1 With FAB link landed on Alderney the least benefit to the island is £3.5M of additional revenues over 50 years and the most is access to cheaper European electricity, improved viability for the tidal power project and access to fibre optic giving enhanced broadband connectivity.

- 4.2 Without FAB link the island is highly unlikely to derive any of these benefits - it will certainly lose the £3.5M additional revenues. Furthermore without the cable coming over Alderney there is a significant risk of undermining the tidal power project. Currently the island benefits from annual rentals of £345K for the seabed plus an annual contribution of £200K to subsidise consumer electricity costs on the island from ARE. Once power is generated and flowing the revenues from tidal runs into many £Ms for the island.
- 4.3 The Chairman of ACRE has made clear that the Commission views the proposed FAB Link as a major benefit to Alderney.
- 4.4 Failure to conclude an agreement in the very near future will start to impact on Project timings and could have consequences concerning the cable routing via Alderney.

5. Recommendation

- 5.1 That the Chief Executive is instructed to conclude negotiations and sign the option agreement on behalf of the States of Alderney.
- 5.2 To note that all necessary consents, including detailed planning permission(s) and agreement(s) as to cable route(s), must be obtained to the satisfaction of the States of Alderney prior to the grant of any licence/easement under such agreement.

Appendix B

Tidal Energy Project - Time line

Policy & Finance Minutes 2nd February 2004

20.1 **Tidal Energy project** The Committee looked forward to a presentation by an organisation with knowledge of this type of project.

Policy & Finance Special Meeting 3rd March 2004

023/2004 Tidal Energy A presentation was given by Dr Allwood outlining the attributes of the Offshore Technology Centre of Cranfield University.

RESOLVED unanimously to encourage further discussions with Mr Clark and his colleagues from Cranfield University with Mr Williams (as representative of the Committee) to carry out:

- i) **an investigation of the offshore conditions/seabed geology around Alderney**
- ii) **review possible sites/requirements for the establishment of a marine current research/test centre**
- iii) **Mr Williams to bring the results from these discussions to the next meeting of the Committee.**

Billet Item 21st April 2004

Item VI Tidal Power

Resolution of the States of Alderney for approval:

The States is asked to support "in principle" the idea of setting up a company with others, to safeguard Alderney potentially valuable resource of tidal power.

Deliberations from 21st April 2004

Item VI Tidal Power

Following a request by the Chairman of the Policy and Finance Committee, this item was withdrawn to allow further discussions.

Billet d'Etat Item for States of Alderney Meeting of 18th May 2004

Item I Tidal Power

It was noted that two amendments had been submitted, one from Mr. Postlethwaite and the other from Mr. Willmott. As each of the proposals did not effect the other, a combined amendment had been agreed and submitted for States consideration. This amendment, which was proposed by Mr. Postlethwaite and seconded by Mr. Willmott, read as follows:-

"Section 1

After the words "the Policy and Finance Committee proceed" insert the words "as a matter of urgency".

After the words "the seas around Alderney" insert the words " with a view in the first instance to establishing Alderney as a pre-eminent global location for marine tidal energy research"

(i) Delete

(ii) Change the title "Working Group" to "Panel of Assessors"

add after the word strategy “including an examination and evaluation of the offer and licence application made to the States of Alderney by Alderney Renewable Energy Ltd and consider the appointment of a permanent member to carry out research and secretarial duties.”

(iii) After the word budget add “on the advice of the Panel of Assessors to finance (ii)” and delete the words “as soon as possible” and replace with “within 6 months, making recommendations”.

Approved.

Policy and Finance Special Meeting 1st June 2004

050/2004 Tidal Power States Resolution Item 1, Billet No II tabled for discussion.

RESOLVED unanimously to form a Panel of Assessors to include the following members:

- iv) Sir Norman Browse**, Chairman.
- v) Mr Brian Goddard** - An engineer with extensive knowledge of maritime matters, involved in seismic surveys of the seabed in the North Sea.
- vi) Mr John Buggy** - Electrical Engineer
- vii) Advocate P Nicol-Gent, Law Officer of the Crown** (*a temporary appointment until an Advocate who specialises in Company Law takes up the position within the Law Officers and then duly appointed to the Panel*).

