

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE

ESTABLISHING GUERNSEY'S OFFSHORE RENEWABLE ENERGY COMMISSION

The States are asked to decide:

Whether, after consideration of the policy letter entitled 'Establishment of Guernsey's Offshore Renewable Energy Commission' dated 21st March 2025, they are of the opinion:

1. To approve the proposals contained in Section 5 and Appendix 1 of this policy letter concerning the establishment of the Offshore Renewable Energy Commission (referred to as the Offshore Renewable Energy Commission in this policy letter).
2. To note that £200,000 has already been agreed by the States at its meeting on 6th September 2023, to be made available to cover the establishment and some early costs of the Renewable Energy Commission (referred to as the Offshore Renewable Energy Commission in this policy letter), and that a provision of £300,000 (inclusive of the £200,000 previously agreed) was allocated for this purpose through the 2025 budget as per paragraphs 5.11 and 5.19 of this policy letter.
3. To agree that the Committee *for the* Environment and Infrastructure may make a grant of up to £346,000 to the Renewable Energy Commission (referred to as the Offshore Renewable Energy Commission in this policy letter) towards the costs of the Commission carrying out its functions during its first 12 months of operation and each year thereafter, such monies to be made available from General Revenue, until the Offshore Renewable Energy Commission receives its first application for the licencing of a renewable energy activity, from which time no grant shall be made as outlined in paragraphs 5.7 and 5.18 to 5.22 of this policy letter.
4. To agree that officer support, as set out in Table 3 of Appendix 1, should be made available to the Renewable Energy Commission (referred to as the Offshore Renewable Energy Commission in this policy letter) and that a cash limit increase of up to £121,000 be made available, if required, as outlined in paragraph 5.12 of this policy letter.

5. To direct the Committee *for* Health and Social Care to consider making an order under section 7(1) of the Food and Environmental Protection Act (FEPA) (as that Act applies in the Bailiwick) for the purpose of exempting persons who hold a licence issued under the Renewable Energy (Guernsey) Law, 2010 from also having to obtain a FEPA licence as set out in paragraph 4.13 of this policy letter.

The above Propositions have been submitted to His Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

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COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE

ESTABLISHING GUERNSEY'S OFFSHORE RENEWABLE ENERGY COMMISSION

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

21st March 2025

Dear Sir

1 Executive Summary

- 1.1. The Offshore Renewable Energy Commission can be established by the States through the commencement, via ordinance, of the relevant parts of the Renewable Energy (Guernsey) Law, 2010 ("the Renewable Energy Law") which was approved by the States in 2010.
- 1.2. Although the Renewable Energy Law refers to the "Renewable Energy Commission", its functions relate to offshore, or marine, elements of renewable energy developments and therefore for clarity, this policy letter refers to that same body as the Offshore Renewable Energy Commission ("OREC"). As outlined in Section 2.8, other terrestrial renewable energy developments are not part of OREC's jurisdiction but are covered under existing legislation.
- 1.3. The Committee *for the* Environment & Infrastructure ("the Committee") is responsible for appointing OREC's commissioners. The OREC is an independent body corporate and will perform the licensing role for offshore marine renewable energy developments under the terms of the Renewable Energy (Guernsey) Ordinance, 2015 ("the Renewable Energy Ordinance"), which will be commenced by regulations made by the Committee.
- 1.4. The OREC will be separate to the States. Its establishment will be a time and cost-efficient way to deliver licensing of renewable activities, and its separation and independence will reduce political risk and create a regulatory environment which is more attractive to developers.

- 1.5. Licensing is necessary to allow offshore renewable energy developments to operate and is an essential part of the regulatory and commercial landscape for the local offshore marine renewable energy industry to be able to function.
- 1.6. The States are therefore asked to approve the budget allocation for the establishment and early running of the OREC as outlined in Section 5 and other practical proposals (the “Proposals”).
- 1.7. It is essential that, once established, the OREC is proportionate, scalable, fit-for-purpose, responsive and possesses the right skills and experience to discharge its functions, as well as being able to respond to the demands of the renewable energy sector as it progresses.
- 1.8. The Appendices set out the key features and practical proposals for the OREC and provide a pathway and guidance towards a more detailed implementation plan.

2. Context

- 2.1. The States of Deliberation resolved to direct the Committee, in consultation with the Committee *for* Economic Development and the Policy & Resources Committee, to bring back practical proposals for turning this legal establishment of the OREC into a practical reality¹.
- 2.2. Through the Electricity Strategy the States of Deliberation agreed:

“The regime that has already been established in statute provides the most effective way to establish a licensing regime, and is scalable to the opportunity for offshore renewable energy at hand. Should the framework need updating due to issues that have arisen since 2015, the States could seek to modify it in response to any unexpected issue that arises with its operation as part of the normal development process that is undertaken following commencement of any new legislation.”

Through the direction the Committee was required to:

“determine what is acceptable in terms of remuneration, expenses and other conditions of service, and include this within their recommendations to the States of Deliberation.”

- 2.3. The States of Guernsey enacted the Renewable Energy Law in 2010 which included a part establishing the OREC, but this part (among others) was never commenced. The States are therefore asked to approve the approach to

¹ Resolution 5 of the Committee *for the* Environment and Infrastructure’s policy letter “Electricity Strategy for Guernsey”
<https://www.gov.gg/CHttpHandler.ashx?id=168030&p=0>

establishing the OREC, noting that prior to the establishment of the OREC the Committee will bring to the States the Commencement Ordinance to commence all outstanding provisions of the Renewable Energy Law (Section I and Part III). Doing so will establish the OREC to undertake the licensing process around marine offshore renewable energy projects in the sea around Guernsey.

- 2.4. On those provisions of the Renewable Energy Law coming into force, the Committee would then commence, by regulations, the Renewable Energy Ordinance to establish the licensing regime under which the OREC can oversee and authorise marine offshore renewable energy developments. In this policy letter, the Renewable Energy Law and the Renewable Energy Ordinance are collectively referred to as "the Renewable Energy Legislation".
- 2.5. The OREC will independently oversee the licensing regime by authorising marine offshore renewable energy developments. It achieves this through the issuing of licences in accordance with the Renewable Energy Legislation.
- 2.6. Through issuing a licence, the OREC would be providing permission for the renewable energy activity to be carried out lawfully.
- 2.7. The OREC would oversee the licensing of all marine renewable energy activities except for a very small selection of activities that do not require a licence under the Renewable Energy Legislation. These exempt renewable energy activities would include those which are very small and not commercial (if under 20 kilowatts). The Committee can amend this threshold by regulation.
- 2.8. The OREC would therefore oversee the licensing of all other non-exempt marine renewable energy activities and projects (including offshore wind) to progress locally, noting that any terrestrial ancillary development on the island of Guernsey is covered under land planning legislation.
- 2.9. There is the potential for the scale of marine developments to range from locally focused to export scale developments. The energy from the larger offshore developments may not be brought to Guernsey and thus there may not be any need for terrestrial or on-island infrastructure such as cables and sub-stations.
- 2.10. The smaller offshore developments for domestic or "island" consumption would see the energy "landed" in Guernsey and require some on-island infrastructure.
- 2.11. The OREC will be an essential part of the local regulatory infrastructure in relation to offshore renewables and will act as an enabler to the offshore renewable energy industry.
- 2.12. The commissioners would be appointed by the Committee. In establishing the OREC, the Committee would aim for the size of the OREC to be proportionate to

the volume of work it is required to undertake, with members collectively having the skills and experience necessary to effectively discharge the OREC's functions.

