



PUBLISHED IN 2024

GUERNSEY ELECTRICITY

Strategic Vision 2035

2024

2035



Our Island's Future

2035 will see a very different energy picture to that of the previous decades. Electricity will be the primary pathway for **energy decarbonisation** as we **transition away from fossil-based sources** to a more **sustainable future**.

That journey will be well underway. The transition will create a much higher demand for low carbon electricity on the island and this supply will be secure and reliable.

The production of electricity will continue to be decarbonised by enhancing supply chains. **In 2035 the supply of electricity will still be predominantly imported through cable interconnection** to Europe, but the intention is that Guernsey will be served by two cables, instead of one. We will also use more energy from local renewable resources – mostly solar. **The role of offshore wind for Guernsey will also be clearer by 2035.**

Our community will favour electric alternatives. Petrol and diesel cars, as well as fossil fuelled heating, will no longer be predominant as the uptake of electric alternatives continues to grow. **Our electricity grid will be adapting faster than ever** to meet these changing requirements whilst becoming more sophisticated, collecting and processing data to ensure our supply aligns with demand. Grid maintenance will be a sustained priority to ensure supply reliability.

Technology will create a major shift in how we engage with our customers. They will be digitally engaged with our services, with far greater choice and flexibility around how and when they utilise electricity, access energy services and manage their account. **Digitalisation** will result in more automated interaction between consumer and supplier as machine learning and artificial intelligence evolves into everyday applications.

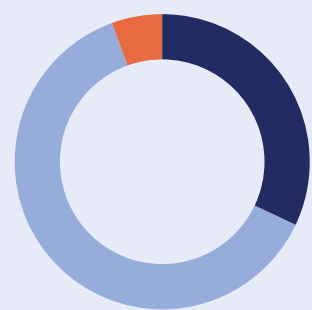


This future carries some uncertainty, and our role in the island's energy future is of critical importance to ensure the **ongoing success of a sustainable economy** and a healthy, happy and **vibrant modern community**.



Our Energy Market

The demand for energy in Guernsey is exhibiting a steady downward trend, with a noteworthy reduction of approximately 13% in the overall energy supplied to consumers over the past decade. Although overall energy demand has been reducing, demand for electricity has risen and is predicted to continue to rise.



Guernsey Energy Provision (2022)

- Gas: 5.4%
- Electricity: 32.1%
- Fuel Oil: 62.5%

Source: (SoG Facts and Figures, 2023)

Per capita daily **energy consumption** has similarly diminished by around 11% in the last five years, likely as a result of efficiencies in appliances, building fabric and general consumer behaviours.

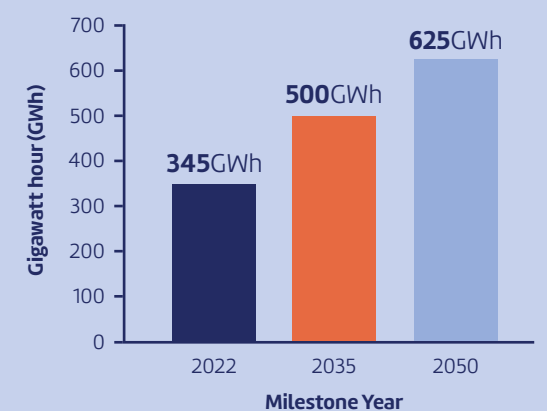
In 2022 the total energy market in Guernsey was just over one Terawatt-hour (2022: 1.078 TWh¹²)¹ of which 346 (32.1%) GWh was supplied by electricity. The largest constituent of the energy provision is delivered by fuel oil at 673.8 GWh (62.5%), with gas (mains and bottled) making up the smallest proportion at 58.2 GWh (5.4%).

Electricity demand from Guernsey consumers has remained relatively **constant**, fluctuating between **331 and 365 GWh per annum** over the past decade.

