



Electricity in Guernsey

Regulator consults on electricity prices and electrical inspections, fixes maximum resale price for electricity

The Regulator today (23rd August 2002) published three new documents on electricity in Guernsey. The first of these (OUR02/29¹) proposes to introduce controls on the prices that Guernsey Electricity Ltd can charge customers for their electricity. The second (OUR 02/27²) fixes the maximum price that third parties like landlords can charge for electricity, and the third (OUR 02/28³) consults on the most appropriate arrangements for ensuring that connections to the electricity network are inspected and maintained to appropriate technical and safety standards.

“These three papers are important parts of the new framework for electricity services in Guernsey,” said Jon Buckland, Regulatory Manager at the OUR, “and we will be developing the proposals for price controls in particular over the coming months in tandem with the conclusion of the overall market review that we are carrying out for the States of Guernsey on the introduction of competition”.

Price Controls

When it was commercialised on 1st February 2002, Guernsey Electricity Ltd froze prices to customers which allowed a period for the OUR to examine the company’s prices and its costs and consider what is the best way to regulate these prices in the future.

¹ Proposals for the Price Regulation of Network and Retail Electricity Services: Consultation Paper

² Maximum Resale Price of Electricity in Guernsey: Information Note and Direction

³ Electrical Inspections: Consultation Paper

The consultation paper proposes to replace the old way of fixing electricity prices where every price change is examined individually and approved or not, with a mechanism that is similar in some ways to the one adopted for telecommunications. The new mechanism would be designed to encourage efficiency gains within the company and ensure that those efficiency gains are passed on to customers.

“We are now consulting on the form that a price cap should take, and we will be undertaking further detailed work over the coming months to set the level of any cap. Our overall objective is to protect consumers while ensuring the sustainability and viability of the electricity sector into the future and the robustness of investment”, said Mr Buckland.

Comments are requested on the proposals by 30th September 2002.

Maximum Resale Price of Electricity

Document OUR 02/27 puts an upper limit on the price that third parties can charge for electricity, for example a landlord who pays for electricity and then charges tenants through use of a coin meter or otherwise. The maximum price is 9.62p per kilowatt hour and is based on the retail price that the landlord will pay to Guernsey Electricity Ltd. for the electricity.

Mr Buckland said “This maximum price ensures that customers who buy their electricity from third parties are protected from any unfair mark up on those prices. As any new price control mechanisms are put in place we will review this maximum price”.

Electrical Inspections

The Electricity (Guernsey) Law, 2001 allows the Regulator to make regulations requiring electricity licensees to appoint inspectors to inspect electrical installations. The Regulator may also approve the standards for such installations. Historically Guernsey Electricity Ltd has fulfilled this role.

Document OUR 02/28 proposes to approve the international standards currently used by Guernsey Electricity Ltd, and consults on whether GE should continue to fulfil this role and how the costs of inspections should be recovered.

“The continuation of high standards on the electricity network is vital to the safety of all those using the network”, said Jon Buckland. “This paper recognises the strong technical background and competence of Guernsey Electricity Ltd and proposes that the company, as the monopoly conveyance licensee, should have an ongoing role in relation to electrical inspections”.

Copies of all three papers are available from the OUR website on www.regutil.gg or by calling the Office on 01481 711120.

**ENDS/
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For further information call the Office of Utility Regulation on 711120