Policy Centre Jersey

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Website: www.policy.je
Email: info@policy.je

Policy Brief

Wind farm

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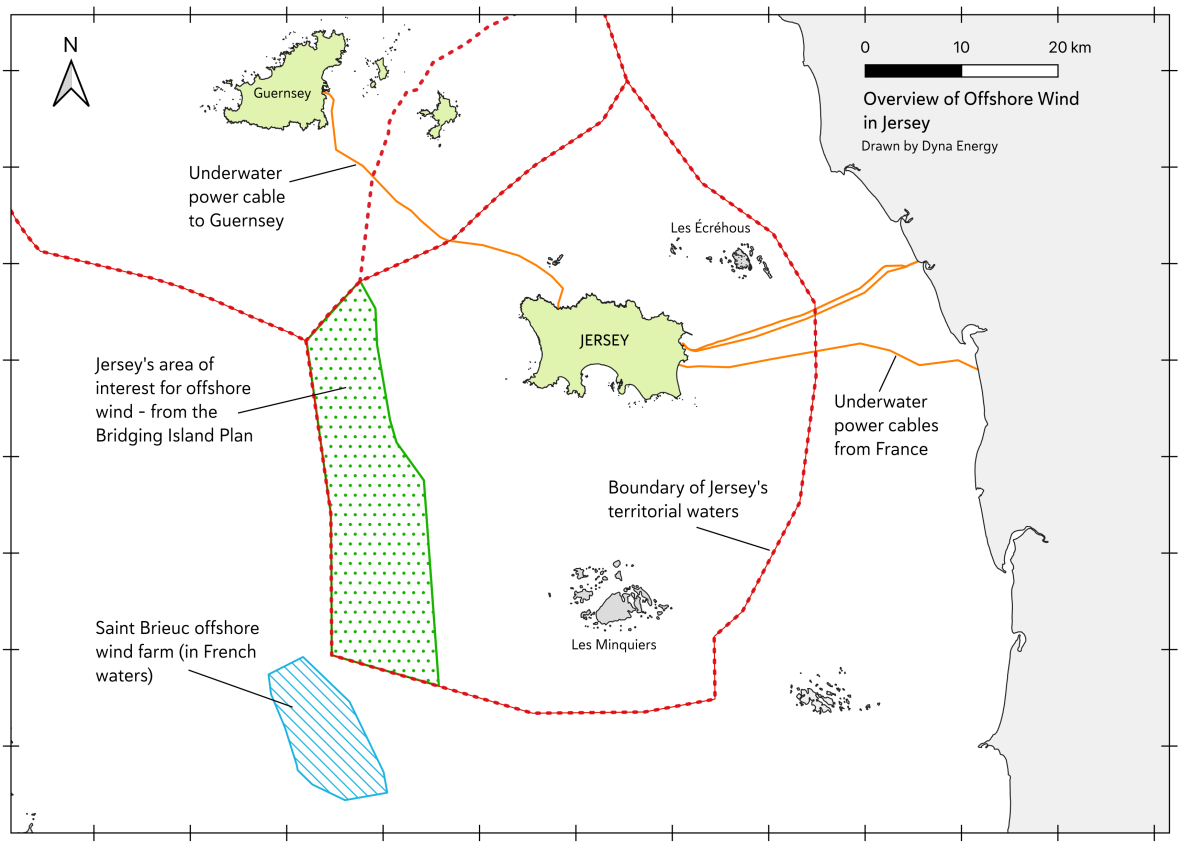
Introduction

The States Assembly has agreed that Jersey should pursue the opportunities arising from the development of an offshore wind farm in the south-west of its territorial waters. This brief summarises the proposal and analyses key issues, drawing on documents published by the Jersey Government and other relevant analysis. Parts of the Brief draw on four articles in the Jersey Evening Post by Dr Mark Leybourne. The Centre is also grateful to Dr Leybourne and Gregory Scopelitis of Dyna Energy for commenting on an earlier draft of this Brief.



