



Office of Utility Regulation

Media Release

Regulator Publishes new Framework for Electricity in Guernsey

Regina Finn, Director General of Utility Regulation today (29th January 2002) issued a series of documents setting out the new rules for the operation of the electricity market in Guernsey from 1st February 2002. The various reports and decision notices follow on from an open consultation process conducted by the Regulator over the past months in preparation for the implementation of new electricity legislation in Guernsey. The documents include final licence terms and conditions that will apply to Guernsey Electricity Limited from 1st February 2002.

“I am delighted to be able to publish these documents which are critical in setting the ground rules for Guernsey’s electricity market”, said the Regulator. “These documents build on the foundation of the Electricity Law which will come into effect on 1st February 2002, and various States Directions that were agreed by the States of Guernsey during 2001.”

“The wide ranging consultation process prior to finalising these documents has provided valuable input. We are now putting in place a significant number of decisions ranging from exemptions for people operating small generation facilities to the full set of licence conditions that will apply to Guernsey Electricity Limited from 1st February. The new licensing regime is designed to facilitate the delivery of value for money, high quality services to customers”.

“However, this represents only the beginning my Office’s work. I shall now be turning my attention to ensuring that this potential can be realised for the benefit of consumers in Guernsey and this will involve a significant amount of effort over the initial start up period.”

The Decision Notices, Reports on the Consultations, and the Licence Terms and Conditions, are available on the OUR website – www.regutil.gg – or from the OUR office at Suite B1&B2, Hirzel Court, St Peter Port, Guernsey GY1 2NH, Tel 01481 711120.

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For further information contact the Office of Utility Regulation on 01481 711120

Notes to Editors

Legislative and Policy Background

At its meeting in March 2001, the States of Guernsey approved the text of the Electricity (Guernsey) Law, 2001. The law received Royal Assent in August 2001. At its September 2001 meeting the States agreed a number of directions to the Regulator in relation to the electricity sector and at the December meeting, the date of 1st February 2002 was set for the commencement of the Electricity Law.

The legislative and policy framework set by the States for the electricity sector in Guernsey provides that the activity of generation of electricity should not be constrained and interested parties may apply for and receive licences from the Office of Utility Regulation to operate generation stations in Guernsey. The States has directed that the operation of the core conveyance network in Guernsey be carried out on an exclusive basis for the next ten years as this activity has the characteristics of a natural monopoly. This is in common with most other jurisdictions. In addition, the States has directed that the supply of electricity be reserved to one licensee for a period of 12 months while the question of whether or not to introduce competition in this market is investigated further.

Finally the States has directed that the first electricity licence be granted to the organisation known as Guernsey Electricity Limited, which will take over the functions of the States Electricity Board from 1st February 2002.

Published documents

The following documents have now been published and are available on the OUR website www.regutil.gg, or can be obtained from the OUR Office:

OUR 02/02: Electricity in Guernsey – Licensing Framework: Decision Notice and Report on the Consultation Paper.

This document sets out the Regulator's conclusions on the overall licensing framework for electricity provision in Guernsey within the parameters set by the States Directions to the Regulator. In particular, the document describes the forms of generation and supply that will not require a licence under the Electricity Law.

OUR 02/03: Electricity Licence Conditions: report on the Consultation Paper

This document reports the comments received on the proposed licence conditions for the electricity sector and sets out the Regulator's decisions on what conditions will be included in the licences.

OUR 02/04: Electricity Licence Conditions

Taking account of document OUR 02/03, and following a further review of the legal text, this document contains all of the conditions that will be included in electricity licences in Guernsey.

OUR 02/05: Decisions Under the Electricity (Guernsey) Law, 2001 – Decision Notice and Report on the Consultation Paper

The Decision Notice sets out the Regulator's decisions under various provisions of the Electricity Law, including a decision that Guernsey Electricity holds a dominant position in the electricity market and a decision to include certain conditions on consumer protection, price control and quality of service in the licence to be granted to Guernsey Electricity.

OUR 02/06: Direction on Exemptions from the Requirement to hold a Licence – Issued under section 1(2) of the Electricity (Guernsey) Law, 2001.

This is the formal direction which sets out what types of generation and supply are exempted from the requirement to hold a licence under the Law.

Licensing of Guernsey Electricity Limited

The Regulator will sign the licences for Guernsey Electricity Limited on Thursday 31st January 2002. Guernsey Electricity will issue a separate press release on this issue.