



# Office of Utility Regulation

Media Release – Embargo 6.00am 25<sup>th</sup> January 2008

## **Energy Efficiency is where the real savings are**

In its response to the recent Energy Policy Report, the Office of Utility Regulation (OUR) believes greater emphasis should be placed on reducing demand for energy in the States Energy Policy.

“Greenhouse gas emissions from electricity could immediately be reduced by 20% for less than £15 per household if the States put energy efficiency at the top of the climate change agenda. This compares to a cost of £500 per household if it chooses to invest in a new generation technology like tidal energy” said John Curran, Director General of the OUR. “Even at this cost, it achieves less than a 1% reduction in total emissions in Guernsey and, given the early stage of tidal technology, massive uncertainties on cost and timing remain.”

The OUR welcomed the findings of the Energy Policy Report in its recent consultation but emphasised the need for an appropriate balance between economic and environmental objectives. The OUR is stressing that account should be taken of the different nature of causes of emissions in Guernsey compared to other countries.

“The proposed Energy Policy is focused on less than 9% of the Island’s current emission sources. The Island will have to foot a bill of almost £100 million pounds over the next 10 years if it is to achieve the renewables targets proposed as we will also have to fund replacement of the Island’s generation capacity over this same period,” said John Curran. “By focusing too closely on renewable energy generation, the Island could get drawn into a heavy engineering solution that involves uncertain costs. This could all be in pursuit of targets similar to the UK and EU which are not the best fit for Guernsey given the very different nature of our infrastructure and economy”.

“The UK can spread its costs among 60m people, and must find alternative green energy generation options because 37% of its emissions come from energy production. In Guernsey, only 9% of our emissions come from energy production. Renewable generation is therefore critical to the UK achieving their climate change objectives whereas in Guernsey we can achieve the same reductions with a totally different approach that involves far less cost and uncertainty - we don't need to go down the route of greatest risk and greatest expense.”

The OUR believes additional research should be undertaken by the Energy Policy Group before the States sets any targets for either emission reduction or targets for renewable generation capacity. The OUR believes the scale of investment needed in renewable generation to produce any overall impact, particularly from tidal energy, would be unprecedented for the island and result in huge increases in energy bills for every Islander.

“In the OUR's view, Guernsey should be seeking to identify where the Island can make the greatest impact in the shortest possible timeframe. Over 90% of the electricity we buy from France makes no contribution to greenhouse gas emissions. Reducing our demand is where Guernsey should focus its efforts for now,” said John Curran. “In our view we lose nothing and gain lots from a wait and see approach to tidal generation. It is still extremely unclear which of the many different renewable technologies available will succeed. Rushing into a decision now, when there are other more immediate and more productive steps we can take, may be counter productive in the long run”.

The OUR acknowledges that Guernsey does need to play its part and that changes will need to be made in how Islanders view energy and its consumption. The OUR believes all households and businesses will need to look at how they use their energy, particularly over the winter months when the on-island fossil based generators are called on. However as so many of the actual sources of emissions in Guernsey are not covered by the Energy Policy Report, before setting targets for one sector, consideration should be given to what contribution other sectors can make.

**ENDS/**

## **Information for Editors**

- Guernsey's electricity from the CEIG cable is sourced from EDF, the French energy company. 90% of EDF's generation capacity is sourced from a combination of nuclear and hydro power, which is CO2 emission free.
- Guernsey electricity customers already have to finance in excess of £40million in investment in replacement on-island generation capacity between now and 2016. Even with the very conservative estimate of £12.5m cost per 5.5% of tidal capacity, funding the 20% target for renewable generation (and associated works) will bring the total cost of generation capacity to over £100million.
- The proposal that a carbon tax be used to fund this investment needs very careful consideration. There is an argument that as transport (road, sea, air) accounts for over 50% of all emissions in Guernsey, that any revenue from a carbon tax, should it be adopted, should be used to encourage reductions in emissions from these sources.
- The OUR believes it would be unfair to ask electricity consumers to contribute again to make further reductions in emissions, particularly if it is proposed that the investment is in one of the most high risk forms of renewable generation. Their money has resulted in the cable to France which has led to a 75% drop in emissions by power generation on-island since 2000.

## **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 three 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](http://www.regutil.gg), or by contacting the Office of Utility Regulation on 01481 711120.