



# Alderney Economic Development Study

Draft final report

August 2014

## The current situation

Renewable energy is currently small, and Alderney has put in place regulation to enable available renewable resources to be developed

- While currently a small employer on Alderney (with the energy sector as a whole accounting for 3% of employment according to the 2013 census), Alderney's economic strategy aims to grow the island's renewable energy sector.
- The strategy aims to achieve the following:
  - self-sufficiency in renewable energy within five years; and
  - increased energy efficiency.
- The Alderney Renewable Energy Commission licences and regulates renewable energy in Alderney and its territorial waters.
- Alderney Renewable Energy Ltd (ARE) has been licensed to develop a 300MW tidal farm in Alderney's waters.
- Licence fees from ARE also contribute to subsidising on-island energy costs, estimated at around 2-3p/kWh, approximately 6-10% of Alderney's electricity price in 2013.
- ARE is also developing an interconnector (the FAB Link) which would enable Alderney to export tidal energy and import power from France and Britain.

## SWOT analysis: renewable energy

There is an opportunity for Alderney to develop a renewable energy sector based around tidal energy exported to the UK and France. However, the project is uncertain and the benefits would not be realised until after 2020.

	Helpful	Harmful
Internal factors to Alderney	<p><b>Strengths</b></p> <ul style="list-style-type: none"><li>• Alderney has substantial renewable energy resources available.</li><li>• A regulatory regime is in place to enable resources to be developed and there is political support.</li><li>• Developing this sector is consistent with strategic priorities of protecting and promoting the environment.</li></ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"><li>• The required skills base and scale is not available in Alderney - most of the employment benefits from the tidal power project are expected to be in France.</li><li>• Policy capability is lacking, e.g. to deliver detailed impact assessments for the potential in terms of jobs and growth.</li></ul>
External factors	<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>• Developing tidal power and the FAB interconnector offers economic and job opportunities in Alderney (e.g. research opportunities and administration).</li><li>• Alderney is only likely to capture a small part of the economic return, but the potential rewards are large, including the potential for licensing revenues.</li><li>• Working with France on the project could develop new tourism markets.</li><li>• By reducing electricity prices and improving ICT connectivity, FAB could increase Alderney's competitiveness as a business location.</li></ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"><li>• Timescales are long and uncertain (with deployment and interconnection not before 2020). Previous estimates of when results would be delivered have been missed, leading to some scepticism among businesses on Alderney.</li><li>• Risks include technology and regulatory risk, as the tidal and interconnector projects are reliant on successful piloting of the technology, and regulatory approval from France and Britain (e.g. market access).</li></ul>

## Recommendations: sector-specific issues

Issue	Objective	Policy recommendations
<p>Opportunity to develop tidal power and an interconnector to France and Britain</p>	<p>Support renewable potential being realised (reduce prices and develop ICT capability)</p>	<ul style="list-style-type: none"> <li>• Monitor economic impact to Alderney of planned development, including the number of potential jobs.</li> <li>• Work to ensure realistic timeframe for delivery and measurable goals/objectives. Ensure communication with business community on progress and expected impact.</li> </ul>
<p>There are opportunities to boost tourism</p>	<p>Increase tourism to Alderney by raising awareness, extending the season, bringing unused facilities back into use, and potentially developing attractions</p>	<ul style="list-style-type: none"> <li>• Given the sector's importance, a dedicated tourism strategy may be needed. This could be separate to or part of a wider economic development strategy, but should be taken forward by an identified individual with the requisite skills and experience.</li> <li>• Dedicate additional marketing resources to tourism, with a key focus on raising awareness in SE England.</li> <li>• Explore opportunities for corporate sponsorship to re-develop on-island tourist attractions, and identify low-cost investments which could have largest impact on tourist demand (e.g. developing existing harbour).</li> <li>• Build on success of Living Islands, e.g. in fostering co-ordinated approach, data collection and marketing.</li> <li>• Improve data on tourism (e.g. data sharing from Aurigny, entry/exit surveys at airport, measures of potential unmet demand, use of tourist facilities and beds) and provide information for potential investors in unused facilities.</li> </ul>
<p>Potential to expand financial and knowledge-based services but costly dedicated high-speed ICT connections</p>	<p>Facilitate growth of these sectors in Alderney and explore options to improve ICT connectivity</p>	<ul style="list-style-type: none"> <li>• Actions identified around marketing, connectivity, and improving policy coordination and support (see cross-cutting issues).</li> <li>• Continue to monitor opportunities to improve ICT connectivity other than through the FAB interconnector, and ensure that plans are in place to provide connectivity through the interconnector should it go ahead.</li> </ul>
<p>Regulatory reforms in eGaming could offer job potential, though very uncertain</p>	<p>Draw on AGCC reputation, identify scope for jobs on Alderney</p>	<ul style="list-style-type: none"> <li>• AGCC, Alderney and Guernsey should ensure impact of regulatory/tax reform in the EU in terms of location of activity is understood and steps put in place to mitigate any threats or exploit opportunities for Alderney and wider Bailiwick.</li> </ul>