



# Office of Utility Regulation

Media Release

## Regulator freezes electricity prices

The Regulator today (7<sup>th</sup> March 2003) published a report on a consultation that was launched in 2002 on price control for electricity prices to end customers. “This report sets out the OUR decision to freeze electricity prices”, said Jon Buckland, Regulatory Manager at OUR, “while a wider review of the electricity needs of the island of Guernsey is undertaken”.

The report describes how the economic, environmental and security of supply trade-offs of various options for fulfilling Guernsey’s future electricity requirements need to be fully considered before a more detailed price control can be set.

“Given the vital role that secure cost efficient electricity supplies will play in the overall Guernsey economy, we need to make sure that decisions for the future are correctly balanced to deliver the best outcome from both an efficiency and a policy perspective”, said Jon Buckland, “and that the prices customers pay reflect that outcome”.

The report goes on to say that electricity prices should be set so that Guernsey Electricity Ltd can cover its efficient costs and fund investment in the right mix of electricity sources for Guernsey. That means that whatever the future investment plans are, they need to take into account a number of different policy objectives, including;

- the States of Guernsey policy that was agreed recently in relation to security of supply for the island;
- the requirement that electricity be provided at efficient costs; and
- the choices facing Guernsey in relation to environmental issues and the potential costs of these.

“There are trade-offs between these various policy objectives that need to be resolved”, said Jon Buckland, “ so the OUR is freezing GE’s retail prices to end customers at their current levels while this work can be carried out and provide a framework for setting new price controls by 1<sup>st</sup> January 2005”.

The review, which has wide policy implications for Guernsey as a whole, will involve the Advisory and Finance Committee, the Board of Industry, the OUR and Guernsey Electricity Ltd.

Copies of the report are available from the OUR website on [www.regutil.gg](http://www.regutil.gg) or by calling the Office on 01481 711120.

**ENDS/  
7<sup>th</sup> March 2003**

For further information call the Office of Utility Regulation on 711120