



Office of Utility Regulation

**Notice of Modification to the Licence issued
to Guernsey Electricity Ltd under Section
2(1) of the Electricity (Guernsey) Law, 2001**

Information Notice

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Office of Utility Regulation
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Notice of Modification of Licence

On 30th January, 2003 the Director General published notice of her intention to modify the licence of Guernsey Electricity Ltd, in accordance with;

- Section 8 of the Electricity (Guernsey) Law, 2001,
- Condition 6 of the Licence issued to Guernsey Electricity Ltd under section 2(1) of the Electricity (Guernsey) Law, 2001, and
- States Directions to the Director General of Utility Regulation under Section 3 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 which were agreed by the States of Guernsey at its meeting on 29th February 2002¹,

The notice was published in Document OUR 03/03 on the OUR website and a notice was also placed in the Gazette Officielle inviting comments on the proposal in accordance with section 8(2)(c) of the Electricity (Guernsey) Law, 2001. Guernsey Electricity Ltd was specifically invited to submit any comments it wished. No comments have been received on the proposal.

Having followed the procedure set out in subsection 8 of the Electricity (Guernsey) Law, 2001, the Director General hereby gives notice of the following modifications of the Licence issued to Guernsey Electricity Ltd under Section 2(1) of the Electricity (Guernsey) Law 2001 as follows:

Modification of Condition 25.3

The following condition of the Licence is hereby deleted:

25.3 The Licensee shall have the exclusive right to convey electricity in its Authorised Area for the first ten years of the Term. The Director General may extend or amend the duration of this exclusive right if so directed by States Direction under the Regulation Law.

and replaced with the following:

25.3 “Notwithstanding the rights of any holder of an exemption granted by direction under section 1(2) of the Electricity Law to convey electricity without licence, the Licensee shall have the exclusive right to convey electricity in the Authorised Area for the first ten years of the Term. The Director General may extend or amend the duration of this exclusive right if so directed by States Direction under the Regulation Law.”

The reason for this modification is to comply with the States Directions issued to the Director General on 29th January 2003 in accordance with section 3 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001.

¹ See Recommendations 2 and 3 of the Board of Industry Policy letter as set out page 55 of Billet I 2003 reproduced in the attached Annex.

Modification of Condition 36.3

The following condition of the Licence is hereby deleted:

36.3 The Licensee shall have the exclusive right to supply electricity in the Authorised Area for the first year of the Term. The Director General may extend or amend the duration of this exclusive right in accordance with States Direction under the Regulation Law.

and replaced by the following:

36.3 “Notwithstanding the rights of any holder of an exemption granted by direction under section 1(2) of the Electricity Law to supply electricity without licence, the Licensee shall have the exclusive right to supply electricity in the Authorised Area for the first ten years of the Term. The Director General may extend or amend the duration of this exclusive right if so directed by States Direction under the Regulation Law.”

The reason for this modification is to comply with the States Directions issued to the Director General on 29th January 2003 in accordance with section 3 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001.

These modifications take effect from the date of publication of this notice, which is Tuesday 11th February 2003.

/END

ANNEX: Extract from Billet 1 2003 – page 55

Recommendations

The Board of Industry recommends to the States, having considered the “Review of Guernsey’s retail and generation of electricity markets” produced by the Office of Utility Regulation to and having considered the comments in this policy letter on strategic independence to:

1. Prepare for the potential introduction of retail competition in future by amending the licensing regime within the Electricity (Guernsey) Law 2001 to reflect a functional split (Retail, Network, and Generation) as outlined in the Office of Utility Regulation report.
2. Issue a States Direction to the Director General of Utility Regulation that an exclusive licence be issued to Guernsey Electricity for supply activities subject to any exemptions granted by the Director General under Section 1(2) of the Electricity (Guernsey) Law 2001 for the period ending 31st January 2012.
3. Issue a States Direction to the Director General of Utility Regulation to issue to Guernsey Electricity an exclusive licence for conveyance activities, subject to any exemptions granted by the Director General under Section 1(2) of the Electricity (Guernsey) Law 2001 for the period ending 31st January 2012.
4. Direct the Director General of Utility Regulation that the exclusive licences set out in Recommendation 3 and 4 above should be replaced with exclusive licences for retail and network activities respectively when new legislation consistent with Recommendation 1 is enacted.
5. Direct the Board of Industry to monitor the development of the energy sector in the Channel Islands and bring forward a review of these arrangements by 31st January 2011 or sooner in the event of any material changes to the structure of the sector.
6. Endorse the diverse generation source approach to security of supply as set out in this report.
7. Remove any reference to security of supply in the States guidance to the Advisory and Finance Committee in exercising on behalf of the States its role as shareholders of Guernsey Electricity Limited.