Subject to the Panel:

- (a) consulting various people having expertise in certain specialised fields if thought appropriate;**
- (b) interviewing a Guernsey Civil Servant, qualified in engineering, (offered on secondment) with a view to appointing him/her to carry out research and secretarial duties; and**
- (c) reporting back to the Policy and Finance Committee for guidance, should difficulties arise.**

Policy & Finance Meeting 15th July 2004

69.4 Tidal Energy Letter from Sir Norman Browse dated 12.07.04 tabled for consideration.

RESOLVED unanimously not to accede to the grant of £50,000, as requested, for this year. The Committee requested the Panel of Assessors, as presently constituted, continue with their deliberations and report back to the Committee with their recommendations within the six months deadline. Emphasis was put on the need to identify as a matter of urgency possible legal implications requiring the preparation of appropriate legislation. Clerk to deal.

Policy and Finance Meeting 11th November 2004

120/2004 Tidal Energy

RESOLVED unanimously to:-

- i. organise a Public Presentation by ARE Ltd under States heading as soon as possible;**
- ii. appoint a Shadow Commission and to authorise it to negotiate (with ARE Ltd and any other interested parties) a provisional set of “Heads of Agreement”;**
- iii. instruct the Clerk, with the aid of the Law Officers, to draw up a Policy letter for consideration at the December States meeting. Clerk to deal.**

Billet d’Etat Submission for 17thDecember 2004 meeting of the States of Alderney

Item IV Tidal Power

The States resolved:-

- 1) To receive the report of the Tidal Energy Panel**

2) To agree to the proposals set out in paragraphs A to F of the proposal letter (as amended).

(All in favour except Ms Burgess who abstained from voting)

Policy and Finance Meeting 18th April 2005

47/2005 Tidal Energy Shadow Commission Memo from the Chief Executive Officer dated 15.04.05 tabled for consideration.

RESOLVED unanimously to authorise up to £10,000 from unforeseen expenditure to meet the expenses of the Shadow Commission for the balance of this financial year this amount to include the cost of a research assistant to a maximum figure of £2000. Treasurer to deal

Special Meeting of Policy and Finance Committee 21st December 2005

121/2005 Presentation – Alderney Commission for Renewable Energy A presentation was given by the Commission.

RESOLVED unanimously that the budget be approved of up to £250,000 for the next five years to ensure that the interests of Alderney are protected and satisfied in the future. Letter to be drafted to the Treasury and Resource Department requesting up to £61,250 to cover the budget of the Commission for 2006. Treasury to deal.

Policy and Finance Committee meeting 11th January 2007

02.1 Alderney Commission for Renewable Energy It was noted that there was to be a presentation for all States Members to attend with the Commission and Alderney Renewable Energy Limited on Wednesday 17th January in the Anne French Room.
Noted.

Policy and Finance Committee Meeting 27th February 2007

13.1 The Renewable Energy (Alderney) Law, 2007 Memo from Chief Executive dated 14.02.07 and draft legislation tabled for comment.

RESOLVED unanimously to approve the legislation "The Renewable Energy (Alderney) Law, 2007". This item to placed before the March meeting of the States. Chief Executive to draft an appropriate proposition. Chief Executive to deal.

Policy and Finance Committee meeting 2nd March 2007

019/2007 Alderney Renewable Energy Letter from Alderney Renewable Energy Limited to the Alderney Commission for Renewable Energy dated 10.01.2007, letter from ACRE to ARE dated 06.02.07 and written advice from the Law Officers tabled and considered.

RESOLVED unanimously to give consent in terms of the letter from the Alderney Commission for Renewable Energy to Alderney Renewable Energy Limited dated 06.02.07, by adopting and ratifying it. Chief Executive to deal.

Billet item for the 27th March 2007 meeting of the States of Alderney

Item III Renewable Energy (Alderney) Law, 2007

The States resolved to approve of the Projet de Loi entitled "The Renewable Energy (Alderney) Law, 2007" and to request the President to seek the Sanction of Her Most Excellent Majesty in Council for it to have the force of law in the Island of Alderney.

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved unanimously.)