- 2.13. The licensing regime needs to be proportionate, scalable, and proactive in dealing with the demands of the renewable energy sector in Guernsey, as it moves from its naissance towards early stages and eventually to maturity. The Renewable Energy Ordinance enables the OREC to take a proportionate approach to licence applications in terms of the amount of information or documentation it requires from the applicant, and in deciding whether investigations, examinations and tests are necessary to determine the application.
- 2.14. The OREC undertaking this licensing role has advantages relative to, for example, a States body or directly employed States staff performing this role. These advantages include:
- An independent commission would eliminate political risk or involvement in relation to licensing. This should assist with attracting offshore renewable developers who seek to reduce such risks.
 - Allowing focus and distinction between the implementation of a licensing regime (the OREC's role) and the strategic and policy development and seabed leasing in relation to offshore renewable energy (the role of the States).
- 2.15. The OREC has the power to appoint staff and executive support to carry out its work. It is possible that these appointments could be:
- Directly appointed staff; and/or
 - a professional working relationship with the States or other bodies. (Under s.21(2) of the Renewable Energy Law, the OREC can delegate functions to any committee of the States, the Department for Environmental Health and Pollution Regulation or any other person prescribed by regulations. When such a delegated person carries out a function under the legislation, it is deemed to be carried out by the OREC).
- 2.16. The newly established OREC will require initial seed funding to support its start-up costs. This initial funding has already been agreed in principle by the States².
- 2.17. In addition to any seed funding, Section 17 of the Renewable Energy Law sets out "Grants to the Commission" which can be made each year by the States (or a Committee) towards the expenses of the OREC in carrying out its function. Such a grant could be used to supplement licence fees and go towards the OREC's cost

² See (1) Paragraph 9.19 - Financial Implications of the Electricity Strategy 2023 (see <https://www.gov.gg/CHttpHandler.ashx?id=168030&p=0>) and (2) Appendix 10, Table 3 of the 2023-25 Government Work Plan (see <https://gov.gg/CHttpHandler.ashx?id=170639&p=0https://www.gov.gg/CHttpHandler.ashx?id=170639&p=0>)

recovery. The OREC also has the right to raise its own funds through borrowing from the States as set out in Section 18 of the Renewable Energy Law.

- 2.18. It should be noted that the number of licence applications is likely to be limited following the establishment of the OREC, as the likely number of projects within Guernsey's territorial seas will be modest. There is potential for developers to make an application to the OREC to amend their original licence.
- 2.19. Commencement of the Renewable Energy Law introduces a general prohibition on renewable energy activities, as well as the establishment of the OREC. Therefore, once commenced the development of renewable energy systems cannot be made without the enactment of the licensing regime, within which potential developers would work.
- 2.20. It is not currently envisaged that the OREC will serve multiple jurisdictions, specifically Alderney, Sark, and Jersey, due to the different legislation in the islands. However, the Committee remains open to streamlining this approach by having a joint commission, where this is practical from a legislative standpoint.

3. Background to the OREC

- 3.1. Since 2008, the States has investigated the potential for offshore marine renewables in local waters. The conclusion is that there is a reasonable resource available for commercial developments.
- 3.2. The provision to establish the OREC was made by the States of Deliberation in 2010³. This policy letter sets out the structure and practical propositions around the OREC.
- 3.3. The period between the introduction of the Renewable Energy Law and this policy letter has been used to actively monitor the marine renewable energy industry and assess the potential for offshore renewable energy developments in Guernsey. Given the work set out in the policy letter "Offshore Wind Opportunity for Guernsey – Update and Next Steps", it is now an appropriate time to consider the practical details in relation to the establishment of the OREC so that it can be set up as soon as it is required.
- 3.4. The States reaffirmed this approach through the 2023 Electricity Strategy for Guernsey: Resolution 5 of that policy letter directed "the Committee *for the* Environment & Infrastructure, in consultation with the Committee *for* Economic Development and the Policy & Resources Committee, to bring back practical proposals for the establishment of the Renewable Energy Commission."

³ under the Renewable Energy Law (2010) - see <https://www.guernseylegalresources.gg/laws/guernsey-bailiwick/e/energy/renewable-energy-guernsey-law-2010/>

Renewable Energy Team

- 3.5. In 2008, the Commerce and Employment Department⁴ established what was then known as the “Shadow Guernsey Renewable Energy Commission”, which was renamed the Renewable Energy Team (“RET”) in 2012 to ensure that there was no confusion between RET, as a government advisory body, and the future OREC.
- 3.6. The RET, most recently under the mandate of the Committee, has consisted of political representatives and independent (i.e. non-States of Guernsey) members with relevant associated expertise, and has been supported by States officials.
- 3.7. RET has been responsible for investigating and progressing renewable energy in Guernsey and has considered, amongst other topics, the legal, commercial and environmental frameworks for offshore marine renewable energy as well as monitoring progress within the industry.
- 3.8. RET is not, and never has been, the licensing authority or the OREC. Therefore, none of the present or previous members of RET were ever commissioners.

4. Legislation behind the OREC – General

- 4.1. In 2010, the States of Deliberation approved the Renewable Energy Law which established a legal framework for the licensing of offshore renewable energy projects, as well as establishing a health and safety regime for the offshore marine environment.
- 4.2. The establishment and operation of the OREC, and therefore this policy letter, only concerns the offshore marine renewable energy industry: it does not concern terrestrial developments that may be part of an offshore project.
- 4.3. Where there are terrestrial developments associated with a marine development, such as cable landing points and sub-stations, these will be subject to the existing on-island planning legislation.
- 4.4. Since 2010, only certain basic provisions of the Renewable Energy Law have been commenced. These provisions primarily empowered the States to make subordinate legislation, which enabled the Renewable Energy Ordinance to be enacted, although the Renewable Energy Ordinance has not been commenced. Further explanation of the legislation is available in Appendix 3.

⁴ The Commerce & Employment Department was superseded during the machinery of government changes and many of its responsibilities were then passed to either the Committee *for* Economic Development or the Committee *for the* Environment and Infrastructure (which was the case for energy matters).

- 4.5. In order that the OREC can be established, and therefore that the licensing of offshore renewable energy activities can take place, the remainder of the Renewable Energy Law needs to be commenced by Ordinance.
- 4.6. Once commenced in full, the Renewable Energy Law will provide for a general prohibition on marine renewable activities, unless such activities are exempted by Ordinance or licensed in accordance with the licensing regime established under the Renewable Energy Ordinance (which can be commenced via regulations made by the Committee).
- 4.7. The Renewable Energy Ordinance contains provisions regarding the functions of the OREC and a comprehensive licensing framework in respect of renewable energy activities. This is set out in greater detail below.
- 4.8. Part 1 of the Renewable Energy Ordinance allows the Committee to make regulations⁵ to exempt certain activities, leaving all other renewable activities to be covered by the Renewable Energy Ordinance and under the mandate of the OREC.
- 4.9. The Renewable Energy Ordinance sets out the general framework under which all other (non-exempt) renewable energy activities will be licensed in Guernsey by the OREC and its duties in relation to these non-exempt activities.
- 4.10. In general terms, a renewable energy developer would make an application to the OREC in relation to a prospective renewable energy development. These applications need to fulfil certain requirements, setting out, in a way prescribed by the OREC (in its independent capacity and in line with the Renewable Energy Legislation) to fulfil the legal criteria, all pertinent information about the proposed activity including environmental statements and detail of the proposal and decommissioning programmes.
- 4.11. The OREC, as a separate independent body, must make a determination on the application after due consideration of the proposed development (under the Renewable Energy Legislation and independent from any other intervention or undue influence, including from the States of Guernsey or its political committees or members), which would include considering various aspects including those around:
- Human health
 - Safety

⁵ Those regulations can amend the Schedule to the Renewable Energy Law, to change the activities that are exempt from the prohibition on renewable energy activities. The Regulations are then laid as soon as practicable before a meeting of the States (s.39(9) of the Renewable Energy Law). If, at that or their next meeting, the States resolve to annul the regulations, they shall cease to have effect, but without prejudice to anything done under them or the making of new regulations. The Regulations would therefore need the support of the States (or else they would be annulled).