However, looking forward, analysis conducted by Siemens to inform the Government's 2023 Electricity Strategy predicts a **significant increase in electricity demand** to around **500 GWh per annum by 2035** and further growth to **625 GWh per annum by 2050**. This anticipated increase is driven by the **accelerating adoption of electric heating and transport**, coupled with a modest projected rise in the local population.

This transition to a predominantly electrified energy use delivered through a **low carbon electricity product** is the preferred pathway for decarbonisation (of energy) for Guernsey and has been committed to through the States of Deliberation in September 2023.

Predicted Increase in Electricity Demand (GWh)



Source: (Siemens, 2023)

¹ This is the total energy consumed in Guernsey, including fuel for heat and transport.



Our Strategic Vision

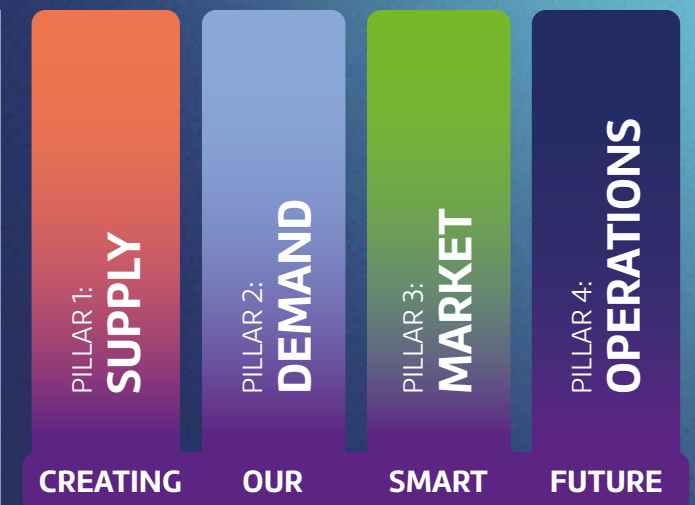
This is our “Strategic Vision 2035” for the period between now and 2035. It shows how Guernsey Electricity locally, aligned with electricity globally, will lead the energy transition towards decarbonisation, as we adapt to the societal and technological trends which will have significant influence on energy production and consumption.

This Vision provides **stakeholders with a clear understanding** of the significant work we already do and sets out our future strategic aims over the next 10 years. Our strategic focus will ensure our business aligns to unambiguous goals and our activities will continue to serve our community efficiently and effectively.

To make this happen, Guernsey Electricity aspires to become and remain the **first choice for energy** (our Vision). Our Mission is: **Powering life, today and tomorrow – by delivering reliable, affordable electricity for the island’s sustainable future.** We have also re-affirmed our core values of TRUST¹ to ensure we continue to conduct our business affairs in the right way for our community.

In this complex industry, we strive for **simplicity and transparency**. This vision document provides a clear and unambiguous presentation of our goals, and strategies to support the global energy transition whilst continuing to deliver the reliable and affordable supply of **electricity for the island’s sustainable future.**

Our planning is focused around the four strategic pillars of **Supply, Demand, Market (adopted from the States’ Electricity Strategy) and Operations**, each of which have three **Long-Term Strategic Aims** on which we will focus



our efforts and resources. These **four strategic pillars** are all linked by Guernsey Electricity, Creating Our Smart Future. These **Long-Term Strategic Aims** guide the development of our more **detailed objectives** which are in our **2030 Strategic Plan**. All colleagues within our organisation are briefed on our Strategic Vision and Plan and understand how their daily efforts contribute to Guernsey Electricity achieving its future aspirations on behalf of our community.

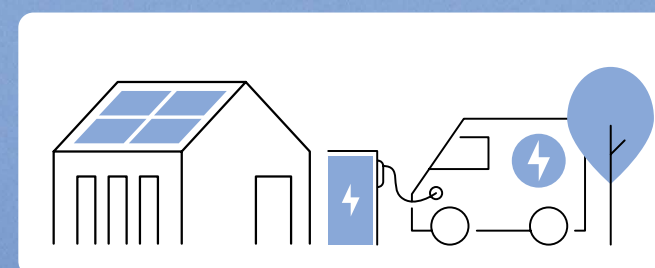


Installing a new high voltage cable to the Princess Elizabeth Hospital.