Summary

- A large wind farm in Jersey waters would cost between £2 billion and £3 billion to build and would take about 10 years from approval to producing electricity. Responsibility for developing and operating the farm would rest with one of a small number of large specialist companies. The company mitigates its risks by agreeing to sell electricity at a fixed price.
- The role of the Jersey government in a wind farm would be to negotiate a leasing arrangement for the seabed with the operator, and develop the appropriate financial arrangements and policies in respect of planning, taxation and regulation.
- Jersey Electricity would have an additional source of electricity from the wind farm.
- In practice most of the electricity generated by the wind farm would have to be landed in France as it would not be feasible for Jersey to install the necessary infrastructure.
- Currently, Jersey's electricity is imported from the French company EdF, 34% of which is hydroelectricity and 66% nuclear energy.
- The long term contract that Jersey Electricity currently has with EdF is at well below market prices. A significant increase in price can be expected when the current contract ends in 2026.
- The government's proposal envisaged that the wind farm would provide the electricity that Jersey needs with the surplus being exported. It is envisaged that this would have benefits in respect of energy security, the economy, income and environment.
- Guernsey is a potential customer for electricity produced by the wind farm. Currently, Guernsey obtains its electricity from France through a cable running from Jersey. Guernsey's current strategy is to reduce reliance on the cable from Jersey by having a direct link to France. It is also considering plans for its own offshore wind farm.
- Jersey's electricity is currently very low carbon. However, it is possible that in future this could change. If Jersey's electricity from France continues to be very low carbon, then it follows that the wind farm could not assist in meeting Jersey's net zero commitments. And in any event the wind farm would not come on-stream in order to meet the commitments for 2030 and 2035.
- A wind farm would increase Jersey's resilience in respect of energy if it was an additional source of supply.
- There are significant environmental implications of a wind farm, which can be addressed by operating in accordance with internationally accepted good practice.
- The government has suggested that there could be a substantial tax benefit to Jersey from the profitable operation of the wind farm, but it is not certain how much of any profit would be taxable in Jersey.

- There would be indirect benefits to the Island economy from the construction of a wind farm, in particular through employment and hospitality requirements.
- In November 2025 the Government published a comprehensive report which effectively put the project on hold. The report's conclusion was that "It is premature to open a lease process Although offshore wind could offer Jersey real economic potential, current market uncertainty, geopolitical risk and unclear access to export markets make this an unfavourable time to proceed with a leasing process. A decision should only follow once market conditions and access terms are clearly understood and shown to deliver a net benefit for Islanders".

Wind farms – an overview

A wind farm is a simple concept - that is a structure that uses the wind to produce electricity. However, the planning, construction and operation of a wind farm together with distributing the electricity is complex and costly. A large wind farm would cost between £2 billion and £3 billion to build and it would take about ten years to produce electricity from the decision to go ahead.

There are a number of organisations involved in wind farms –

1. The owner of the land, which in the case of offshore wind farms is the relevant government.
2. The relevant government, which has responsibilities for planning policy, regulation and taxation.
3. The developer and operator of the wind farm. There are only a small number of such organisations. The largest operators in Europe are Ørsted, Scottish Power/Iberdrola and Vattenfall.
4. Manufacturers, particularly of the turbines. Vestas, Siemens Gamesa and General Electric are the largest companies serving the European market. A wind farm also requires substantial civil engineering works and cabling.
5. The purchasers of electricity, largely companies that then resell it to households and businesses, but also some large industrial companies. Europe effectively has a single electricity network facilitated by cables, known as interconnectors, that run between Britain and the continent in particular. This means that electricity produced in one place can be sold anywhere.

The time taken to build a wind farm combined with a volatile energy market means that there are substantial risks which the various parties seek to mitigate. By far the largest risk is the relationship between the cost of producing the electricity and the price at which it can be sold on the

open market when the wind farm starts producing electricity. This risk is shared between the developer and the purchaser of the electricity, sometimes with underwriting by the relevant government. The UK practice is to offer contracts guaranteeing a minimum price for the energy.

The risks can be illustrated by market developments. The market price of wind power has fluctuated substantially in recent years. It fell from £120 a megawatt hour in 2015 to £40 in 2023 – a two thirds reduction – but has since increased. At the same time costs have risen substantially. These two trends had the predicted market impact in 2023, that is a sharp reduction in the development of wind farms. Significant developments included –

- In September 2023 there were no bids for contracts being offered by the British government. This resulted in the maximum price the government was willing to pay being increased by 66%, from £44 to £73 a megawatt hour, for a new round of bids, currently underway.
- The Swedish developer Vattenfall spent years developing plans for almost 140 turbines across a 725km-squared patch of the North Sea, each one up to 350 metres high and with blades spanning up to 300 metres wide. In July 2023 it stopped the project, surging costs making it unviable. Vattenfall estimated the cost of building offshore wind farms had climbed 40% in the previous 12 months. In December 2023 Vattenhall sold the project to its competitor RWE, which intends to seek to secure a contract with the UK Government in the current auction round.
- The Danish developer Ørsted has pulled two offshore projects in New Jersey and will write off $5 billion as a result. More than half of US wind power contracts have been cancelled or are in danger of being cancelled and the US 2030 offshore wind target is regarded as being impossible to meet.

The early indications are that activity has picked up in 2024.

Key issue – Jersey's role in the wind farm

The discussion on the proposed wind farm in Jersey waters has at times been confused in respect of what role the Island and its electricity company, Jersey Electricity, would play. A key point made by Dr Leybourne is that "there is not a single offshore wind farm anywhere that has been delivered and operated by a government".