Report on the Billet of the States Meeting of 21st May 2008

Mr Williams gave a report on Island Power Generation Strategy [IPGS]

Special Meeting of Policy and Finance Committee 31st August 2008

089/2008 Alderney Tidal Energy Project The Renewable Energy (Alderney) Ordinance, 2008, The Renewable Energy (Alderney) Law, 2007 (Commencement) Ordinance, 2008, draft Operating Consent, draft Agreement and Licence Under Part II, draft submission letter and draft (side) letter to ARE tabled and considered.

RESOLVED unanimously to agree that the two Ordinance be made available to the public (via the billet) and that all other documents (draft Operating Consent, draft Agreement and Licence Under Part II and the side letter) remain commercial in confidence. It was further agreed to include a reference to the Royalty figures in the submission letter.

Operating Consent/Agreement and Licence

RESOLVED unanimously to agree to confer powers to ACRE to enter into an "Agreement and Licence" with ARE and to include this resolution in the submission letter.

Side Letter/Billet D'Etat The Committee further discussed clause 5.8.2.

RESOLVED unanimously to agree to approve of the submission letter for inclusion in the Billet d'Etat of 10th November 2008 and to agree to make the two Ordinance available for viewing at the States Offices and Library.

RESOLVED unanimously to agree to empower ACRE to continue to pursue the inclusion of the amended provision to item 4 of the side letter; giving a clear understanding from the Policy and Finance Committee that turbines are deployed and power landed on the Island; standing by the spirit of the 2005 Agreement.

Contentin Connection It was confirmed that if ARE failed to exercise the Option (i.e by non payment of a deposit) on 14th November the Option would be made available to the next applicant and the 2005 Agreement would revert. Noted.

Special Meeting Policy and Finance Committee 2nd October 2008.

Tidal Energy Project Memo from Mr Williams, Chairman of Finance Advisory Group and Mr Fitton, Chairman of Alderney Commission for Renewable Energy dated 27.09.08 and background notes from Gordon Fitton dated 01.10.08 tabled and discussed.

RESOLVED by a majority to support the Commission in their decision on behalf of the States of Alderney with regards to a finalised MPGL contract with ARE Limited.

A public meeting with a presentation by the Commission to be arranged date and venue to be confirmed.

Policy and Finance Meeting of the 27th October 2008

082/2008 Alderney Commission for Renewable Energy

82.1 Presentation 28th October/ACRE Mandate The Chairman proposed holding a special P&F meeting to discuss the Ordinance and MPGL, which was still awaited.

Following further discussions, the Chairman proposed that this item be closed to further debate pending the receipt of the Ordinance and MPGL. Agreed.

Special Policy and Finance Committee Meeting of 7th November 2008

090/2008 Alderney Tidal Energy Project Update on Current Situation Revised Comparison of ARE Contracts Table and notes of a meeting convened by FAG dated 06/11/08 tabled and discussed. The Chairman advised that the purpose of the meeting was to update and discuss the latest proposal with input from Mr Fitton.

RESOLVED by a majority (Miss Benfield and Mr Pengilly abstained) to approve of the new proposals as follows:-

- 1. ARE will not be required to deploy the turbines and cable specified in the proposed clause 5 of the Side Letter but will instead pay the sum of £200,000 per annum from 31st December 2010 until such time as Generation Fees reach that amount.**
- 2. ARE will pay an index linked lump sum of up to £3,000,000 to cover the cost of a subsea cable connecting Alderney to the offshore power station French connection in line with the development schedule.**

3. The Cotentin contract must be secured by payment of the demand d'avance by no later than 30th April 2009.
4. Payment of Block Fees may be deferred until 30th April 2009. Deferred Block Fees bear interest at LIBOR.

Noted that

- i) Items 3 and 4 were already in the Agreement (clauses 10.1.1 and 3.5 respectively) and only the dates need to be changed.
- ii) Items 1 and 2 may be put into the Agreement, the Side Letter between the States and ARE or possibly a Side Letter between the Commission and ARE as advised by the Law Officers, to limit any possible affect on States funds.
- iii) ARE will provide documentary evidence satisfactory to Pamela Dixon to confirm availability of funding for the Cotentin contract.

Billet d'Etat Item for the Alderney States Meeting of 10th November 2008

Item 1 Alderney Tidal Energy Project

1. **The States resolved to approve of "The Renewable Energy (Alderney) Law, 2007 (Commencement) Ordinance, 2008".**

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved by a majority, all in favour except Miss Benfield who abstained and Mr Dean who voted against.)

