



11<sup>th</sup> December 2012

## **CICRA media release**

### **CICRA finds that electricity prices in Jersey are broadly fair value**

Following concerns from consumers, CICRA (the Channel Islands Competition and Regulatory Authorities) has completed a review of the Jersey electricity market and found that Jersey prices compare favourably with those charged in Guernsey and the Isle of Man.

The review considered whether prices in Jersey represented fair value for money, and evaluated the efficiency of Jersey Electricity plc (JEC) and whether cross-subsidies between JEC's businesses disadvantaged electricity consumers.

CICRA found that, from 1 January 2013, for Jersey households on the standard tariff, the average electricity bill would be around £970 a year. CICRA's benchmarking indicated that tariffs in Jersey compared favourably with other island economies such as Guernsey, Isle of Man and Malta and were lower than those of certain larger European countries.

CICRA chief executive, Andrew Riseley, said Jersey did not benefit from the economies of scale available in larger jurisdictions and that this had an influence on the cost of supplying electricity to the island. A further factor to note was that the average Jersey household consumes almost double the amount of electricity as the average household in the UK, for example. The impact of changes to unit electricity tariffs is therefore much greater for the average Jersey household.

"While JEC has had a number of outages in recent times, its record on supply reliability is better than in Guernsey, the Isle of Man and the UK over the past ten years.

“Taking into account a range of factors in Jersey that play a role in contributing to total household electricity bills, we concluded that electricity prices in Jersey broadly represented fair value.”

CICRA also found that the treatment of costs between JEC’s core electricity business and its remaining businesses did not appear to disadvantage electricity customers, based on the principles adopted by JEC, and that there was no need to change the current regulation arrangements for the Jersey electricity sector.

Mr Riseley said that the pace of development and policy priorities may prompt review in the future.

“We are keen to understand whether JEC’s current approach impairs the development of self-generated electricity and what provision can be made for businesses that may have the ability to contribute to the supply of electricity through back-up facilities of their own,” Mr Riseley said.

“JEC must continue to face a clear commercial imperative to get the new, replacement electricity cable(s) to France up and running as fast as possible. All other things being equal, CICRA expects that JEC’s most recent tariff increase, announced in November and taking effect on 1 January 2013, should be reversed once the new cable is connected and Jersey reverts to importing 90+% of its power.”

The regulator signalled its plan to respond to the Environment Department’s draft energy plan, currently out for consultation, on aspects of the electricity market which may require future review. Given JEC’s status as a monopoly supplier of electricity, and the key importance of this sector to Jersey society as well as the wider economy, CICRA also noted that it may be appropriate for it to carry out similar reviews of JEC and its tariffs on a regular basis in the future, depending on the extent of any changes to JEC’s costs or prices, or concerns from consumers, that may arise over coming years.

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#### **NOTES TO EDITORS:**

All enquiries should be directed in writing to CICRA Chief Executive, Andrew Riseley, in Guernsey at the Guernsey Competition and Regulatory Authority, Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey GY1 2NH or in Jersey at the Jersey Competition Regulatory Authority, 2nd Floor, Salisbury House, 1 - 9 Union Street, St Helier, Jersey JE2 3RF. Alternatively email [info@cticra.gg](mailto:info@cticra.gg).

About CICRA:

The Channel Islands Competition and Regulatory Authorities or 'CICRA' is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation). The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001, and the GCRA was established under The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001, as amended by The Guernsey Competition and Regulatory Authority Ordinance, 2012. In Jersey, the telecoms and postal sectors are regulated by the JCRA, which is also responsible for administering and enforcing the Competition (Jersey) Law 2005. In Guernsey the telecoms, postal and electricity sectors are regulated by the GCRA, which is also responsible for the administration and enforcement of the Guernsey competition law since it came into force on 1 August 2012.

By working together and sharing resources and expertise between the islands, CICRA strives to ensure that consumers in all the Channel Islands receive best value, choice and access to high quality services.