



Office of Utility Regulation

Media Release – 19th April 2006

OUR reduces licence fee for regulated industries

Guernsey's utilities regulator has announced a significant reduction in the annual fees paid by the companies it regulates. The Office of Utility Regulation (OUR) is to adopt a simpler fee structure for the telecommunications companies it regulates and is reducing licence fees for all regulated companies. The OUR is a 'not for profit' organisation; companies in the Telecoms, Electricity and Postal sectors pay a fee each year just to cover its costs and maintain a small contingency reserve in order to fund the legal cost of any appeals.

“While the cost of regulation in Guernsey has been less than envisaged by the States when the current system was originally brought in, we continue to look for ways to reduce that cost still further”, says the OUR's Director General John Curran. “The OUR's costs have fallen each year since 2003. The early stages of such a system will always be the most expensive, and recently we had the costs of an appeal to cover, but now we are in a position to reduce the cost of regulation significantly.”

The aim of the new fee structure is also to simplify the administrative procedures for calculating the annual fee. The OUR's proposals for the three regulated sectors are as follows:

- For the telecoms industry:
 - For operators with an annual relevant turnover less than £200,000 a flat annual licence fee of £500 will be applicable;

- For operators with an annual relevant turnover less than £500,000 a flat annual licence fee of £2,500 will be applicable; and
 - For operators with an annual relevant turnover greater than £500,000 an annual licence fee of 1.0% (reduced from 1.4%) will be applicable.
- Guernsey Electricity will be required to pay a licence fee of £120,000 (reduced from £180,000); and
- Guernsey Post will be required to pay a licence fee of £120,000 (reduced from £180,000).

The new fee structure represents a 28% decrease in the licence fees to be paid by the utility companies compared with their present fees. The revised fees for the utility companies reflect the significant amount of work that has been carried out in the early stages of regulating the three sectors. In the future, the OUR expects to be able to build on this work to ensure consumers continue to benefit.

John Curran continued: “The new fee structure reflects the fact that the regulatory regime is continuing to develop. The OUR now has considerable in-house expertise and we will continue to look for ways to reduce our own operating costs. We want to apply the same discipline to our costs that we seek from the operators we regulate. We will continue to work with the regulated companies in order to maintain the right balance between delivering cost savings to the consumer and ensuring the continual investment in the development of Guernsey’s economic infrastructure.”

The new licence fees will apply to 2007 and 2008.

Information for Editors

- **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.