Our role

Guernsey Electricity's Strategic Vision 2035 outlines our trajectory as a key electricity provider for the Guernsey community and as a commercial entity operating under the government's ownership and mandate.

In the global context, energy remains a critical focal point, with the industry contributing significantly to harmful emissions. Aligning with international commitments and Guernsey's 2020 Energy Policy and Climate Change Action Plan, **we are adapting our electricity supply, supply chains and product offerings to meet sustainable energy imperatives.** However, we recognise the need to continue to invest in and develop our core service offering to align technological progression with evolving consumer preferences as two key features of the energy transition.



The energy transition will extend to 2050 and beyond, necessitating periodic reviews. In response to the industry's unprecedented pace of change, we commit to checking and refreshing our Strategic Vision every five years, ensuring its relevance and adaptability.

The pivotal moment for this strategic review occurred in **2023** when **Guernsey's government established the direction** for the island's electricity provision. This strategic alignment, backed by near-unanimous agreement in the States assembly, guides our core activities, our internal strategies, investments in infrastructure and the development of our team. Importantly, it ensures the effective deployment of our capital on behalf of the customers we serve.

The 2023 States' Electricity Strategy entrusts Guernsey Electricity with a crucial role in future electricity provision, aligning with increased demand resulting from a shift away from fossil-fuelled heating and transport towards electric alternatives. We are poised to adapt to these evolving consumer expectations and technological advancements.

Development of the local renewable electricity generation sector is desired and market conditions that support that goal will be pursued.

Guernsey Electricity will effectively remain the sole retailer of electricity to all consumers in Guernsey, securing the island's supply, and will remain owner and custodian of the electricity grid, ensuring its maintenance and expansion. Accordingly, our **products and services** will evolve to meet **consumer expectations** of a **modern utility provider** with choice and value as critical success factors. We will also adopt the appropriate approach to revenue, capital structuring and profit retention to ensure the necessary investment can be made in a manner that is affordable and sustainable in the long-term.

Significant investment, through sustainable funding in appropriate infrastructure (such as an **additional interconnector**), as well as people and systems, is needed to achieve the Strategic Vision to 2035.

In setting out this Strategic Vision we remain mindful of how investment costs in infrastructure, creates long-term assets and also flows through into rising costs for the consumer. We are committed to engaging with the community **to ensure affordable electricity supplies remain accessible to all.**

Our strategy will build on our existing strengths, while recognising the areas where we'll need to enhance our skills, competencies and infrastructure to be ready for future challenges and opportunities.

Our Key Long-Term Strategic Aims

PILLAR 1: SUPPLY



Full and resilient **low carbon** electricity supply through **interconnection** and **local renewables**.



Local power provision for top-up, back-up and balancing.



Grid that supports **electrification** of energy demand.

CREATING

PILLAR 2: DEMAND



Products and services that deliver **consumer value** and **choice**.



Customer experience that fits and keeps up with the **expectations** of a modern utility service provider.



Lead in demand side initiatives to more effectively manage **Guernsey's energy transition to electricity**.

OUR

PILLAR 3: MARKET



An electricity market in which **local renewable power generation** will flourish in a **sustainable and equitable** manner.



Create **cost transparency** across the value chain in support of fair competition.



Compete appropriately within the **local energy market**.

SMART

PILLAR 4: OPERATIONS



Develop our people to be fully enabled to deliver the strategy and **optimise operations**.



Clear **investment, operational plan** and **funding pathway**.



Achieve financial and non-financial performance in line with shareholder objectives to **enhance our brand and its integrity**.

FUTURE

Our Key Long-Term Strategic Aims

PILLAR 1: SUPPLY

The electricity we produce on-island or source from Europe, and how we get it to our customers through our grid.