2. **The States resolved to approve of "The Renewable Energy (Alderney) (Ordinance), 2008".**

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved by a majority, all in favour except Miss Benfield who abstained and Mr Dean who voted against.)

3. **The States on the recommendation of the Policy and Finance Committee and in accordance with section 6 of the Renewable Energy (Alderney) Law, 2007, resolved to make the following appointments:**

Mr Gordon Fitton as Chairman of the Alderney Commission for Renewable Energy,

Ms Pamela Dixon as a member of the Alderney Commission for Renewable Energy,

Dr John Antill as a member of the Alderney Commission for Renewable Energy.

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved by a majority, all in favour except Mr Dean who voted against.)

4. **The States resolved to approve of the Terms and Conditions of an Agreement and Licence under Part II, Section 9 of the Renewable Energy (Alderney) Ordinance, 2008 (including the appendices to that document) ("the Agreement and Licence") to be made between the Alderney Commission for Renewable Energy and Alderney Renewable Energy Limited a copy of which having been initialled by way of identification by the President of the States of Alderney.**

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved by a majority, all in favour except Miss Benfield and Mr Pengilly who abstained and Mrs Maurice and Mr Dean who voted against.)

5. **The States resolve to approve of:-**

(a) conferring upon the Alderney Commission for Renewable Energy the power to enter into the Agreement and Licence referred to in resolution 4 (but for the avoidance of doubt the Licence which is incorporated into that Agreement

will be issued by the Commission under its powers under Section 9 of The Renewable Energy (Alderney) Ordinance, 2008 and not pursuant to this Resolution);

(b) the granting to the Commission of all the necessary rights, obligations and powers, that it needs to grant the rights to ARE set out in the Agreement and Licence (including without limitation the rights and restrictions set out in clause 2 of the Agreement and Licence as if they applied to the Commission as opposed to ARE); and

(c) the granting of the power to grant the rights, undertake and exercise the obligations and powers contained in the Agreement and Licence which will create contractual obligations for the Commission and which therefore the States will be required to take into account subsequently when exercising its functions of Government and which are contained in that document.

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved by a majority, all in favour except Miss Benfield, Mr Pengilley and Mrs Maurice who abstained and Mr Dean who voted against.)

6. **The States resolved to approve of the terms of a side letter to be issued by the States of Alderney in connection with the Agreement and Licence a copy of which having been initialled by way of identification by the President of the States of Alderney and to authorise the Chief Executive to sign and issue it on behalf of the States of Alderney.**

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved by a majority, all in favour except Miss Benfield, Mr Pengilley and Mrs Maurice who abstained and Mr Dean who voted against.)

7. **The States resolved to approve of the Heads of Terms, a copy of which having been initialled by way of identification by the President of the States of Alderney, giving preference in the use of the connection to the Cotentin grid to electricity generated in Alderney's Territorial Waters and to authorise the Chief Executive to sign and issue it on behalf of the States of Alderney.**

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved by a majority, all in favour except Miss Benfield, Mr Pengilley and Mrs Maurice who abstained and Mr Dean who voted against.)

Policy and Finance Meeting 23rd March 2009

16.6 ARE Limited – CONFIDENTIAL ITEM

RESOLVED to support the negotiation through the Ministry of Justice of an appropriate memorandum of understanding (or agreement) with the French government to ensure that renewable energy projects on or around Alderney that export electricity to France qualify for subsidies from the French government. Chief Executive to deal.

Policy and Finance Meeting 27th April 2009

27.1 Renewable Energy (Specified Committee) Ordinance, 2009

RESOLVED to defer this item until after the Finance Advisory meeting with the Alderney Commission for Renewable Energy scheduled for 8th May. Chief Executive to deal.

33.2 Alderney Renewable Energy Limited

RESOLVED to support and approve that Alderney Renewable Energy Limited make a presentation to all new States Members. Date to be confirmed. Mr Kelly to deal.