The Jersey government would clearly be responsible for the first two points outlined in the previous paragraph. It would have no involvement in the other points. The Jersey government would therefore not be responsible for the sale of the electricity from the wind farm. Also, Jersey Electricity is a commercial company that will wish to purchase and sell

electricity on the best possible terms. The wind farm would potentially be an alternative source of electricity. Dr Leybourne has explained the position -

> Assuming the seabed area for [the] wind farm is tendered, the private consortium that wins the lease agreement would be responsible for developing, funding, owning and operating the wind farm. They would be responsible (and take the risk) for finding buyers for the power generated. Most of the power would be exported, connecting to the French and/or the UK grids. Buyers could be anywhere in Europe (as it's all connected) and could range from the large utilities to industrial consumers.
>
> The most immediate buyer would be Jersey Electricity, but it would only be able to buy a small amount of the wind farm's total output. A long term agreement could be negotiated between the wind farm and JE, and this will define how much power JE wanted to buy and at what price. The price will therefore need to be right for JE to agree to buy the power. However, JE will be responsible for making sure its grid is able to absorb the amount of power it commits to buy. JEC would then have one more power supplier, the wind farm, in its electricity supply mix, alongside imports from France and on-island generation from the energy from waste plant and solar PV.

In negotiating the lease the Jersey government could seek to impose a number of conditions including for example some electricity being supplied at a favourable price to Jersey Electricity and also requirements in respect of the environment and employment. However, such conditions would reduce the amount that potential developers would be willing to pay for the lease or in any revenue sharing or royalty arrangements. The position is similar to conditions being imposed as a condition of the sale of a property; conditions with a capital cost of £1 million reduce the value of the property by £1 million.

The process for running a tender for a wind farm and negotiating all the arrangements is complex, specialised and costly. Countries that have experience in doing this learn from that experience and are well placed to negotiate the best terms. Jersey has no expertise in this market and would also be negotiating in respect of a relatively small wind farm. The Island will need external consultancy support.

One key point is whether all the electricity would be "landed" in Jersey, with the surplus being exported through the interconnectors to France. This issued was covered in the Offshore Wind Feasibility Study by the consultancy ITPEnergised. It pointed out that "Jersey's grid infrastructure is not able to accept the power and voltage that would be supplied by an offshore wind project of this scale. As a result, extensive reinforcements

and upgrades would be required for Jersey's grid – this would likely come at a large cost of expense, land and disruption." It suggested that an onshore substation the size of People's Park would be needed. It concluded that it was likely that the wind farm would connect directly to the French grid via the southerly cable routes. However, it would be possible to have a spur connection directly into the Jersey grid.

Jersey's electricity supply – the current position

A Policy Centre Knowledge Centre paper Jersey's Energy Market provides basic information on the demand for and supply of energy in Jersey. This section draws on that paper.

Electricity currently accounts for 38% of energy supply in Jersey and is largely used for heating and lighting. 58% of Jersey's energy consumption is of petroleum products and 3% is gas.

There is a single electricity supplier - Jersey Electricity, which is a listed company with the Government of Jersey being a large shareholder. It imports electricity from France, distributes electricity throughout the Island, maintains two back-up oil-fired power stations, runs an energy-from-waste plant and is involved in initiatives to provide solar and wind power. Jersey Electricity's Annual Report and Accounts 2023 provides comprehensive information about the company and more generally about the supply of electricity in Jersey.

Jersey Electricity obtains 95% of its electricity from the French company EdF. Of this 34% is hydro electricity from the Rance Barrage and 66% is nuclear energy from the plant at Flamanville in Normandy. There is also a tiny amount from other renewable sources. There is a limited amount of locally produced electricity from the Government's energy-from-waste plant and some solar power units. The power stations at La Collette and Queen's Road provide backup in the case of power from France being disrupted.

Three cables supply electricity from France to Jersey –

- Normandie 1 runs for 27km from Surville in Normandy to Archirondel and came onstream in 2017.
- Normandie 2 runs from Saint-Remy des Landes to Archirondel and came onstream in 2000.
- Normandie 3 runs for 19km from Periers to Armanville, then 32km undersea to Grouville and 7km underground to the South Hill switching station and came onstream in 2014.

There is also a cable between Jersey and Guernsey, enabling Guernsey to use the electricity produced in France.

Dr Leybourne gave some key facts about Jersey's current position in a Jersey Evening Post article on 19 April 2024. He pointed out that the long-term hedged contract between Jersey Electricity (JE) and the French company EdF had protected the Island from the recent volatility in energy prices. JE currently charges about 20p per unit of electricity whereas France pays the equivalent of 22p (or 25p once the government price cap is removed this year) and the UK pays over 35p. Historically, Jersey's electricity has been 25 - 30% more expensive than France's, whereas now it's 10 - 25% cheaper. Dr Leybourne continued –

> JE's agreement with EdF finishes at the end of 2026 and it is highly unlikely that EdF, or any other European supplier, will be generous in keeping our electricity bills below prevailing market rates and protected from volatility. Under the business-as-usual approach, our electricity will, inevitably, get more expensive compared to today.

It is important to note here that given Jersey's ambitious plans to decarbonize, the demand for electricity is likely to more than double over the next 25 years. At the very least this would require more interconnectors to France and strengthens the case for Jersey to diversify its sources of energy.

