

25 March 2019

Private & Confidential

Mr Michael Byrne
Chief Executive
CICRA
Suite 4, 1st Floor, La Plaiderie Chambers
La Plaiderie, St Peter Port
Guernsey, GY1 1WG

Dear Mr Byrne

REF: Standby Charge for Embedded Electricity Generation – Statutory Notice of a Proposed Decision

Following publication on 20th March 2019 of the Statutory Notice by your office for proposed Standby charging for Embedded Electricity Generation, IEG wishes to restate that IEG maintains that the Standby Charge should be set to a zero level until a specific market penetration of renewable/CHP generation capacity has been achieved. This perhaps is beyond an economic regulators mandate but wishes it to be noted by the States of Guernsey from an Island Energy policy view. This would stimulate private investment in renewable energy generation in the island of Guernsey to further reduce the islands Carbon footprint. In addition, we would also like to highlight that the current and proposed standby charge has not been set against an independently established standard of service, and that the efficient costs to achieve such a standard have not been reviewed and confirmed.

IEG would also recommend an amendment to the proposed decision notice on one of the clauses in the proposed decision. IEG objects to clause 4.3 iv) as it appears to be ambiguous. The Clause presented states:

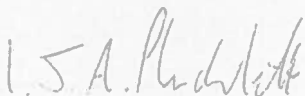
“For the avoidance, nothing in this direction is intended to preclude GEL from entering into an arrangement with any customer or other party which sets a charge to cover the provision of a standby service at any lower or higher rate, fixed for any period, if the parties were to agree to such a charge between themselves.”

IEG believes that this will have a material effect in that the above clause would enable GEL to offer substantially lower standby charges to some customers of their choosing which could be discriminatory across customer groups, and is completely contrary to the stated need for the standby charge put forward by GEL. Furthermore, it would have the object or effect of directly or indirectly allowing fixing or selling prices associated with the proposed Standby Charge. IEG believes a more acceptable clause reflecting the sentiment of the proposed decision should be:

4.3 iv) “For the avoidance of doubt, this direction is intended to allow GEL to charge any customers who have “behind the meter” embedded generation, in excess of 25kW installed generation capacity a charge of £3.07/kW/month.”

IEG trusts that the foregoing revised paragraph is acceptable to be included in the proposed final decision notice replacing the existing 4.3 iv) statement.

Yours sincerely



Ian Plenderleith
Group Managing Director