Policy and Finance Committee Meeting 26th May 2009

38.1 Renewable Energy (Specified Committee) Ordinance, 2009

RESOLVED unanimously to (i) approve the draft legislation “The Renewable Energy (Specified Committee) (Alderney) Ordinance, 2009. Chief Executive to deal; and (ii) See CONFIDENTIAL ANNEXURE. [Below]

38.1 Renewable Energy (Specified Committee) Ordinance, 2009

RESOLVED (ii) by a majority (Mr Allen and Mr Beaman against) to approve that an amendment be drawn up delegating authority to the Policy and Finance rather than the full States for matters listed under item 4 of the schedule to The Renewable Energy (Alderney) Law, 2007 (section 6(3)). Chief Executive to deal.

Billet d’Etat Item from 22nd June 2009 meeting of the States

Item V The Renewable Energy (Specified Committee) (Alderney) Ordinance, 2009

The States resolved to approve “The Renewable Energy (Specified Committee) (Alderney) Ordinance, 2009.” ****

Proposed by Mr Willmott and seconded by Mr Williams.

(Approved by a majority all in favour except Mr Beaman who voted against.)

******See States Meeting of 23rd September 2009**

Special Meeting of the Policy and Finance Committee 10th July 2009

50/2009 The Renewable Energy (Alderney) (Amendment) Law, 2009 Memo from Chief Executive dated 09.07.2009 tabled and discussed.

RESOLVED by a majority (Mr Beaman abstained) to proceed with the projet and to ensure that all enabling powers necessary are included in the amendment to provide for by ordinance all that is or maybe required in the future (apart from amending the Law itself). It was noted that a letter of reassurance be sent to Alderney Renewable Energy Limited informing them that these matters were previously raised in a letter to their Advocates in September 2008. Chief Executive to deal.

Special Meeting of Policy and Finance Panel Board 21st August 2009

3. Any Other Business

Draft Renewable Energy (Alderney) (Amendment) Law, 2009 The CEO reported that he had now received a final draft copy of the law and advised that it had been agreed to place a copy of the draft law on the ACRE website in order to obtain public consultation.

RESOLVED to agree to request that the Policy and Finance Committee grant authority to place a draft copy of the law in public circulation, in order to seek representations in relation to the Law, including a recommendation that a draft copy be sent in advance to MoJ. It was further agreed to send ARE an advance copy of the draft law. Chief Executive to deal.

Billet d’Etat Item for the States meeting of 23rd September 2009

Item VI The Renewable Energy (Specified Committee) (Alderney) Ordinance, 2009

The States resolved to approve “The Renewable Energy (Specified Committee) (Alderney) Ordinance, 2009” as amended.

(Proposed by Mr Willmott and seconded by Mr Williams.)

(Approved by unanimously.)

Policy and Finance Committee meeting of 26th October 2009

- 85.2 **Renewable Energy (Alderney) Law, 2007 Consultation on proposed amendments** Chief Executive reported that there had been no comments received. **Noted.** Chief Executive advised that the draft legislation be approved by Ministry of Justice prior to the Law being tabled at the December meeting of the States for approval.
[Note: The amendment to the 2007 Law was not tabled at a States Meeting until 16th November 2011]

Policy and Finance Committee meeting 23rd November 2009

- 96.1 **Alderney Commission for Renewable Energy – Investment Fund request**
RESOLVED unanimously to approve the request from the Commission that permission be granted for the investment of the sum of £150,000 in the States of Guernsey Treasury and Resources Fund for a minimum period of 12 months. It was noted that these funds represent specific provisions made against future liabilities (which will occur after 2010) and that the investment will also enable interest to be earned from the funds. Treasury to deal.

Policy and Finance Committee Meeting of 26th April 2010

11.30hours Mr Paul Clark, Executive Director, Alderney Renewable Energy Limited; Mr Declan Gaudion, Executive Director, Alderney Renewable Energy Limited and Mr Toby Gibbs, Environmental Consultant, Entec entered the meeting for the following item only.

- 34/2010 Presentation by ARE** Introductions were made and an update given on Resource (surveys etc); Technology; Markets and Operational Partnerships. An outline proposal was tabled regarding utilising a site at Mannez Quarry and Mr Gibbs informed the Committee of Entec's involvement with the project. **Noted.**
RESOLVED in the first instance that ARE submits to the States a more detailed proposal for the consideration of the appropriate Committees.