The Government's proposal

On 17 October 2023 the Council of Ministers announced that "an offshore wind farm, with the potential to provide significant environmental and economic benefits for Jersey will be built in the southwest of the Island's territorial waters.....the plans for a facility of up to around 1,000MW would comfortably produce enough electricity to meet the Island's own needs, with the remainder to be exported".

On 10 November 2023 the Government announced a consultation on the proposal. Key points from the proposal as set out in the consultation document are reproduced below –

> The proposed windfarm would generate up to around 1,000MW of low carbon electricity.
>
> Taking into account times when it does not produce electricity (for example, when there is little or no wind), a 1,000MW wind farm would generate around 3,800MWh of renewable energy each year.
>
> This is about 6 times the amount of electricity currently used in Jersey, and about twice as much as would be used if everything in the Island, including all heating and transport, was run on electricity.

The energy that Jersey does not use would be exported to other countries.

Because wind power isn't constant, we would still need to import some electricity to make sure that we have a consistent and stable service at all times.

The windfarm would be built in the south-west of Jersey's waters, next to the existing St Brieuc windfarm. Initial investigations have identified this area as benefitting from relatively shallow sites and energetic wind conditions.

A wind farm such as this will cost several billion pounds to design and build. Because of the very significant level of investment needed, and the significant risks associated with that investment, it is proposed that the wind farm should be privately funded and built by companies that have substantial experience of similar development elsewhere.

Many of these costs need to be estimated in advance but can go up or down over time. The future price of energy also has to be assessed in order to establish how profitable a scheme may be. With this approach the benefits of an offshore wind farm for Jersey come in different forms, and should be substantial.

The way that Jersey benefits from a wind farm will depend on choices taken in the coming years, but should include the following benefits -

- Energy security benefits. Jersey could enter a long-term contract to guarantee energy to the Island at certain prices. This could make local energy costs more stable in the future than they otherwise would be. In future, if access to energy becomes more contested, Jersey would benefit from knowing that it has secure access to its own energy.
- Economic benefits. A windfarm at this size would create energy that, at today's prices, would be worth around £300m a year. Much of this energy could be exported, adding a new sector to Jersey's economy. The wind farm should also create sustainable and high value jobs in the Island, such as in supporting its operations and maintenance.
- Income benefits. Developing a wind farm creates opportunities to raise income for the public purse. For example, profit made from the sale of energy would currently be taxed at 20%, and fees can be charged for access to the seabed.

- Environmental benefits. Jersey would secure guaranteed access to low carbon energy that our net zero transition requires. Exporting energy will also help other countries to decarbonise too.

On 20 November 2023 the Environment Minister gave more details of the proposal in a blog post. This referred to the Offshore Wind Feasibility Study by the consultancy ITPEnergised, commissioned by Jersey Electricity and the government. The conclusion of that study is set out below –

> The conclusion of this updated report, based on the 2018 study is that Jersey continues to have significant offshore wind potential within its waters and that the development and exploitation of the resource to generate low cost reliable power for the island is both technically feasible but additionally, the economic landscape has changed dramatically in this short period of time.
>
> The key changes that have occurred during the previous 4-5 year period is the reduction in capital costs, together with lifetime Operation & Maintenance costs. This is being driven by the increased deployment of larger more efficient turbines, leading to an overall reduction in the cost/MW installed, together with improvements in the supply chain, great maturity in the O&M Market and at a macro level, great investor confidence due to clearer policy signals.
>
> There have been a number of new entrants into the market, with a particular growth of the Oil & Gas majors, becoming key asset developers and access the new leasing rounds. Additionally, we have seen significant consolidation in the service based markets with greater development and delivery expertise providing further efficiency through more integrated service approach.
>
> Further analysis of the project scenarios as previously presented is recommended with the aim to identify at least one scenario that would be financially and economically viable and also both environmentally and socially responsible.

The study has a huge amount of technical analysis but little on economic viability. The conclusion included the comment: "The key changes that have occurred during the previous 4-5 year period is the reduction in capital costs". This was indeed the case from 2015 to 2021, capital costs falling by some 40%. However, capital costs are estimated to have risen by 13% in 2022 and increased again in 2023 resulting in some projects being pulled. Such variations are particularly significant for projects that have a long lead time. Assumptions have to be made about both costs and prices years in advance of the energy coming onstream.

On 21 November 2023 a Government report emerged entitled Economic analysis regarding the economic potential of offshore wind for Jersey. This analysis was carried out internally in June 2023. The brief report draws on and cross-refers to the ITPEnergised report. Among the points in this report are –

- A 1,000 MW wind farm would take up approximately 9% of Jersey's marine area.
- Based on a conservative price per unit of 6p, a 1,000 MW wind farm could generate electricity worth £226 million; of which 17% could be locally consumed based on 2021 energy demand whilst the remainder could be planned export.
- During the construction phase 913 jobs could be created locally, representing a GVA boost to the economy of £60m through the construction phase.
- During the operational phase 113 direct jobs could be created in Jersey.
- Based on the 2022 wind feasibility study at 1000 MW project would generate initial tax liability of approximately £42 million.