- Technical quality
- Cumulative effects of operation
- Deployment
- Social impact⁶
- Use
- Decommissioning and restoration of the site
- Environmental impact
- Other uses of the sea; and
- The fitness of the applicant

4.12. The licensing regime has other core requirements, and within these, the OREC:

- Must carry out appropriate consultations with specifically named stakeholders and other interested parties when considering an application.
- Can cause a public inquiry or other type of hearing to be held in relation to applications.
- Can grant (unconditionally or with conditions) or refuse an application with justifications and certain notice.
- Can decide on certain aspects of a licence including period of validity and conditions (such as maintenance, testing, monitoring).
- Must undertake certain monitoring activities in relation to compliance with the licence for the duration of a development.
- Can vary, revoke, or suspend a licence if certain criteria stipulated in the law are not met.
- Has the power to make certain declarations in respect of rights of navigation and safety zones in Guernsey waters.
- Has the power to request and obtain information and documents from a licence holder.
- Can appoint inspectors to investigate and report back on applicants.
- Has the power to issue various notices to applicants, such as remediation or stop notices.

4.13. Ordinarily an applicant would also require a licence under Part II of the Food and Environment Protection Act, 1985⁷ (“FEPA”) to lawfully take steps that are essential for constructing a renewable energy system or carrying out renewable energy activities. An example would be the depositing of articles in the sea or on the seabed. Such double licensing would create an undesirable extra hurdle for applicants, given that a licence under the Renewable Energy Ordinance (including any conditions) can on its own ensure the same level of environmental

⁶ The Committee could give written guidance under s.11 of the Renewable Energy Law (see <https://www.guernseylegalresources.gg/laws/guernsey-bailiwick/e/energy/renewable-energy-guernsey-law-2010/>) so that visual amenity (which falls within this category) is given sufficient weight when considering applications.

⁷ A UK Act that is applied to Guernsey, with modifications, through Guernsey Orders.

protection⁸. Fortunately, the Committee for Health & Social Care (“HSC”) has the power to make orders, under Section 7 of FEPA, to exempt operations from this FEPA licensing requirement. It would therefore be possible for HSC to make an order that exempts holders of a licence under the Renewable Energy Ordinance from having to obtain a FEPA licence. HSC is therefore asked to consider making such an order at the time the renewable energy legislation is enacted.

- 4.14. A licence may be surrendered or transferred under the Renewable Energy Ordinance, but only if the OREC accepts the application to do so after considering certain criteria as set out in Section 4.11 of the Renewable Energy Ordinance. Surrender or transfer of a licence would likely incur a processing charge from the OREC.
- 4.15. An appeals system in respect of decisions of the OREC will also be introduced by the Renewable Energy Ordinance when that Ordinance is commenced via regulation.

5. The OREC – Establishment, Structure and Funding

- 5.1. The OREC will be an independent body corporate⁹ which will report back to the States on an annual basis. It will comprise a chair, and at least two (to a maximum of four) additional commissioners who are supported by executive staff. The Committee will be responsible for appointing commissioners.
- 5.2. The OREC will operate within a defined role, specifically around licensing as set out in the Renewable Energy Legislation. The OREC can be funded by a grant agreed by the States as outlined in Appendix 1. Some initial funding of £200,000 has already been agreed in the 2023 Electricity Strategy stating *“some seed funding to cover [the OREC’s] start-up costs will be required, and an appropriate allowance may need to be provided in subsequent years. This is anticipated to be in the region of £200,000 over the first two years of the establishment of the Commission.”*
- 5.3. More detailed work to update the OREC’s estimated operating costs has since established that further funding of the OREC would be required, as set out in paragraph 5.10. The States agreed to allocate £300,000 for the establishment of the OREC through the 2025 Budget.
- 5.4. The OREC will also be able to raise its own funds to cover its running costs through the charging of various licence fees, including to an applicant (a party

⁸ Discussions held with the UK Department for Environment, Food & Rural Affairs in 2014 influenced the content of the Renewable Energy Ordinance, in that it was drafted in a way that ensured that licences under the Renewable Energy Ordinance would cover the same environmental protections as a FEPA licence, and with a view to in future exempting the requirement for the latter provided the operator held the former. See in particular s.4(1)(e) of the Renewable Energy Ordinance.

⁹ Meaning an organisation with its own legal rights and responsibilities and a legally separate existence from the people who run it.

seeking a licence) and a licence holder (a party holding a licence) of offshore marine renewable energy.

- 5.5. The OREC will also be able to borrow funds, if required, but only from the States of Guernsey.
- 5.6. The costs of establishing the OREC will be financed by the States. Once established, the costs for the running of the OREC prior to any income from an application will be covered by means of a grant and/or loan from the States. Thereafter, the OREC can be self-funding.
- 5.7. A grant, rather than a loan, is the proposed mechanism for the initial funding requirements. A loan from the States to OREC is not a viable approach prior to income generation because the OREC would be unable to service the loan. Even if the loan from the States were interest free, the OREC would be required to effectively pass on its establishment costs to applicant developers. However, if these costs were passed to developers, they would be borne by energy consumers and/or may affect the commercial returns to the States of any lease agreement. Costs incurred by the OREC once an application has been made could be covered by the fees set by the OREC: the OREC would then effectively be self-funding. Once the OREC has been established, the States may agree to the provision of a loan for the ongoing operations of the OREC. However, any loan agreed should be on the basis that repayments are sustainably affordable.
- 5.8. The OREC will be proportionate to its level of activities, responsibilities, and the status of the industry locally. This would mean that it could adjust its direct and out-sourced staff complement and activities to reflect the demands of the local industry. In periods of significant licensing activities, it would have a larger staff complement (direct or outsourced), but if there was little activity and demand for its services, staffing could be scaled right back and the OREC could have a much smaller footprint: potentially just a part-time chair and minimal support staff.
- 5.9. There would need to be a “pre-establishment phase” of OREC which would include the recruitment and appointment of a chair and then, with the assistance of the chair, the recruitment and appointment of commissioners. Once established, the OREC would then need to set up various internal processes and procedures to position itself to be able to consider and respond to licensing requests which would receive some licence fees.
- 5.10. The costs and funding requirements of OREC both before its establishment and then over the first few years is set out in more detail in Tables 1, 2 and 3 of Appendix 1. In summary the costs will be as follows:

- Prior to Establishment of OREC – an estimate of £157k.
- Post Establishment of OREC – an estimate of £346k per annum.

5.11. The above costs will be financed as follows:

- The first £300k will be met through the budget allocation agreed for that purpose (see paragraph 5.19), which is inclusive of the £200k agreed through the Electricity Strategy policy letter.
- By grant from the States up to £346k pa until further notice.

5.12. There will also be additional costs for the States of Guernsey as detailed in Tables 1, 2 and 3 of Appendix 1 where some of the tasks, relating to legal, IT and the administration of the OREC, are delegated to the States, but not recharged to OREC. This may require an increase in budgets to meet the demand if there is insufficient capacity to deliver from within existing resources. These are as follows:

- £105k for the establishment of OREC.
- An estimate of £121k per annum post-establishment of OREC.

5.13. If the propositions in this policy letter are agreed, there would still be flexibility around when the establishment phase and therefore when any costs of the OREC will be incurred.

5.14. For the purposes of budgeting, it is assumed that the actual establishment of the OREC will only occur once there is greater certainty around a potential offshore renewable project or projects which would require the OREC's establishment to proceed.

5.15. The Policy and Resources Committee's policy letter entitled "Offshore Wind Opportunity for Guernsey – Update and Next Steps" provides an update around the approach to leasing the seabed for large-scale offshore wind along with a timeline and important prerequisites. That policy letter outlines the importance of the establishment of the licencing regime for leasing the seabed and sets out a timeline for returning to the States of Guernsey in December 2026. The OREC and licencing regime should be established in parallel with the progression of this leasing work. A key enabler outlined within that policy letter is access to a suitable market (the UK) and market mechanisms (e.g. Contract for Difference - CfD). Therefore, securing agreement that a Guernsey project would be eligible for these would be a logical precursor for the establishment of the OREC.

5.16. Alternatively, a proposal for generation of power for local consumption could come forward with an acceptable cost of energy. Either of these would represent a sensible "trigger point" to commence the Law via Ordinance.

