Managing Energy Challenges in Island States: The Contribution of the Energy Charter

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Island states or territories all share common challenges on energy affairs despite different factors of geography , economy and culture. These factors limit the market size and the potential for financially viable large scale energy projects. In some cases the size or the isolation of the territory plays a big role on the energy profile, and limits the capacity for energy generation, or the potential for transmission of energy. There is a clear effect on the costs that must be met by government for the production and distribution of energy. There are also direct consequences for the financial situation of individuals and households in islands.

In some cases the distance from mainland territories, or other groups of islands, presents an obstacle to the provision of offsite sources of energy. In other cases political or regulatory limitations do not allow for regional cooperation to face the challenges on energy security, and particularly on the supply of electricity.

Islands need to build adequate power capacity and improve the infrastructure for transmission and distribution, as well as their interconnection to address such energy challenges. International cooperation and foreign investment may be some of the tools required to address these difficulties.

By signing the International Energy Charter which was adopted on May 20 2015 at a Ministerial Conference in The Hague, islands states would be enabled to demonstrate their commitment to a stable framework that provides certainty to foreign investors interested in developing energy access and resources. The International Energy Charter, which is a political declaration, also provides for compatible regulatory structures for regional development on energy, and a basis for common understanding among signatories. Therefore achieving observer status to the Energy Charter by signing the International Energy Charter should help island states or states with island territories to overcome the obstacles of isolation or markets size, making such island territories more attractive to international business. Observer status of the Energy Charter would assist island territories to have access to peer dialogue, access to technology and capacity building activities, as well as effective international cooperation in the energy sector with other islands states who are already members of the Energy Charter such as Malta, Cyprus, Iceland, Ireland and states who have island territories such as France, Spain, the United Kingdom, and Greece.

The Energy Charter Process has achieved much with regards to improving the investment climate in another group of countries over the last twenty years; the land-locked countries of Central Asia and the Caucuses. It can be said that the development of the energy resources of those countries owes much to their membership of the Energy Charter.

The principles adopted in the International Energy Charter must also be utilised for islands with regard to security of supply, security of demand, security of transit, improved energy efficiency, and not least the alleviation of energy poverty. Common rules for global energy security as set out in the new Charter would enhance the energy security of islands and help address their specific energy needs.

Island States and the Energy Charter

Providing a platform for energy dialogue and cooperation among island states for peer discussion and common development of energy industries

Fostering the commitment and trust of foreign investors required for the development and integration of local sources of generation of electricity and energy infrastructure

Encouraging common regional development and integration, allowing regional energy projects for economies of scale which facilitate foreign investment

Energy Charter Treaty

Sovereignty over natural resources as a key element for the development of nation

Opening the door for capacity building on energy governance and technical regulation on energy issues and complex energy contracts