The note makes the point that these figures are based on 2022 cost data, that is prior to the recent increase in costs.

Consultation responses

On 18 March 2024 the Government published the Offshore Wind Consultation Report. This explained the consultation process and set out the results.

Answers to the online consultation were summarised as follows –

> 81% of respondents considered the potential of having greater energy security due to being able to agree prices over the longer term a very important or fairly important possible benefit.
>
> 74% of respondents considered the potential of creating enough energy to export, which could in turn help grow Jersey's economy and create good jobs as a very important or fairly important possible benefit.
>
> 71% of respondents considered the potential of additional income for the public purse, such as new tax revenues, as a very important or fairly important possible benefit.
>
> 76% of respondents considered the potential of securing access to low carbon energy and helping other countries reduce their fossil fuel use as a very important or fairly important possible benefit.

52% of respondents indicated a preferred funding model. A private public partnership was proposed by 33%, mainly private by 22% and solely private by 20%.

The things that particularly excited respondents about the proposed development of offshore wind were production of renewable energy, energy independence, taking action on climate change, income generated and new jobs for the island.

The things that most concerned people were environmental concerns especially relating to the impact on wildlife, cost and funding of the project, lack of trust in government, visual impact and speed of construction.

Respondents were asked in one sentence to summarise their current opinion about developing a wind farm. 72% of responses were positive, 23% were negative and 5% were neither positive nor negative.

The response document includes some of the detailed responses from relevant organisations and a full analysis of the online responses.

It should be noted that the way the consultation questions were framed can be regarded as slanted. They were all phrased as if they were only benefits with respondents being asked to state how important those benefits were.

The decision of the States Assembly, April 2024

In a short debate on 17 April 2024 the States Assembly agreed by 40 votes to 1 to the proposal that –

- Jersey should pursue the opportunities arising from the development of offshore wind in the south-west of its territorial waters.
- Development of up to 1000MW should be encouraged in order to meet the needs of islanders, power our future economy and create energy for export.
- The government should bring forward appropriate policy and legislation, in 2024, to set in place a process to lease, consent, regulate and decommission a wind farm.

The second point is significant as it clearly implies that the wind farm would meet the Island's need for electricity.

During the debate the Environment Minister said that the proposition did not commit the Island to building a wind farm, to any excessive expenditure, or binding Jersey into a relationship with third parties. He added that after detailed studies had taken place a decision could be reached that the concept did not work for Jersey. However, he said that there were "very strong and compelling reasons to look seriously at the opportunity, which could give us an important long term strategic edge in a volatile energy landscape."

The relationship with Guernsey

Guernsey currently obtains its electricity from France but via Jersey, that is there is no cable directly connecting Guernsey and France. Guernsey Electricity and Jersey Electricity currently import electricity through a joint venture, Channel Island Electricity Grid, which owns and operates the cables to France. The Grid negotiates multi-year contracts with the French company EdF to secure electricity through the cables with some element of fixed pricing.

If Jersey produces its own electricity, then clearly Guernsey would be a potential market, and in any event the existing contractual arrangements would need to be renegotiated.

In September 2023 the Guernsey States of Deliberation agreed a new Electricity Strategy for Guernsey, a very detailed document, developed in partnership with Siemens. The strategy includes additional cables, on-island renewables in the form of solar power, and offshore renewables. Like Jersey, Guernsey is concerned with energy security, which in its case means removing the total reliance on a cable from Jersey through having a direct connection to France –

> All options for interconnection have been explored, including an additional subsea cable to France through Jersey, to France directly and direct to the UK. However, the modelling showed that from both a cost and technical perspective, a direct interconnector with France was the best option. Additional interconnection through Jersey would require the network there to be upgraded to allow for substantially higher loads to be transferred through to Guernsey. A subsea cable direct to France would also provide Guernsey with additional security as it would be connected to a different part of the French network than the existing cable is.

While Guernsey would no doubt be interested in any arrangement with Jersey that was to its commercial advantage, it does not want to be reliant on Jersey. And it will be noted that Guernsey is also considering plans for a wind farm.

Issue – impact on path to net zero objectives

The consultation document stated that "Jersey would secure guaranteed access to low carbon energy that our net zero transition requires. Exporting energy will also help other countries to decarbonise too." This is a puzzling comment as currently all Jersey's electricity is very low carbon. This point was recognised in Jersey's Carbon Neutral Roadmap –

> While access to low-carbon electricity can be maintained, switching to other forms of low-carbon generation at either the utility scale (for example wind or tidal generation) or more local sustainable generation (for example PV panels on roofs) will not provide further carbon reductions, although it could bring other benefits for energy security and (in some use cases, in particular for those generating energy) affordability.