Special Policy and Finance Committee Meeting 11th June 2010

- 49/2010 Alderney Commission for Renewable Energy**
49.1 Annual Report 2009
RESOLVED that by an exchange of letters ACRE be requested formally to consult with the States prior to any licence being amended. Letter to be tabled at the next meeting of the Policy and Finance Committee. Chairman to deal.

Policy and Finance Committee meeting of 22nd November 2010

- 91/2010 Alderney Renewable Energy – CONFIDENTIAL ITEM** – Presentation notes from Alderney Renewable Energy (ARE) meeting held with the Finance Advisory Group (FAG) and Alderney Commission for Renewable Energy (ACRE) on 10th November 2010 tabled and considered.
The Committee requested the Finance Advisory Group continue their discussions with ACRE/ARE on the wording of a new agreement and to circulate a draft to members once available. A meeting with ARE/ACRE to be arranged for members of the Committee not on the Finance Advisory Group.

Special Meeting of Policy and Finance Committee of 6th December 2010

- 98/2010 ARE/ACRE** – Memo from Mr Williams dated 4th December 2010 tabled and discussed. The Chairman said that at the last meeting of the Committee ARE had

requested to be released from their Cotentin Agreement however it appears that ARE has since reached a new agreement with the French Authorities.

A brief submission on the position relating to incentives will appear in the States of Alderney Billet D'Etat for Wednesday 22nd December 2010 and Members will be asked to note the contents and authorise the CEO to negotiate as necessary with the UK authorities.

Billet Submission for the States Meeting 22nd December 2010

Item VII Alderney Tidal Energy Project

The States of Alderney is asked to mandate the Chief Executive to enter into negotiations with the UK and other Governments, and their relevant authorities, to secure the application of their renewable energy incentive arrangements to energy generated in Alderney's waters.

(Approved unanimously)

Policy and Finance Committee Meeting 24th January 2011

8.2 **ARE proposal** Letter from Mr P Clarke, CEO Alderney Renewable Energy, dated 17th January 2011 tabled and considered.

RESOLVED to support the concept and grant permission for Alderney Renewable Energy to enter into negotiations for the appropriate lease of Fort Albert. Chief Executive to deal.

Policy and Finance Committee Meeting 26th April 2011

Alderney Renewable Energy – Fort Albert Memo from Mr M Thornton, Solicitor Law Officers of the Crown; Draft Agreement for Lease between the States of Alderney and Alderney Renewable Energy and copy of the Collateral Warranty relating to Tidal Pumped Power System Fort Albert Alderney tabled and noted.

The Committee requested that Mr M Thornton be invited to discuss this on 5th May. Chief Executive to deal.

Policy and Finance Committee Meeting 26th September 2011

75.2 **Renewable Energy (Alderney) (Amendment) Law 2011** Item deferred to the next meeting of the Committee.

Policy and Finance Committee Meeting 24th October 2011

80.6 **Alderney Commission for Renewable Energy September Report** from Ms P A Dixon, Interim Chairman, tabled and it was noted. The Chairman advised that there is increased pressure from various sources for the Channel Islands to collectively work on approaching the UK regarding subsidies etc for tidal energy projects. Noted.

The Chief Executive advised that Alderney Renewable Energy continue negotiations with the French and British authorities with regards to the interconnector between France and England via Alderney.

84.1 **Renewable Energy (Alderney) (Amendment) Law 2011** Report from the Chief Executive's Office tabled and considered.

RESOLVED unanimously to agree to approve the Renewable Energy (Alderney) (Amendment) Law, 2011 and request that this matter be placed on the Billet d'Etat for the November meeting of the States of Alderney.

10:50 – Mr Richard Bean, Alderney Renewable Energy Ltd Project Manager, joined the meeting.

82/2011 **Alderney Renewable Energy Ltd** Mr Bean circulated a briefing paper and gave a brief overview on the progress made by ARE and AEL with regards to the Power Purchase Agreement (PPA).
The Committee, Mr Sargent, Mr Kelly and Mr Allen abstained, understood that this was not the last clause to be agreed on the PPA and until there is an impasse negotiations between the parties should continue.

Billet item for States Meeting 16th November 2011

Item III Renewable Energy (Alderney) (Amendment) Law, 2011

The States resolved to approve the Projet de Loi entitled the “Renewable Energy (Alderney) (Amendment) Law, 2011” and to request the President to seek the Sanction of Her Most Excellent Majesty in Council for it to have the force of Law in the Island of Alderney.

