



Office of Utility Regulation

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Increase in demand fuels pressure on prices

The OUR has warned that there is pressure to increase electricity bills from next April when a new price control for Guernsey Electricity takes effect.

‘Since the last price control there have been periods of colder than normal weather and volatile international energy prices, while certain energy services have grown in Guernsey with significant increases in electricity demand as a consequence,’ said Michael Byrne, Director of Regulation at the OUR.

‘These, among other factors, have led Guernsey Electricity to review its investment programme and it proposes to bring forward investment in new generation capacity. This will clearly have an impact on customers’ bills.’

As part of its consideration of Guernsey Electricity’s submission, the OUR’s intention is that there should be a strong shareholder incentive on management to reduce costs, improve efficiency and invest appropriately.

‘In the past the OUR has carried out detailed scrutiny of Guernsey Electricity’s efficiency and its operations. We are minded to take an alternative approach this time given the information we already have from previous reviews,’ said Mr Byrne. ‘In the case of this new proposed capital expenditure programme from GEL, rather than argue the detail of the investment programme and set benchmark costs, an onus will be placed on the company to demonstrate that its investment has been delivered effectively and is delivering benefits for customers.’

The OUR is now inviting comments from stakeholders and will make a draft decision before issuing a final decision which sets out a new price control for Guernsey Electricity.

Further details on the proposed price control for Guernsey Electricity Ltd are included in document OUR 10/13 which is published on the OUR website www.regutil.gg . Copies are also available by calling the OUR on 711120.

Information for the Editor

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.