- 5.17. If the policy letter entitled “Offshore Wind Opportunity for Guernsey – Update and Next Steps” leads to the States’ agreement to progress with large-scale offshore wind, it is assumed there would be rapid establishment of the leasing regime by end of 2026/early 2027. The OREC would therefore need to be established in 2026 to enable sufficient time for the provision of relevant processes and guidance for the licencing of offshore renewable projects.
- 5.18. For clarity, if this were the case and OREC is formed in mid-2026:
- The budget request for 2026 would be for £157k (for the establishment of the OREC) and £133k (being 6 months of £346k minus £40k to avoid double counting of the personnel resource) totalling £290k.
 - It is proposed that the financing of these costs in 2026 is met by the £300,000 budget provision, which is inclusive of the £200,000 provision through the Electricity Strategy.
 - From 2027 onwards £346k pa as a recurring cost would be needed from States funding prior to an application.
- 5.19. Should the establishment process commence in 2025 then the funding would need to be brought forward but not increased. There is a provision in the 2025 budget for the funding of the OREC of £300,000. The provision is held centrally and will be allocated to the Committee’s cash limit upon the delivery of a justified business case.
- 5.20. More detail on the nature and level of the OREC’s costs are summarised in Tables 1, 2 and 3 of Appendix 1.
- 5.21. As outlined in paragraph 5.7, the expectation is that, once a licence application is received, the costs of the OREC would be borne, at least in the majority, by the licensee(s). The intention is to establish the OREC at an appropriate point in time such that the running costs to the States are minimised. Activities that are to be licenced under the law include all activities relating to renewable energy systems, and therefore it is assumed that licencing of activities would commence within close proximity to the leasing of the seabed. Therefore, assuming the trigger for establishing the OREC comes from the offshore wind workstream, it could be expected that full funding of the OREC would last for in the region of two years.
- 5.22. If, however, once licence fees begin to be received there remains a need for some form of grant from the States (e.g. if activities are exploratory and it is agreed that the fees should not cover the entirety of the OREC’s costs at that stage), the levels will need to be determined at that time.

6. Compliance with Rule 4

6.1. Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

6.2. In accordance with Rule 4(1):

- a) The Committee confirms that the recommended strategic direction is in line with the priorities set out in the Government Work Plan, specifically to enable realisation of the value of the seabed as an asset, to consider the benefits to Guernsey of offshore renewables and supporting electricity resilience.
- b) In preparing the propositions, consultation has been undertaken with the Policy and Resources Committee, the Committee *for* Economic Development and it continues to work with the Committee *for* Health and Social Care on matters related to its mandate.
- c) The propositions have been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) The financial implications to the States of carrying the proposal into effect are as outlined in Section 5 – specifically paragraphs 5.10, to 5.12.

6.3. In accordance with Rule 4(2):

- a) The propositions relate to the Committee's policy responsibilities relating to energy including renewable energy, maritime affairs and the protection and conservation of the natural environment.
- b) The propositions have the unanimous support of the Committee.

Yours faithfully
H L de Sausmarez
President

A Gabriel
Vice-President

A Cameron
S Fairclough
A D S Matthews

Further Detail to the Policy Letter Establishing Guernsey's Offshore Renewable Energy Commission

1. Introduction to the OREC

The OREC is an independent body corporate and will perform the licensing role with responsibilities for offshore marine renewable energy developments, as prescribed under the terms of the Renewable Energy Ordinance, which will be commenced by regulations made by the Committee *for the* Environment and Infrastructure ("the Committee").

The Renewable Energy Law referred to a Renewable Energy Commission. The Renewable Energy legislation only covers the offshore, or marine, elements of renewable energy developments and therefore for clarity this policy letter refers to an *Offshore* Renewable Energy Commission (OREC). As outlined in paragraph 2.8 of the policy letter, other terrestrial renewable energy developments are not part of OREC's jurisdiction but are covered under existing legislation.

The OREC will oversee the licensing regime and authorise appropriate offshore renewable energy developments through issuing licences.

Through issuing a licence, the OREC would be providing permission for the renewable energy activity to be carried out lawfully under the Renewable Energy Legislation (once all material provisions are commenced).

The OREC is required, under the Renewable Energy Law, to allow offshore marine renewable projects (including offshore wind) to progress locally, whether they be large-scale developments that require a larger market for the electricity or for smaller scale developments that may be for domestic or "island only" consumption.

It would need to be run professionally with appropriate transparency with the highest levels of probity and in line with any relevant legislation. It is essential that the requirements and practical considerations of the OREC are understood, and these are outlined in further detail below.

2. Features of the OREC

To perform its role and discharge its duties, the OREC will need to have certain features, outlined in the Renewable Energy Legislation, and include those listed below.

Establishment and key features of the OREC

1. Established by the States as a body corporate in accordance with the Renewable Energy Law.
2. Operate independently from the States or any committee of the States.
3. The States may:
 - By Ordinance amend the procedure applying to the OREC.
 - By Resolution confer functions on the OREC.
 - By Ordinance prescribe matters to which the OREC is to have regard.
 - Give the OREC written guidance or directions of a general character.
4. Have a chair and at least two (but no more than four) commissioners in addition to the chair. They would perform a role like a board of directors.
5. The chair and other members of the OREC shall hold office for a period of five years (or such other shorter period as may be agreed between the Committee, or any other specified committee of the States, and any member appointed to the OREC). Commissioners can vacate office as such in accordance with the terms of their appointments. Commissioners can also be eligible for reappointment at the end of a term.
6. Have expertise dedicated to carrying out statutory and general duties. This expertise may be internal to the OREC or provided externally by bringing third party support, but which would ultimately be the responsibility of the OREC as directed by the commissioners.
7. The OREC's fees are on a cost recovery basis and therefore industry will pay some of the costs of the OREC. This cost recovery should mean that the Commission could cover the costs of its activities in relation to a licence application (an application fee) and for activities in relation to the Commission's activities in overseeing the same licence on an annual basis (an annual licence fee).
8. The OREC can prescribe fees and charges for an application and annual licence fees which are payable by applicants to the OREC (there are provisions within the Renewable Energy Legislation under s.37(1) for the enactment of regulations to do this and this should be carried out soon after the establishment of the OREC).
9. The OREC will manage its finances, and any contribution to the OREC's financing can, in addition to licence fees, also be by grant from the States (through the Committee) and it can also raise funds through borrowing from the States.

10. In the event of a very limited number of licence applications and annual licences, it may not be appropriate for the OREC to recover all its costs from a small number of licence applicants/holders. In these scenarios the OREC may seek some financial support from the States.
11. The States can provide financial support through a grant, and this will be needed before the OREC is established and may also be needed in subsequent years (if as outlined above there is a very limited number of licence applications).
12. The OREC should alter its activities and operational elements to ensure that it is proportionate to the local industry and applications, as well as responding to changes and any unexpected matters which arise with its operation. This could also be part of the normal development process that is undertaken following commencement of any new legislation.
13. The OREC may outsource some of its work to States' officers. Where this occurs, the States' officers would be working under the supervision of the OREC and would not be answerable to any political committees or similar.

3. Role of the OREC

The OREC has a defined role, specifically the licensing of offshore renewable energy activities, as set out in the Renewable Energy Legislation, and which was outlined in Section [3] of the policy letter. As such the OREC has a clearly defined mandate with responsibilities across offshore renewable energy installations.

Further detail and flow charts which further explain aspects of the OREC's role and the proposed licensing regime are included in:

- Appendix 2: Summary of the complete permitting pathway for offshore renewable projects.
- Appendix 3: Operating Licence Process – high level summary of areas under OREC.

The role of the OREC will include:

1. Providing information and guidance around the licensing process.
2. Providing general and technical advice to applicants and other interested stakeholders.
3. Reviewing and pre-screening all applications and associated documents – such as Environmental Impact Assessments.

4. Consulting with other States committees, bodies, officials, and stakeholders in relation to the OREC's statutory duties and responsibilities – including in relation to planning and those with jurisdiction over the offshore marine environment such as the Harbour Master and His Majesty's Receiver General.
5. Issuing licences following licence applications. In relation to these licences, the OREC can:
 - a. Grant applications (potentially with conditions).
 - b. Refuse applications.
 - c. Vary existing licences; and/or
 - d. Revoke or suspend exiting licences.
6. Applying conditions to any licence granted which could cover areas such as decommissioning, removal of equipment and/or remedial work on any site to ensure that the long-term interests of the Island are protected.
7. Using its powers of investigation and enforcement to ensure that licensed renewable energy operators comply with the terms of their licences.
8. Potentially causing hearings and public inquiries to be held when required.
9. Declaring restriction zones around renewable installations, after consulting with other States' bodies and officials, including the Harbour Master.
10. The above work will change throughout each stage of a renewable energy project, with various stages as follows:
 - a. Pre-application
 - b. Application
 - c. Post-application but pre-installation
 - d. Installation
 - e. Operation
 - f. Decommissioning – with the OREC ensuring adherence to certain requirements which would be set out in earlier applications.