Proposed by Mr Beaman and seconded by Mr Kelly
Approved unanimously

Policy and Finance Committee Meeting 27th March 2012

20.1.3 **Confidential Item** Proposal from the Chairman dated 21st March 2012 and proposal from Mr Arditti dated 22nd March 2012 tabled and discussed.

RESOLVED to agree to approve the following:-

- 1. By a majority (Mr Beaman, Mr Kelly, Mr Sargent and Mr Walden against) to support the Power Purchase Agreement in the form attached to the note dated 20th February 2012 to the Committee from the Board of Alderney Electricity Limited; and**
- 2. By a majority (Mr Sargent abstained) that the Chief Executive considers with the Law Officers how to appropriately mandate the voting of the States of Alderney shares following this decision.**

Chief Executive to deal.

21.2 **Alderney Commission for Renewable Energy** February/March report from Ms P Dixon, Chairman of ACRE, tabled and noted.

It was noted that ACRE has offered Alderney Renewable Energy an extension on the requirement to submit a development plan until the 31st October 2012 to enable ARE to supply the requested level of information. Noted.

Policy and Finance Committee meeting 24th April 2012

11:00 Mr Declan Gaudion, Alderney Renewable Energy, and Mr Sean Kelly, Transmission Capital, joined the meeting.

38/2012 **Alderney Renewable Energy & Transmission Capital Presentation** Mr Kelly gave a presentation on the France-Alderney-Britain “FAB Link” project and that it was noted by the Committee.
Mr Gaudion was requested to email the presentation to the Chief Executive for circulation to Members for further consideration.

Policy and Finance Committee Meeting 24th July 2012

61.2 **Alderney Commission for Renewable Energy** April to June 2012 report tabled and it was noted that new Acoustic Doppler Current Profiler (ADCP) work has commenced to provide specific data on blocks of the seabed which are not part of the 48 blocks chosen by Alderney Renewable Energy.

Policy and Finance Committee Meeting 25th September 2012

76.2 Confidential Item – FAB Interconnector The Chief Executive advised that he had a meeting with Ed Davey, the Secretary of State for Environment and Climate Change, Mr Jonathan Le Tocq, Deputy Chief Minister (Guernsey), and the Renewable Energy Team in Guernsey regarding support from DECC for the ongoing renewable energy projects.

A conference call has been scheduled with officials from the Department of Environment and Climate Change, ORGEM and Transmission Capital who are eager to progress with the FAB Interconnector project with ARE. The Regulatory Framework which is required to be in place to allow the cable to come out of France to Alderney and then to Britain presents significant constitutional issues which are not easily resolved.

Ofgem have advised that they are willing to regulate the cable from the UK to Alderney and out to France with a French regulator then regulating further however this process remains complicated. Legal advice is awaited from OFGEM and DECC's legal advisors as well as French lawyers. **Noted.**

Policy and Finance Committee Meeting 23rd October 2012

86.4.1 **Alderney Renewable Energy – Lease of land and premises at Fort Albert** Letter from Mr Declan Gaudion, Director of ARE Ltd, dated 9th October 2012 tabled and discussed. **The Committee noted the termination of the Agreement for Lease between Alderney Renewable Energy and the States of Alderney regarding land and premises at Fort Albert. Noted.**

Policy and Finance Committee Meeting 18th December 2012

104.1 **Amendment to Renewable Energy Ordinance** Paper from the Chief Executive's Office dated 13th December 2012 tabled and considered.

The Committee noted the proposed amendments to the Renewable Energy (Alderney) Ordinance 2008 and the Commencement Ordinance for The Renewable Energy (Alderney) (Amendment) Law, 2011.

Chief Executives Office to deal.

Policy and Finance Committee Meeting 25th February 2013

26/2013 Alderney Renewable Energy Mr McDowall advised that Alderney Renewable Energy Limited are progressing their 4kw turbines project and a number of onshore implications will need to be addressed.

The Chairman requested that Mr McDowall bring a formal proposal on the executive resources and associated funding relating to the ARE 4kw turbine project to the next meeting of the Committee for consideration.

