



CICRA media release

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Regulator to monitor heating oil prices in Jersey

The Channel Islands Competition and Regulatory Authorities (CICRA) are recommending that the Jersey heating oil market is monitored for at least a year to ensure that the difference between heating oil prices in Jersey and the UK does not increase further.

The recommendation follows a review of heating oil sector in the island which examined the prices from the three suppliers: Rubis, Petroleum Distributors Jersey (PDJ) and Total (recently rebranded as Channel Islands Fuels Limited).

CICRA Chief Executive, John Curran, said the aim of the study was to see whether Jersey consumers were getting heating oil at appropriate prices. What the regulator found was that the difference in price between the UK and Jersey appeared to be increasing over time, with Jersey becoming more expensive, and that the terms on which some suppliers provided heating oil to customers were unfair.

The study found that Jersey consumers paid about eight pence per litre (or £72 for a 900 litre delivery) more than average consumers in the UK.

“Jersey imports all of its refined heating oil by sea to serve a relatively small market, so some difference in price per litre when compared with the UK is understandable,” Mr Curran said.

“Of concern to us is that the price difference appears to be increasing over time. It has increased from 3p per litre in 2004 and 4p in 2009 to 8p per litre in 2011. We have not been able to adequately explain why this margin has increased.

“Jersey is a small market, but heating oil is an important fuel source on the island, with around 30% of households relying on heating oil to provide heat and hot water for their homes and families. In these difficult economic times, it is important that consumers in Jersey benefit from a competitive heating oil market.”

The study found that there was only a small percentage of Jersey consumers actively shopping around for heating oil. The report noted that over a two year period between 2009 and 2011 there were very few opportunities where consumers could have saved more than 5% on a delivery of 1,000 litres.

“We have concluded that there is room for improvement in the state of competition in the Jersey market for heating oil and that the trends in prices are a cause for concern. We are therefore asking the Economic Development Department (EDD) to approve the implementation of a monitoring process to ensure Jersey prices for heating oil remain under scrutiny,” Mr Curran said.

The study also found that two of the three suppliers (Rubis and PDJ) did not give a price for heating oil that is applicable on the date of delivery. Rather, they quoted a price when an order is placed and reserved the right to charge a different price on delivery.

Both Rubis and PDJ have now voluntarily agreed to change their terms and conditions to ensure that the price quoted is the price that is paid by the consumer.

“We are pleased that the suppliers have agreed to this change as the previous position meant it was difficult to make price comparisons and shop around and was out of step with consumer protection legislation that generally applies elsewhere,” Mr Curran said.

The States of Jersey has consulted on bringing consumer protection legislation into force but this is not yet in place.

The recommended monitoring process will involve the Jersey heating oil suppliers providing monthly retail prices, which CICRA will then publish along with a Jersey average.

“The dialogue with the heating oil suppliers on a monthly basis will also mean that we will welcome comments and views from the suppliers on emerging trends and take these into account when publishing a quarterly commentary on price trends,” Mr Curran said.

“We are seeking to provide information and, where possible, assurance, to the people of Jersey and its policy makers regarding heating oil prices.”

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NOTES TO EDITORS:

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About CICRA:

The Channel Islands Competition and Regulatory Authorities (CICRA) comprise the two Channel Islands regulatory authorities, the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Office of Utility Regulation (OUR). A memorandum of understanding was signed in December 2010 to facilitate closer working between the two authorities. Both regulatory bodies were established in 2001. The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001 and the OUR was established under the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001. In Jersey the telecoms and postal sector are regulated by the JCRA, which is also responsible for administering and enforcing the Competition Law (Jersey) 2005. In Guernsey the telecoms, postal and electricity sector are regulated by the OUR. The aim of both authorities is to ensure that consumers receive the best value, choice and access to high quality services while the JCRA has the added responsibility of promoting competition and consumer interests.