This is the current position, and given the time scale for a wind farm to come onstream there is no contribution that could be made to Jersey's commitment to reduce emissions from the 1990 baseline level by 68% by 2030 and by 78% by 2035. However, longer term it cannot be guaranteed that Jersey will be able to rely on low cost renewable energy from France. All countries will be competing to buy renewable energy and it may be that in future Jersey will have a choice between low cost fossil-fuel energy or higher cost renewable energy. In these circumstances the wind farm could at the least reduce the cost of meeting the net zero commitment.

Issue - energy security

The consultation states that "Jersey could enter a long-term contract to guarantee energy to the Island at certain prices" and that "in future, if access to energy becomes more contested, Jersey would benefit from knowing that it has secure access to its own energy". Similarly the proposition agreed by the States Assembly included "development of up to 1000MW should be encouraged in order to meet the needs of islanders, power our future economy and create energy for export."

There are two key points here. The first and most important is the implication that the wind farm would become the primary source of Jersey's electricity, or put another way that Jersey Electricity would be obliged to buy its electricity from the wind farm. Moreover, the power purchase agreement would need to be settled at the outset, some ten years or more before the power actually came on stream. If a fixed price is agreed in advance, it could turn out to be much lower than the prevailing market price in 10 years' time in which case Jersey would have got a good deal. Alternatively, it could be much higher than the market price leaving Jersey Electricity being forced to charge prices well above the current market rate to its captive market.

Jersey Electricity may resist being bound in this way. It will want to buy its electricity at the lowest possible price and would probably consider a fixed price arrangement with the wind farm developer at the inception of the project only if any potential losses were underwritten by the Jersey government.

Dr Leybourne commented that one of the drivers for a wind farm was to diversify Jersey's sources of electricity. Jersey will need to produce two to three times more electricity in the next 25 years as a result of decarbonisation and a wind farm would provide an alternative to more cables to France. Dr Leybourne explained how this would work –

> A wind farm operator would look to enter into a power purchase agreement with JE for a small portion of the output. This would set a fixed price for up to 20 years and provide JE with price certainty for at least a portion of the power acquired. To be clear, JE does not have to buy power from a wind farm. If the wind farm operator and JE cannot agree on a price, then power from the wind farm would be sold to Europe or the UK, as there are many buyers that require large volumes of decarbonized electricity. It is also important to state that Jersey would not subsidise or underwrite the wind farm".

This issue needs to be settled at an early stage, that is whether the wind farm will become the primary source of Jersey's electricity and if so the implications of this for Jersey Electricity as a company and the potential financial implications for the Island.
The second point is that wind energy is, as the name suggest, dependent on wind. Therefore when the wind stops blowing an alternative is needed. In the UK this alternative is largely provided by natural gas. Wind energy alone could not guarantee a continuous supply of electricity. Jersey would require one or more of –

- Electricity from the current oil-fired power stations.
- An arrangement with another company to supply electricity when needed.
- Solar power, although, like wind power, this cannot be guaranteed.

A key characteristic of electricity, unlike for example water or gas, is that it can be stored to only a limited extent through the use of batteries. A great deal of work is currently being done to develop battery technology with the intention that it becomes viable at an industrial scale. This would revolutionise electricity markets, greatly increasing the attractiveness of all renewables. For Jersey, the key requirement would be the ability to store energy which can be released at the peak time – that is 5:00pm to 7:00pm. While achieving this at a viable price cannot be guaranteed there is a reasonable prospect that the technology will have developed such that it

might be achievable by the time electricity from the wind farm comes onstream.

A significant recent innovation is the development of Small Modular Reactors, producing carbon-free nuclear power. However, while they are small in relation to existing nuclear power stations, they are not small in relation to Jersey. Their cost is currently estimated at £1.8 billion. Such a reactor would require 70,000 square metres of land and is really only viable for a population about six times that of Jersey's. Also, Jersey would need to develop the capability to oversee the construction and completion of a nuclear power station. There is the possibility of very small modular reactors – but as yet they do not exist.

Issue - environmental impact

A key environmental issue is that the wind farm would be very visible from the south and west coasts of Jersey, which would no doubt attract some critics. The construction of the wind farm would also require the use of land in Jersey, which would have environmental implications.

There are issues in respect of marine and bird life. Dr Leybourne has commented that a common concern is that birds will be killed by the rotating turbine blades He suggests that this can be mitigated by varying the wind turbine height and spacing and he also comments on a likely behavioural change a wind farm can cause with birds avoiding the area. A second environmental concern is in respect of marine mammals. Dr Leybourne comments that there is no scientific evidence to suggest that marine mammals are impacted by surveys work prior to the construction phase of a wind farm. However underwater noise from construction activities can have an adverse effect.

The Offshore Wind Feasibility Study by the consultancy ITPEnergised, considers the various environmental implications in detail. There is now generally accepted best practice for mitigating environmental risks.