Other considerations for the OREC include that:

- a. It will be required to adhere to general corporate governance requirements in addition to anything set out in the Renewable Energy Legislation.
- b. It will need to demonstrate transparency and independence and will also be required by the Renewable Energy Legislation to provide regular updates to the States through The Committee, in the form of an annual

report, which will be made publicly available and will be presented to the States.

- c. It will have a workload that will vary over time.
- d. There will be periods of significant activity when the OREC processes applications, variations, decommissioning or enforcements. However, there will also be other periods of less activity either before any applications and developments are operational or when there are no new applications being considered.
- e. Regardless of activity level the OREC is still required to report annually. With this intermittent and variable workload, the OREC needs to be proportionate, scalable, adaptable, and responsive to the demands of and relative size and progress of the renewable energy sector.

It is also noted that under s.42 of the Renewable Energy Ordinance, there is an appeal process to the Royal Court. and a right of further appeal to the Court of Appeal (s.42(8)).

4. The OREC costs – fees and funding

Guernsey has an ambition to have a viable local offshore renewable energy sector but, due to the current status of that industry, it is crucial to find a way for the OREC to licence and regulate the sector with proportionate obligations (including financial through excessive costs) on the industry, which could impede its progress.

Ensuring proportionate obligations on industry has the potential to facilitate initial projects and to not burden the end user/consumer of the generated energy. This should avoid excessive costs of licences being borne by a developer and/or passed onto the consumer through higher electricity prices.

Therefore, the OREC's overall footprint, charging (through licence fees) and activities, need to be proportionate to its regulatory obligations.

In establishing the OREC, it is important to consider that:

1. Unless there is some kind of grant from the States to cover all or some of the costs of the OREC, the OREC would most likely seek to recover its costs from developers, who in turn would likely pass these costs.
2. It is highly likely that the creation and ongoing success of a local offshore renewable industry could be seriously weakened by any disproportionate costs – including leasing fees and the licensing regime under OREC, and

the charging scheme through licence fees, that puts disproportionate (relative to other jurisdictions) burden of cost onto the developer which could render Guernsey uncompetitive as a jurisdiction to develop offshore marine renewables.

Best practice and experience of other jurisdictions will also need to be considered – generally and in relation to costs. Alderney has an entity similar to the OREC (the Alderney Commission for Renewable Energy) and it is proposed that potential opportunities to share expertise and resource (such as some joint learning or staff sharing) across the Bailiwick of Guernsey would be further considered and explored in more detail – both prior to the establishment of the OREC and in its early years. The intention with this would be to maximise efficiencies for OREC.

Without pre-empting more detailed discussions around such collaboration, it could be possible that the Commission may be able to share some expertise – potentially in the form of commissioners being engaged by both Commissions, but who would need to oversee separate legal regimes in each jurisdiction. There are some precedents within the Channel Islands for such collaboration, including what was previously known as the Channel Islands Competition and Regulatory Authority (“CICRA”).

The States of Jersey also has ambitions in relation to offshore marine renewable energy and in a similar way to the OREC working with Alderney, the OREC would also seek out any opportunities to cooperate with counterparts in Jersey.

It is acknowledged that there are some similarities with the legislation in the other Channel Islands and Guernsey. However, ultimately renewable energy legislation is not Bailiwick or Channel Island-wide and therefore the other Channel Islands’ legislative regimes, licensing and energy resources are all effectively separate, so co-operation is likely to have limitations.

The OREC may not have an initial material and ongoing income stream from licences, which is different to other local regulators and commissions¹⁰. This is due to the nature of the licensing process for renewables where there are only ever likely to be a small number of applicants, applications and issued licences. Although any resultant development would be over a long period of time, over which fees could be spread annually.

Once applications have been received, the OREC could receive income from the licence fees once licensed activities commence. This is through provisions within the Renewable Energy Legislation for the enactment of regulations to prescribe fees and charges (which cover costs) payable to the OREC, which could include

¹⁰ E.g. Guernsey Financial Services Commission (see <https://www.gfsc.gg/>) and Alderney Gambling Control Commission (see <https://www.gamblingcontrol.org/>)

annual licence fees. However, the Renewable Energy Law also allows for grants from the States to the OREC to fund the OREC and transfer the financial burden of the OREC from the offshore renewable energy industry (applicants) to the States.

Initially, the OREC would need to be established with its running costs needing to be met prior to any licence applications (which would provide an income source to the OREC) being received. Licence fees are prescribed by regulation by the OREC under S.37(1) of the Renewable Energy law, and it would be possible to have different tiers of fees i.e. a different level of fee for a different type or category of application.

The 2023 Policy letter anticipated the need for initial funding, stating *“some seed funding to cover [the OREC’s] start-up costs will be required, and an appropriate allowance may need to be provided in subsequent years. This is anticipated to be in the region of £200,000 over the first two years of the establishment of the Commission.”*

Regardless of the finer detail of the fee structure, the intention is that the OREC recovers its reasonable costs as much as possible, rather than having unreasonable costs or making a substantial profit by charging fees significantly more than those costs. Fees should be reasonable for applicants. If the OREC cannot recover sufficient funds from developers, it is probable that the States of Guernsey would need to financially support the OREC (through grants).

Although there is likely to be just a small number of applications over the next 10 to 20 years, there could be potential for more in the following decades. This could be as offshore renewable technology develops, thus opening more potential projects in Guernsey waters and/or sites being used for subsequent projects following the initial project. However, in these later years, it is also possible that the OREC could have limited new activity in relation to new applications (but would still have ongoing activities and responsibilities with existing applications).

5. A Phased Approach to a Proportionate and Scalable OREC

As outlined, the OREC needs to be proportionate, scalable, and adaptable to the size of industry, applications, and general licensing workload. Therefore, it is proposed that the OREC’s footprint and costs could be phased (the “Phases”) to enable OREC’s operations and overall footprint to be proportionate to its activities at that time. This is set out in Table 1 below.

Table 1: Phases in establishing the OREC

Phase	“Phase 1” Prior to Establishment	“Phase 2 “ REC Established - Initial Period (Skeleton Commission)	“Phase 3” REC Established - Subsequent period (Fully Operational Commission)
Summary / Estimate of duration	The period between now and before the establishment of the OREC.	The period immediately after establishment of the OREC.	The period where the OREC is fully established, and it is involved in Workflows will fluctuate to reflect the status of the offshore renewable activities in Guernsey waters. This phase is the longest and will be of an indefinite period lasting for the duration of that the OREC is in operation to support the local sector.
Focus	The OREC is not yet established, so it cannot perform the licensing, however other activities in relation to its formation would be required at this stage.	The OREC will be preparing itself to be “market ready” to receive applications and will need to establish itself, all procedures and guidance and prescribe fees via regulations. The OREC is established as a standalone entity with separate legal identity, but there are few (if any) actual applications and very limited specific licensing activity.	Renewable energy projects are approaching certainty with applications being made for one or more projects. The OREC is fully operational and licensing local activities.