Policy and Finance Committee Meeting 25th March 2013

29.1.3 **Alderney Renewable Energy**

Agreed that Mr McDowall bring a combined proposal including the review of ACRE and the executive resources and associated funding relating to the ARE 4kw turbine project to the next meeting of the Committee.

Policy and Finance Committee meeting 28th May 2013

57/2013 **Alderney Commission for Renewable Energy** Report from Mr McDowall entitled "Alderney Commission for Renewable Energy – its role/funding/resources" dated 2nd April 2013, and a copy of the 2012 Financial Statements for the Commission, tabled and considered.

RESOLVED unanimously that (i) ACRE's cash reserves be limited to £250,000 with immediate effect until changes are made to ACRE's role based on an Energy Policy. Any surplus above that figure to be used to develop executive resources within the States

to develop and operate the civil administrative resources to facilitate the delivery of energy from the FAB link and tidal power; and
(ii) The Chief Executive be requested to submit a plan setting out the nature and cost of resources required to meet the public administrative demands of facilitating the delivery of energy from the FAB link and tidal power. Chief Executive and Treasurer to deal.

Policy and Finance Committee Meeting 22nd July 2013 CONFIDENTIAL

Alderney Renewable Energy – FAB link Members attended a presentation by Transmission Investments (TI) and ARE on the 4th July 2013.

Members raised concerns of the absence of a timeline for the interconnector project as well as the potential lack of benefit, ultimately to the island.

The Chief Executive advised that the Heads of Agreement are currently being reviewed by the Law Officers. Noted.

Policy and Finance Committee Meeting 28th January 2014

08/2014 Alderney Renewable Energy Confidential letter to Mr M Richards, Alderney Electricity Limited dated 20.11.2013 from Mr N Horler CEO, Alderney Renewable Energy Limited tabled and considered.

It was noted that ARE had concluded that the 4MW project was no longer commercially viable and that Alderney Electricity Limited were requested to give written consent to terminate the Power Purchase Agreement dated 26th June 201, pursuant to clauses 18.4 and 18.4.1 of the agreement. Noted

Policy and Finance Committee Meeting 22nd April 2014

40.2 FAB Link/Interconnector agreement The Committee noted that the agreement was currently with the Law Officers for review and agreed to hold a special meeting for this matter.

Policy and Finance Committee Meeting 24th June 2014

51.1.3 FAB Link update Paper from Interim Chief Executive dated 16th June 2014 tabled and discussed. Mr Harvey advised that he and the Interim Chief Executive met with FAB Link representatives and the Law Officer on 20th July 2014. This allowed a full discussion of the outstanding points and issues raised previously by States Members.

RESOLVED unanimously to support the project and move to conclude the agreement with FAB Link as soon as possible once the following points have been clarified and incorporated into the agreement:-

- Detailed plans and impact on the environment;
- Links to potential tidal project(s);
- Financial benefits;
- Additional benefits.

Interim Chief Executive to liaise with the Law Officers.

Policy and Finance Committee Meeting 23rd September 2014

73.1.6 FAB Link Verbal update given on progress with the potential agreement for an interconnector across the island. Advice received from Law Officers discussed.

RESOLVED by a majority (Mr Jean had reservations) that private commercial and legal advice be sought to ensure that all issues were fully considered to the advantage of the States where appropriate. Mr Taylor and Chief Executive to deal.

Policy and Finance Committee Meeting 28th April 2015

36.3 FAB Link Report

Report from Chief Executive dated 21st April 2015 tabled and noted. It was noted that the costs would be met through ACRE reserves and ARE and therefore there would be no direct costs to the States.

RESOLVED unanimously to approve that the Chief Executive is instructed to conclude negotiations and sign the option agreement on behalf of the States of Alderney; and to note that all necessary consents, including detailed planning permission(s) and agreement(s) as to cable route(s), must be obtained to the satisfaction of the States of Alderney prior to the grant of any licence/easement under such agreement.

Policy and Finance Committee Meeting 29th March 2016

16.1 ACRE – Regulation of FAB Link Interconnector - Letter from ACRE dated 15th March 2016 tabled and noted.

The Committee agreed for ACRE to take over the monitoring and regulatory role of interconnectors, including FAB Link, for matters within Alderney Territorial limits over which the States of Alderney have jurisdiction.