Issue – economic benefit to Jersey

There are two aspects of any potential economic benefit to Jersey of a wind farm. The first is what might be called the macro benefit of Jersey in effect being an energy supplier. The economic analysis commissioned by the Jersey government (quoted earlier in this report) said that "based on the 2022 wind feasibility study at 1000 MW project would generate initial tax liability of approximately £42 million." It is not clear how this figure has been derived but it would seem to suggest the profit that the wind farm operator would make would be taxed in Jersey. The consultation document includes the following –

> Many of these costs need to be estimated in advance but can go up or down over time. The future price of energy also has to be assessed

in order to establish how profitable a scheme may be. With this approach the benefits of an offshore wind farm for Jersey come in different forms, and should be substantial.

This indicates a poor understanding of the nature of the market. The future price of energy is not something that can be "assessed" as if this is an administrative task. Experts try to forecast the price, generally unsuccessfully, and at the least there is a wide range of possible future prices. And it does not follow that any "assessment" will lead to a profit and it is certainly not the case that with the "approach" the benefits to Jersey will be "substantial".

The extent to which the Government of Jersey could benefit financially from a wind farm is a complex issue. Current experience suggests that the value of the lease would be quite modest. Jersey could seek to have a revenue sharing or royalty arrangement with the wind farm operator. Where the profits from the operation of the windfarm would be taxed is beyond the scope of this paper, other than to say that it is unlikely that all or any profit would be taxable in Jersey. The Government needs carefully to consider alternative financial arrangements, with appropriate professional advice, to maximise revenue.

Dr Leybourne has suggested that over the whole life of the project public revenues in the form of payments for the lease of the seabed, GST on equipment and services, utility taxation on electricity sales and also tax revenue from the related economic activity surrounding the wind farm development, construction and operation could total £400 million.

The second set of economic benefits to the Island relate to on-island work during the construction and operational phase. The government's consultation document said that during the construction phase 913 jobs could be created locally, representing a GVA boost to the economy of £60m through the construction phase, and during the operational phase 113 direct jobs could be created in Jersey. Dr Leybourne suggested much lower figures for employment. He detailed several ways in which Jersey could benefit from offshore wind –

- Job retention and talent - an offshore wind farm would require 50 full-time direct jobs locally during development and around 70 during operations with many more indirect and induced jobs.
- Hospitality - the construction part of the project alone requiring around 30,000 hotel nights for two to three years.
- Community benefit funds, which typically accompany wind farm projects and are often in the range of £200K to £500K a year.
- Enhancements to local infrastructure, particularly the harbour.

- Local businesses, which could capture at least £15 million of the initial £100 - £150 million spent on preparatory studies, surveys and analysis.

The Jersey fishing industry has strongly opposed the wind farm on the grounds that during the lengthy construction phase there would be a significant reduction in the area in which they could fish.

The November 2025 report

On 20 November 2025 the Government published a comprehensive Report on the potential of offshore wind energy for Jersey. The purpose of the report was stated as being –

> This Report presents a comprehensive policy appraisal of enabling the development of an offshore wind farm in Jersey's territorial waters. It draws on over three years of detailed technical, commercial, economic, and regulatory work. It is underpinned by a robust evidence base that includes economic analysis, technical assessment, stakeholder engagement, and diplomatic discussions. The work has centred on determining what would be required to advance offshore renewable energy being developed in Jersey's waters but only if doing so delivers a clear, measurable benefit for Islanders.

The substance of the report is summarised in 12 findings –

Feasibility Only one viable site, located in Jersey's south-west territorial waters, has been identified as suitable for development. It has an estimated maximum capacity of around 1 GW. Jersey cannot consume all the power generated from a commercially viable project; all viable options require energy export arrangements with another jurisdiction.

Timing If Jersey proceeds, development could begin in the late 2030s with operations commencing around 2040: this aligns with the earliest opportunities to connect to networks in the UK and France.

The role of Government The Government's role would not be to invest directly in a wind farm. Instead, it must focus on putting in place legislation and regulations for the consenting, construction, operation and decommissioning of a wind farm; securing beneficial Market Access terms; and managing the environmental, planning and community outcomes whilst regulating development, construction and operation of the wind farm. There would be a cost to Government for these activities of tens of millions of pounds over the lifetime of the project. To support a case for Jersey progressing, the return from the potential wind farm (which may not materialise for many years after the start of operations) should more than offset these costs to Government at a tolerable level of risk.

Dependencies In order to be successful, Jersey must both compete with other jurisdictions to attract a competent developer and export power into well-connected international energy markets on terms with which decision-makers are satisfied. Without certainty of favourable Market

Making the case for progressing a wind farm For decision makers to commit Jersey to progressing with an offshore wind farm, they must have greater certainty of the benefits for Islanders, which can only be achieved through securing favourable terms of Market Access from an export market jurisdiction. The terms imposed by other jurisdictions to access their energy markets may be challenging and not necessarily benign. Understanding the basis for Market Access is therefore the priority in the next phase of the project.