		The OREC would need to support the industry and be available for general and pre-application enquiries.	
Resource and workload	For the OREC to be established, a chair and then commissioners need to be recruited in advance. They could initially act in a “shadow” capacity before the OREC is formally operational. States’ officers and /or potentially some external consultancy would be needed to assist in this recruitment, then support the “shadow” Chair before the formal establishment of the OREC.	At the start of Phase 2 OREC is a “skeleton” commission with its size and complexity being proportionate to its limited, but growing, licensing workload and risk. OREC is likely to be supported by States’ staff (via powers of delegation), some external consultancy and other resources which may be directly charged back to the OREC.	<p>The OREC will require dedicated and focused resources (internal and external support as shown in the budget) to focus on the full breadth of its role and responsibilities as set out in the Renewable Energy Legislation.</p> <p>It should be noted that the workload and activities will vary. It is possible that there may not be much market activity, or it may have substantially reduced from an initial peak of activity.</p> <p>OREC is likely to be supported by States’ staff (via powers of delegation)</p> <p>Therefore, the size of the OREC and supporting staff will need to be proportionate to the workload. Therefore, there may be a need to substantially reduce resource so that OREC only carries out its minimal statutory requirements.</p>

			Actual costs could therefore be substantially less than the budget.
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There are numerous potential costs of establishing and then running the OREC throughout the Phases identified. The next section and Table 2 (further below) outlines the costs during each Phase.

It should be noted that the costs for any new entity are difficult to predict. The following have been considered while estimating the costs for the OREC:

1. The different activities of the OREC during each Phase.
2. Knowledge of the local market for the costs which will be incurred locally.
3. Assessment of other “Arm’s Length Bodies” or regulators within Guernsey which have been established by the States as part of the local regulatory and business landscape. This has included the assessment of and benchmarking against entities such as the Channel Islands Ombudsman, Data Protection Authority and other Channel Island bodies and regulators.
4. The physical presence and operations of the OREC, as outlined in detail below.

Staff and Commissioners

During Phase 1, time and resource will be required to establish the OREC and recruit the chair, commissioners and some staff before the OREC is functioning as intended under the Renewable Energy Legislation and can then proceed to Phase 2 and Phase 3.

The commissioners would need to have appropriate skills and expertise to be able to discharge their responsibilities in relation to the OREC and make decisions which adhere to the Renewable Energy Legislation and in considering applications. Although there could be some benefit if the commissioners had specific industry experience, it is not necessarily a prerequisite if they can demonstrate their capability to be able to run the Commission in accordance with the Renewable Energy Legislation.

The chair, commissioners and all staff would be expected to possess appropriate skills, expertise, experience and independence – remuneration would need to reflect this fact. Some specialist tasks may be outsourced as identified in more detail in Table 2.

The process of appointing commissioners is a matter for the Committee as set out in the Renewable Energy Legislation.

The OREC is neither a committee nor servant of the States. Therefore, the OREC, as a standalone entity, will have its own staff or has the power to delegate some actions to other staff resource and Committees of the States. In addition to a small directly appointed staff complement, it is proposed that any additional human resource could be supplied by the States.

The OREC's staffing should be an operational decision for the OREC but would need to be proportionate in terms of its collective requisite skills and experience to discharge its functions, whilst also remaining proportionate in size to the Guernsey offshore marine renewable energy sector.

A pragmatic and efficient way of ensuring that the OREC is proportionate, could be that executive support for the work of the OREC comprises a mixture of directly appointed staff and delegated States' officers (for example in respect of enforcement powers); use the Law Officers Chambers for much of the legal advice (see further detail below) and, additionally instructing external specialists and consultants – including: surveyors, environmental experts, accounting, audit and some bespoke legal expertise.

Office/ physical location

As an independent body corporate with significant duties and responsibilities, including an external facing role, the OREC will require a physical presence in Guernsey.

However, to minimise costs and in the view of the fact that the OREC is unlikely to require (at least in the early years) its own permanent dedicated space, then it may be able to complement a virtual office with sharing some flexible office space contained within an existing States facility, which is assumed to be of no or minimal cost to the OREC, and which could be scaled over time relative to the OREC's activities and footprint.

Insurance

As an independent body corporate, some appropriate insurance will be required, such as public liability insurance, directors' and officers' cover (or similar) to cover commissioners.

IT and website

As a newly established and modern regulator, the OREC would be expected to invest in the most appropriate technology to maximise efficiencies and minimise staff time on tasks which can be automated. These may include: applications and management of licences; information and guidance through proactive stakeholder management activities as well as a website and other media.

However, it should be noted that the nature of the OREC's work is such that there is not expected to be a significant number of "application related activities" between the OREC and licensees, and as a result a relatively light touch and modest IT function should be sufficient and can be provided by the States at no cost to the OREC.

Professional and Legal Expertise

The OREC's role and legal obligations are clearly set out in the Renewable Energy Legislation. Legal advice will be needed to ensure legislative compliance. It is proposed that (subject to resource being made available and capacity) this would be provided by the Law Officers' Chambers (and not charged). There may be need for outsourced external legal expertise where necessary, and it should be noted that if no additional resource is provided there will be very limited capacity within the Law Officers' Chambers to provide legal services to the OREC.

In addition to this, other specialist professional, commercial and technical advice will be needed as applications are made and progressed by the OREC. This could include carrying out and reviewing others' (e.g. developer / applicant) surveys and environmental monitoring. Such expertise is likely to be procured on an outsourced arrangement.

Administration of OREC and other costs

As an independent corporate entity, the OREC will need to comply with both the Renewable Energy Legislation and other more general legislation. There will be some need to comply with States' oversight requirements, including annual reporting to the States. This compliance will include publication of accounts and an annual report; data protection; corporate registration and obligations around employment of staff.

Therefore, the OREC will require professional corporate and administrative support which could be provided through a serviced arrangement through a corporate services provider or more cost effectively by using a combination of States resources and appropriately experienced staff within the OREC.

Other admin and compliance costs which will be incurred include:

- a. Accountancy (which could be internal or outsourced to external parties) and audit.
- b. Travel, in conjunction with any training or potentially for off-island commissioners.
- c. Training, subscriptions, and recruitment costs – especially just before and after establishment.

Table 2: Potential Ongoing Costs: by Phase per annum

Table 2 – Detail of all costs for first few years of OREC (from draft policy letter)

Cost area	Additional info - general	“Phase 1” Prior to Establishment £’000s	“Phase 2 “ REC Established Initial Period (Skeleton Commission) £’000s	“Phase 3” REC Established Subsequent Period (Fully Operational Commission) £’000s
Chairperson	Chair and commissioners assumed to require some relevant specialist expertise and remuneration would reflect this. Chair at estimated ¹¹ £30k p.a. once OREC is established.	10 The chair would be recruited in advance of establishment to assist with recruiting commissioners and other work. Less remuneration during this period.	30	30
Commissioners (x2) -	As above. Two commissioners at £20k p.a. each ¹² .	0	40	40
Staff costs	Total remuneration - salary and	80 (from 1 January 2025)	80	80

11 Estimates based on chair’s fees in other “Arm’s Length Bodies” linked to separate from the States of Guernsey.

12 Estimates based on similar fees in other “Arm’s Length Bodies” linked to separate from the States of Guernsey.

	<p>associated costs.</p> <p>Allowed for one senior officer who will deliver the work of the OREC, be responsible to the commissioners and directly charged to the OREC.</p> <p>There will also be additional resource from elsewhere in the States (see further explanation earlier in Table 3).</p>	In addition, there would be some States' officers time – as outlined in Table 3.	Roles: preparing documentation, issuing licences, running the OREC, preparing reports and managing any outsourced activities.	Roles: similar to phase 2 and also the ongoing monitoring of all licenses and activities.
Legal Services ¹³	<p>REC will require legal support which will be provided by the Law Officers' Chambers.</p> <p>Zero cost charged to OREC but as per Table 3</p>	0	0	0

¹³ This does not include a provision for legal services that exceed the regular operation of the OREC, such as in the event of litigation, which may require additional funding

	there is an additional cost to the States.			
Consultancy fees - miscellaneous	<p>Project management resource to complement resource available from the States (and not charged directly to the OREC).</p> <p>There will need to be coordination and links with related processes such as planning, leasing, marine spatial plan.</p> <p>Specialist expertise (especially in Phase 2) is likely to be more expensive and hard to estimate – estimate may be low.</p>	<p>50</p> <p>2 – 3 months work spread out over this phase. One consultant working on this part time in that period at less than £1k per day.</p> <p>Project manage and carry out tasks with establishment including: recruitment of a chair, commissioners and staff; coordinate and procure all other services; establish the legal entity.</p> <p>Accountancy is likely to be through States' accounts using dedicated project code.</p>	<p>75</p> <p>External industry expert consultant – using a mixture of senior and junior resource – average of one consultant working on this part time in that period, at less than £1k per day.</p> <p>Provide commercial, technical advice and drafting around establishment of process for assessing licensing applications and licensing - including guidance. Use other Commissions' (and similar) documentation as a basis.</p>	<p>75</p> <p>Similar external resource to Phase 2, but workload will be less (but will also be higher in some years than others) as the resource will be reviewing and monitoring licence applications and ensuring adherence to legal requirements (as opposed to producing documentation in Phase 2) - this will vary with the different workload.</p>
Accountancy and audit		0	40	40