Full and resilient low carbon electricity supply through interconnection and local renewables



Achieved through developing a full and resilient low carbon (including renewable) electricity supply with sufficient capacity to meet the forecast needs.

The supply will primarily be imported electricity through the interconnectors, supported by increasing locally generated renewable energy.

Local power provision for top-up, back-up and balancing



We will ensure security of supply through local power provision for back-up, top-up and operational balancing services. This will allow the Guernsey power system to run in 'islanded' mode when interconnectors are not available, whilst also accommodating the integration of local renewable power generation in line with government and local ambitions for deployment.

The system will operate in a manner that minimises environmental impact as far as is practicable.

Grid that supports electrification of energy demand



Achieve this through a grid replacement and expansion programme that will, in the very long-term (around 2050), support full electrification of energy demand and, in the meantime, support the rate of transition with limited exceptions within agreed tolerances.

The local infrastructure will be an extended and enhanced grid which is subject to a planned phased replacement and upgrade.

PILLAR 2: DEMAND

The electricity, products and services which we supply and our customers require.

Products and services that deliver consumer value and choice



Engage with customers to improve consumer value and choice through the provision of modern electricity-based products and services.

Continue to remain competitive in the local energy market and support Guernsey's economy to remain competitive in the global context.

Customer experience that fits and keeps up with the expectations of a modern utility service provider



Deliver a quality customer experience that fits and keeps up with consumer expectations for a modern utility provider, by recognising and adapting to the evolving consumption preferences of society and the generational differences within.

Lead in demand side initiatives to more effectively manage Guernsey's energy transition to electricity



Develop and market our core proposition so that it supports the electrification of energy market segments in transition, and become the leading energy supplier by volume.

There will be a particular focus on heating and transport, and other emerging segments such as cooling, whilst supporting the island's economic development goals.

PILLAR 3: MARKET

The structure, rules and policies that govern the production, distribution and sale of electricity in Guernsey.



An electricity market in which local renewable power generation will flourish in a sustainable and equitable manner



Facilitate and optimise the policy direction established within the Electricity Strategy to create a local renewable generation market which enables existing and new market entrants to connect and supply equitably whilst ensuring this remains sustainable to consumers.



Create cost transparency across the value chain in support of fair competition



Promote private investment in renewable generation by providing greater transparency of how costs are created across the value chain, creating appropriate segregation of responsibilities.

Be clear on the decision making process for electricity generation dispatch so that third parties can compete on a fair and level playing field.



Compete appropriately within the generation market



Compete within the local generation market in a way that upholds the equity and fairness expected, whilst improving our market position in renewable generation and ensuring our activities are aligned to the energy strategy goals.

PILLAR 4: OPERATIONS

Our internal activities, how we do business and serve our customers and wider stakeholders.



Develop our people to be fully enabled to deliver the strategy and optimise operations



Recognise, value and invest in staff and all other resources.

We will foster a culture of high performance and continuous improvement to deliver operational excellence, optimised processes and reduced overall cost to serve on behalf of our stakeholders.

We will continue to reduce risk and maintain a focus on the safety of our employees and islanders.

This will involve the collective efforts of the entire workforce.



Clear investment, operational plan and funding pathway



Develop a clear investment plan that aligns to the Electricity Strategy pathway, and a sustainable capital funding structure that supports it and other long-term aims of the business.



