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## **ELECTRICITY PRICES TO INCREASE**

Following a request from Guernsey Electricity to increase tariffs as part of the current price control arrangements in place for the company, the OUR has approved an increase of 8.5% with effect from April 2010.

This follows a request from Guernsey Electricity in October 2009 for a review of the current price control arrangements which had been put in place in 2007. As part of that request, the company sought to increase tariffs to recover approximately £10.5m in additional costs incurred over 2008 and 2009 in meeting electricity demand.

In January 2010 the company then submitted revised information seeking to recover over £18m in additional costs. This would have amounted to an approximately 26% increase in tariffs from April 2010. The OUR is currently assessing that information given the significant change in the position from that previously outlined by the company. It is intended to consider this issue further as part of a wider review of the price control on Guernsey Electricity.

“While any price increase is unwelcome, the price control included a review mechanism as it was recognised that certain costs facing Guernsey Electricity such as oil and electricity import costs might change” said John Curran, Director General of the OUR. “This increase is a result of higher costs incurred in meeting electricity demand than forecast previously”.

“The OUR is currently undertaking a wider ranging review of the price control on Guernsey Electricity with a view to putting a new price control framework in place from April 2011 and we will be consulting with interested parties as part of that review,” said John Curran. “This review will also look at the implications of moving from a least cost approach to generation – essentially to using the imports regardless of whether it is the more expensive option. This is part of the work arising from the Energy Policy report noted by the States in June 2008 and we expect to conclude this work later this year”

**ENDS**

## **About the OUR**

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

The role of the OUR is 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 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 licences 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 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