		Prior to establishment, the States' accounting function and project specific codes can be used.	Accounting function would be managed by OREC and estimated at 1/3 of total cost. Independent audit – estimated as 2/3 of total cost.	As phase 2.
Other governance / compliance (after reviewing similar entities)	Data Protection Authority, Registry fees, Annual Report compilation. other	None prior to establishment	10	10
Office	Virtual office or minor space needed in States offices (for Phase 1 and 2) - as outlined in Table 3 No independent location or offices proposed.	None prior to establishment	0 – through States' offices	As Phase 2.
Insurance	Various to cover all activities including: professional indemnity (for commissione	None prior to establishment	25	25

	rs); general indemnity (for the OREC); public liability.			
IT, website, and design	All costs including website; internal IT requirements (with external support); hardware and software are assumed to be covered by the States as outlined in Table 3	0 Set up and initial corporate design of all IT.	0 Ongoing maintenance of all IT functions and production of Annual Report.	0
Travel and accommodation	Travel to and from island for recruitment, training, and any external resource.	5 Some activity needed prior to establishment (e.g. recruitment).	10 Less than Phase 1, but in phase 2 still required.	10 Similar in Phase 3 as in phase 2.
Training, subscriptions, and recruitment	More recruitment in Phase 1 with more training in later phases.	5 Some costs in relation to recruitment.	10 Less recruitment after Phase 1.	10 As Phase 2
General / other / miscellaneous	Office, postage, stationary, admin	0	10	10

Total - ANNUAL - £		150k	330k	330k
Contingency – 5%		7k	16k	16k
Total including Contingency		157k	346k	346k

For the avoidance of doubt, for the purposes of this proposed budget for the OREC where any work is performed by existing services provided by the States of Guernsey, it is assumed that these areas will not create additional cost for the OREC, and the cost will be borne by the States of Guernsey. Some of these costs may be provided out of existing States' budgets or there may be additional budgetary requirements for the States.

As set out above in paragraph 5.12 of the policy letter there are some costs associated with the OREC but which would effectively be borne by the States. It is important that where these are genuinely additional costs (i.e. which could not be absorbed into existing States functions) that they are quantified as there will be additional budgetary requirements within the States. Table 3 clarifies and quantifies such costs.

Table 3: OREC costs which would be borne by the States

Cost area	Additional info - general	“Phase 1” Prior to Establishment £'000s	“Phase 2 “ REC Established Initial Period (Skeleton Commission) £'000s	“Phase 3” REC Established Subsequent Period (Fully Operational Commission) £'000s
States staff	In addition to the commissioners and directly appointed staff, some staff requirements could be fulfilled through some roles being	Admin support – approx. 0.5 FTE - £20k	Preparation for monitoring and enforcement (around 0.5FTE) - approx. £30k. Admin support – approx. 0.5 FTE - £20k.	The minority of a monitoring and enforcement officer (around 0.5FTE) - approx. £30k. Admin support – approx.

	delegated to States' officers (for example in respect of monitoring and enforcement powers, some admin)			0.5FTE time - £20k.
Office space	Some desk space and meeting room required, but not on a full-time basis. Should be absorbed within existing States' functions.	0	0	0
IT, website, and design	All costs including website; internal IT requirements (with external support); hardware and software are assumed to be covered by the States.	£30k Set up and initial corporate design of all IT.	£15k Ongoing maintenance of all IT functions and production of Annual Report.	£15k Ongoing maintenance of all IT functions and production of Annual Report.
Legal services	OREC will require legal support which will be provided by the Law Officers' Chambers.	£30k Being 0.3 FTE of a lawyer's time.	£50k More legal service requirements while OREC establishes	£50k As Phase 2.

			itself including internal requirements (employment and contract etc) as well as its licensing role (application of Renewable Energy Legislation and guidance) - estimated at 0.5 FTE.	
Accountancy	Accounting function in Phase 1 would be provided by the States through existing accounting resource and run OREC as a separate profit / cost centre with expenses paid and preparation of management accounts and financial statements. Subsequent phases would be managed by OREC.	£20k A portion of States accounting time – shared amongst existing resource.	0	0

Total - ANNUAL - £		£100k	£115k	£115k
Contingency – 5%		£5k	£6k	£6k
Total including Contingency		£105k	£121k	£121k

6. Other Considerations

More detail for the commissioners to consider

The Renewable Energy Legislation contains some detail on the workings of the OREC and some planning in advance of the establishment of OREC is possible. However, there are still many operational decisions and considerations which can only be taken once the OREC is established and the commissioners are in place, who will then be responsible for that decision making.

This additional autonomous decision making once the OREC is established is also important for the OREC to be a genuinely independent body and therefore the licensing decisions and processes are undertaken by the OREC and by a Committee of the States.

Therefore, it is not possible or appropriate to conclude on the detailed workings or footprint of the OREC at this, or at the pre-establishment, phase. Such work would include operational activities as well as confirming timeframes for certain licensing activities and applications (where they are not set out in the Renewable Energy Legislation) as well as operational decisions such as staff employment.

Areas for which the OREC will not be responsible

It is important to reiterate that the OREC's activities are contained only to the matters for which it is responsible under the Renewable Energy Legislation.

For the avoidance of doubt, certain material areas in relation to progressing local offshore marine renewables would not be the responsibility of the OREC, these include:

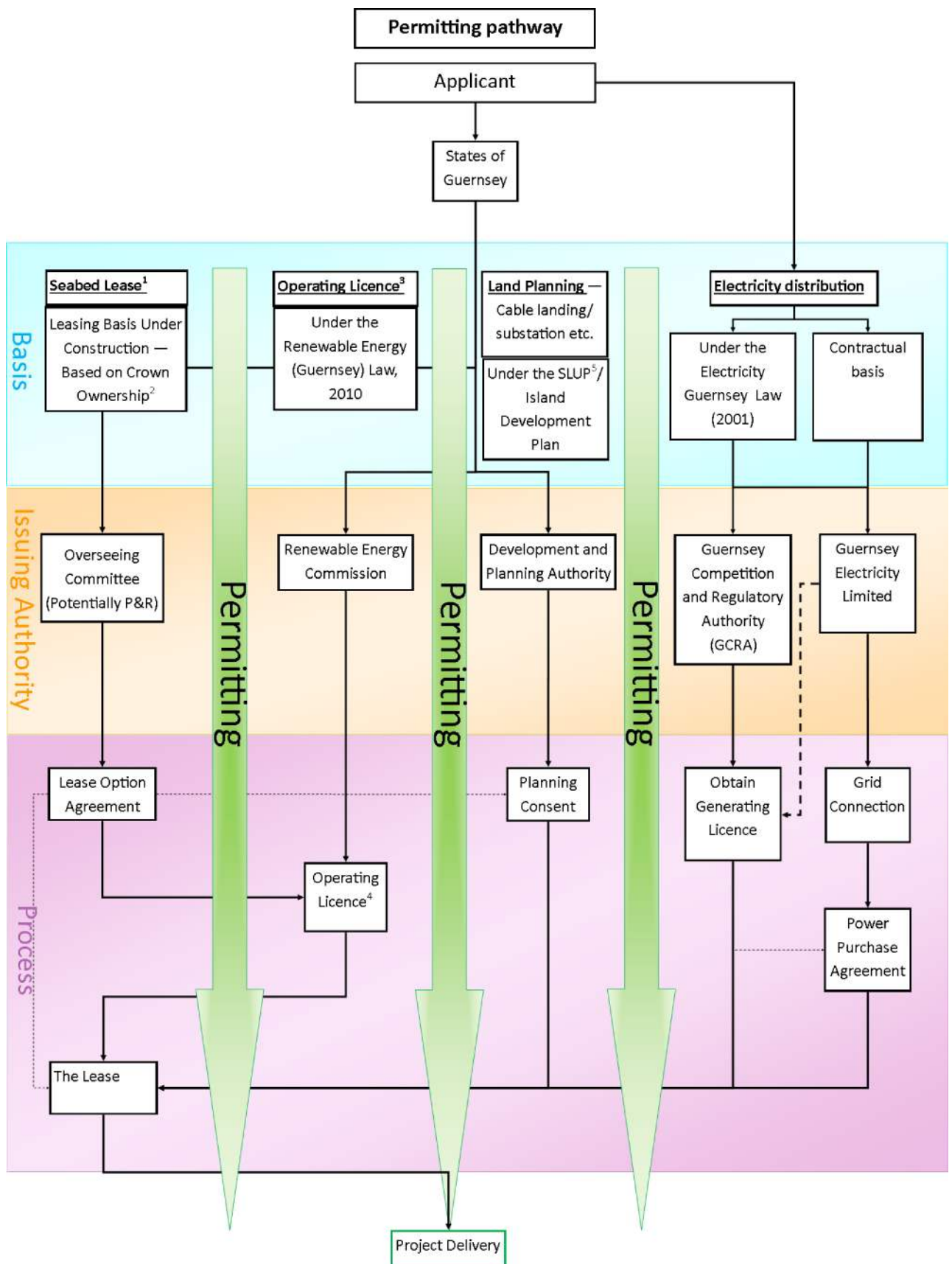
1. Leasing of seabed – this is a matter which is being considered by the States in conjunction with His Majesty's Receiver General and once concluded would be between Guernsey and the renewable energy developers and applicants.
2. Promotion of renewable energy potential in Guernsey would be the responsibility of the States – potentially through a dedicated resource responsible for promotion.