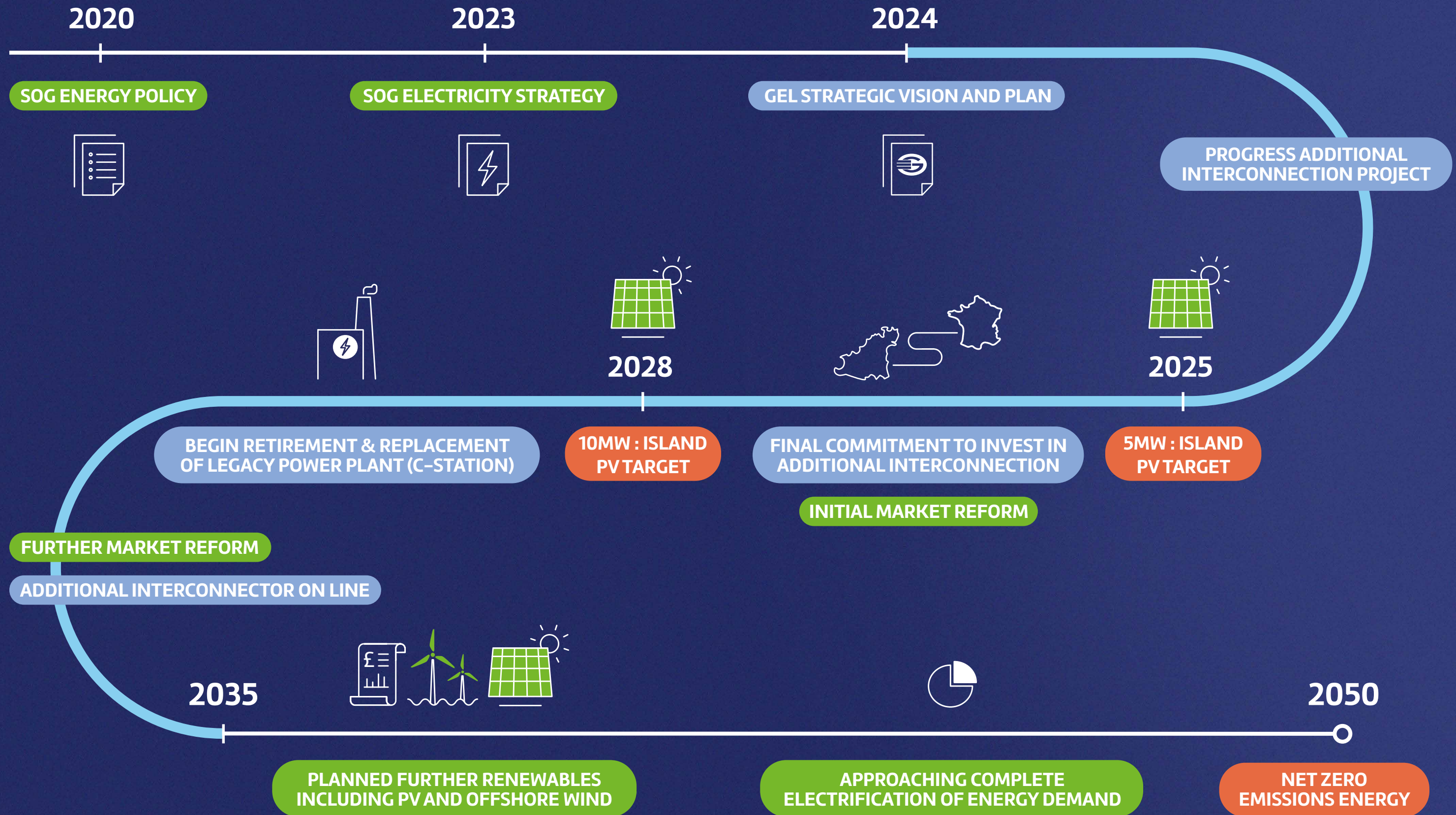
Achieve financial and non-financial performance in line with shareholder objectives to enhance our brand and its integrity



Deliver benefits through financial and non-financial performance in accordance with objectives set by the shareholder.

Create the necessary level of profitability and reinvest in the business to deliver the States' Electricity Strategy and our strategic aims.

Roadmap & Milestones



KEY:

- States of Guernsey Policy
- States of Guernsey Energy Transition Targets
- Guernsey Electricity
- 2024-2035 = the time horizon of the Strategic Vision 2035

Our Guiding Principles



Vision

First choice for energy



Mission

Powering life, today and tomorrow
by delivering reliable, affordable electricity
for the island's sustainable future



Values

Together | Responsibility
Understanding | Simplicity | Transparency

