



Office of Utility Regulation

Media Release – 25th September 2006

Regulator consults on new Electricity Price Control

Guernsey's utilities regulator has opened a consultation on a possible new price control for Guernsey Electricity. If introduced, the price control which will limit the amount GEL can raise prices over a given period, will take effect in April 2007 and replace the current control which was put in place in December 2005. The consultation will focus on a wide number of preliminary issues which need to be considered before GEL can propose any new tariffs.

'Last year's price control identified a number of unique issues relating to the regulation of electricity tariffs in Guernsey. Over the past months we have worked with GEL on considering the implications that these may have on the company' said Michael Byrne, Director of Regulation. 'This work has involved a detailed efficiency review of GEL and, for the more technical matters, we have worked with an independent panel of experts. I am hopeful that the outcome from this consultation will help address a number of the concerns identified in last year's work so that any new control continues to balance the needs of the company and its customers.'

The consultation will look at issues such as how any return to the shareholder is best achieved, how the large cash reserves of GEL are best used, the scope for further efficiency savings in GEL and the duration of any new price control. The consultation will run until 27th October.

'So far, whilst working with GEL, we have identified a number of areas where we believe agreement is now possible on how best to regulate the company' said Michael Byrne. 'It is in Guernsey's best interests that GEL remains a strong and sustainable company and we will be working to ensure that any future price control helps achieve this.'

The proposed Consultation Document (OUR 06/17) published today, is available on the OUR website www.regutil.gg, or by calling the OUR on 711120.

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- **About the OUR**

The Office of Utility Regulation was established in 2001 to regulate the three utilities of post, telecommunications and electricity in the Bailiwick of Guernsey. The Office is headed up by Director General, John Curran and has four staff.

The role of the OUR is to protect the interests of Guernsey consumers and the economy. It does this by ensuring that customers receive the best in price, choice and quality services in the three regulated sectors, while at the same time ensuring that those sectors are vibrant and robust so that they can positively contribute to and underpin a successful Guernsey economy.

The OUR licenses and regulates telecommunications operators, Guernsey Electricity Ltd and Guernsey Post Ltd. Wherever possible, the OUR promotes the introduction of competition by ensuring that there is fair play and a level playing field between the operators. Where competition is not yet effective or where it is not feasible, the OUR regulates prices and quality of services to end customers. More information is available from the OUR website www.regutil.gg, or by contacting the Office of Utility Regulation on 01481 711120.