3. Any matter which may be deemed as a conflict to the OREC's core activities of licensing.
4. Any strategy or policy development or lead in relation to offshore renewables. The States of Guernsey will retain the responsibility for these roles.
5. Consideration of parts of the application that relate to onshore development (whether in part or in total) which remains under the planning legislation.

Summary of Complete Permitting Pathway for offshore renewable energy projects

The diagram is split into four main 'columns' as follows:

1. First 'column' "Seabed lease" would **not** be part of the OREC's role but would be between the States of Guernsey and developers.
2. Second 'column' "Operating Licence" outlines the licensing steps which will be under the remit of the OREC. Greater detail on this is in Appendix 3.
3. Third 'column' concerns any associated land-based activities and would **not** be part of the OREC's role but would be between the developer and the Development and Planning Authority.
4. Fourth 'column' concerns electricity distribution and the transmission of renewable electricity from an offshore renewable project and would **not** be part of the OREC's role.



1 - The “Seabed Lease” is the “ground” lease that the States of Guernsey will issue to a developer. This is distinct from the licencing process granting an “Operating Licence” and will remain in control of the States of Guernsey.

2 - The Crown (not the Crown Estate) is the “Owner of the Seabed” in Guernsey and is represented by His Majesty’s Receiver General ‘HMRG’. HMRG has confirmed that it will be possible either to transfer ownership of the seabed or to allow for the development of renewable energy via a lease arrangement with the Crown, as may be considered most expedient. This is being developed by Policy & Resources Offshore Wind Sub-Committee and the pathway shown is only indicative.

3 - The “Operating Licence” refers to the Licencing process under the Renewable Energy (Guernsey) Law, 2010 and defined in the Renewable Energy (Guernsey) Ordinance, 2015. This process is undertaken by The Commission and ensures environmental compliance and good practice for all marine activities as part of the application.

4 - Detail on the licencing process is provided in further detail in the diagram in Appendix 3.

5 – The Strategic Land Use Plan is the strategic direction document for the islands land use plans.

APPENDIX 3

Operating Licence Process – High Level Summary of areas under OREC

This expands the detail from Appendix 2's second column "Operating Licence" for Offshore Renewable Energy

Operating Licencing Process

Stage 1: Pre-application discussions

Applicant to meet with REC (who will coordinate with the E&I*, H&SC* and other statutory and non statutory stakeholders as required) to facilitate the appropriate and definitive licencing process, local knowledge and technical advice as required to inform the planned Renewable Energy Licence Application. **Note 1**

Stage 2: Operating Licence Application

APPLICATION AND PUBLICITY OF NOTICE
Applicant to submit an application pack for a Renewable Energy Licence (to include decommissioning programme and environmental statement) and, where relevant, Declaration of Rights of Navigation/safety zone (plus appropriate application fees) to the Commission (note Commission not obliged to consider incomplete application packs). **Note 2**

Commission reviews Renewable Energy
Licence Application

The applicant to publish the Notice (under Section 3(1) and (2) and Schedules 3 and 6 of Ordinance) and REC to publicise application, notice, ES and DP on its website.

Consultation with statutory and non-statutory consultees (Commission may require Consultees to make representations within specified period of at least 28 days.
Commission must give applicant opportunity to respond and may require response within specified period of at least 28 days)

Public representations can be made within 28 days, or such a period specified by REC, of Publication of Notice. **Note 3**

Public inquiry of Renewable Energy Licence Application (if applicable).

(consideration period will vary depending on the complexity of the application; this would be longer if there was a hearing or a public inquiry)

Stage 3: Operating Licence Decision

**Operating Licence
Refusal**

Appeal to Royal Court against refusal or condition imposed (if applicable to be launched within 28 days of Licence Decision by applicant)

Note 4, 7

**Operating Licence
Award**

The developer must abide by any conditions that the OREC attaches to the licence (unless those conditions are successfully challenged on appeal).

Note 5, 6

Note 1: The scale of Guernsey and the anticipated renewable developments precludes the need for a formal Screening and Scoping phase during the licensing process. Definitive guidance and technical advice can be issued.

Note 2: The Renewable Energy Licence application pack must include a description of proposed Activities, a description of the location at which the renewable energy activities are to be carried out (including a map), and the environmental statement ("ES") and decommissioning programme relating to the proposed activities. If an application for a declaration is made at the same time it must include a map showing the place in Guernsey waters where the activities are to be carried out and in relation to which the declaration applied for will, amongst other aspects, affect rights of navigation, establish a safety zone and other particulars set out in Schedule 6 to the Renewable Energy Ordinance.

Applications must be made to the OREC in accordance with section 2 (for licence applications), section 10 (for applications for variations of a licence) or Schedule 6, para 1 (for applications for declarations) of the Renewable Energy Ordinance, as the case may be. The applicant must publish the application by notice (see the Renewable Energy Ordinance at section 3 and Schedule 3 for licence applications and at Schedule 6, paragraph 2 for declaration applications). The OREC may also charge a fee for any test, examination or investigation carried out by it to determine a licence application.

Note 3: ES and Decommissioning Programme to be made available for public inspection at the offices of the OREC and on their website. OREC to continue to publicise the Notice of Application and application documents until application is withdrawn or licensing decision made (as per the Renewable Energy Ordinance).

Note 4: An appeal by the applicant must be instituted within a period of 28 days immediately following the date of the notice of the OREC's decision (as per Part VIII Section 42 of the Renewable Energy Ordinance).

Note 5: condition attached to a licence may specify that an act or omission must occur by or after a particular date, or before or after a particular event, or within a particular timeframe. An example would be a condition requiring the licence holder to carry out specified works or take specified precautions before they carry out any renewable energy activities.

Note 6: A set period of validity of licence has not been stated in the Renewable Energy Ordinance. This is to allow flexibility for different kinds of application; there are provisions relating to the period of validity at Section 8 of the Renewable Energy Ordinance.

Note 7: OREC will have the power to allow a hearing/public inquiry in connection with a licence or declaration application and to declare restrictions etc. on navigation/create a safety zone of its own volition.