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OUR approves new electricity prices

Electricity prices will rise by no more than 15% over the next four years, following a decision by the OUR. Coming into effect from 1st April 2007 and lasting until 2011, the decision will see tariffs increase by an average of 3.6% per year over the four years, although Guernsey Electricity Limited (GEL) has the freedom to determine the timing and rate of any changes, subject to complying with the overall price control.

“A significant driver in this increase is the cost of generating Guernsey’s electricity and in 2007 electricity imports will become more expensive than they were in 2006. Higher international energy prices are therefore major contributors to this increase”, says Michael Byrne, Director of Regulation at the OUR. “In allowing these tariff increases, the OUR has looked to balance the need to safeguard the Island’s electricity infrastructure with the need for affordable and stable electricity prices for consumers. Over this four year period, we will also be looking for increased efficiency savings from GEL.”

The decision includes a review mechanism so that consumers and GEL are both protected should energy prices change materially at any time over this period.

“As well as giving consumers an element of certainty over their electricity prices until 2011, this decision also ensures that GEL is run as efficiently as possible. It’s important that these controls are in place because, under States policy, all investments by GEL are funded by customers”, said Michael Byrne. “This decision means that GEL remains sustainable and able to invest in the future of Guernsey’s infrastructure, whilst ensuring that tariffs are only used to recover the costs incurred in the efficient running of GEL’s core business.”

The Decision (OUR 07/04) is available on the OUR website www.regutil.gg, or by calling the OUR on 711120

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Information for Editors

- **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.