Negotiating Market Access Market Access discussions are already under way, but despite regular and persistent engagement, the potential importing jurisdictions have not yet been able to progress discussions to the required detailed technical and legal level. Therefore, the resources required to support these negotiations cannot yet be estimated and requested.

Market Access as a test case This work is also a 'test case' that will inform the approach to future renewable energy projects, including tidal power, regardless of whether Jersey ultimately proceeds with offshore wind development.

Economic potential Any economic return is entirely dependent on securing favourable access to UK or French energy markets on terms acceptable to Jersey. If favourable Market Access were to be secured, initial modelling indicates offshore wind could deliver a potential benefit of at least £4 for every £1 of public expenditure on this project. This would be gained primarily (but not solely) through fiscal and leasing revenues.

Producing a full economic assessment Only after the two steps to determine Market Access are completed can a fully detailed economic assessment be produced for decision makers to choose whether to progress the project and set up the conditions for opening a leasing process. The subsequent phase of the project is estimated to cost around £2 million per year over a further three years.

Geopolitical risk Current global market and industry conditions remain unsettled, with higher financing costs and competing pressures on supply chains. Given these dynamics, and the timing of available grid connections to the UK and France, it is advantageous for Jersey to take stock and prepare, positioning itself to act when conditions stabilise and opportunities are stronger.

Selection of a Developer It is possible for a developer to be appointed early and for them to work in parallel with Government to negotiate the terms of Market Access. However, securing Market

Access terms that are in the Island's overall best interest is more likely to be achieved if a developer is not part of this process. Furthermore, it gives latitude for decision makers to make an evaluation of the net benefit, or otherwise, of a project without having entered a commercial arrangement with a developer.
The costs of running a leasing process Concluding a leasing process requires significant funds. Estimated at c. £2 million per year over seven years, in phases to i) negotiate detailed Market Access terms, ii) enact necessary legislative changes iii) prepare and run a leasing process, and iv) establish regulatory capability so that detailed site exploration and consenting could commence.

The conclusion is set out in full below -

Despite uncertainty in the industry and challenging issues for Jersey to overcome, there remains a potential economic opportunity for Jersey in allowing the development of an offshore wind farm in Jersey's waters and developers are curious about the potential of a Jersey site.

However, significant uncertainty remains without understanding the conditions and implications of Market Access from an importing jurisdiction. Therefore, it is not possible for decision-makers to assess the full benefits and determine whether to proceed. Legislation, regulation and a leasing process will be influenced by Market Access arrangements. Finalising these before Market Access is understood may at best waste resources and at worst undermine the benefits for Islanders.

Deciding to lodge legislation and open a lease process must only follow a clear, evidence-based decision to progress a wind farm in Jersey's waters because it would bring net-benefit for Islanders. This cannot be determined without consideration of the terms of Market Access and therefore it is premature to open a leasing process. Consideration must also be given to timing in respect of global trends and geopolitical risk which are not currently as favourable as they were in 2022 when this project began.

Conclusion: It is premature to open a lease process Although offshore wind could offer Jersey real economic potential, current market uncertainty, geopolitical risk and unclear access to export markets make this an unfavourable time to proceed with a leasing process. A decision should only follow once market conditions and access terms are clearly understood and shown to deliver a net benefit for Islanders.

The leads to the key recommendation –

Securing Market Access is essential for any renewable energy project and this work stream should be our next focus. Given the current limited clarity from UK and French governments, we plan to continue until the scope of discussions becomes clear. The pace of work is entirely dependent on the responsiveness of the UK and French governments. This internal work currently comes with no additional budgetary or resource requirements and no request for resources is captured in the 2026 Budget.

Fully developed negotiations will require specialist legal and technical assistance, but currently this cannot be scoped. When there is sufficient engagement from other jurisdictions to define the next phase of work it will be possible to assess the level of additional support needed.

When the scope of Market Access negotiations becomes clear a business case for additional resources can be developed, subject to Ministerial and Council of Ministers' agreement.

In the meantime, proportional engagement alongside the Isle of Man and Guernsey will continue, paced by external interest. Moving to a lease process will be postponed until agreement is reached on Market Access to a satisfactory position for Jersey followed by an agreement by decision makers to progress.

Recommendation Work to clarify the basis upon which the UK and France would allow Jersey access to their energy markets will continue within existing budgets. Once the scope is understood, a business case for the legal and technical resources needed to complete the negotiations will be developed for consideration by the Council of Ministers.

Further information

The Global Wind Report 2024, published by the Global Wind Energy Council provides a great deal of relevant information.
The Electricity Strategy for Guernsey is a detailed 200-page document with analysis much of which is relevant to Jersey. (Guernsey, like Jersey, has an unfortunate habit of not publishing agreed strategy documents; rather the documents have to be extracted from a proposition to be debated.)
Offshore wind feasibility study, a high level feasibility study of the wind farm proposal by the consultancy ITPEnergised, commissioned by Jersey Electricity supported by the Jersey government.