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Electricity Charges to Increase from April '07

The Office of Utility Regulation is proposing to allow Guernsey Electricity to increase its charges by 18% from April 2007. The proposals are contained in a draft decision published today by the OUR which will mean electricity prices are clearly set out for the next four years (until 2011). However the OUR proposes to maintain prices at this level until the end of the price control period. The average increase per year over those four years is 4.5%.

“We fully recognise increases of this level are clearly unwelcome, but it must be remembered the cost of importing electricity in 2007 will increase by 28% compared with 2006, and the OUR has a responsibility to safeguard the Island’s electricity infrastructure. Higher international energy prices are largely responsible for this proposed change, and are being faced by all electricity companies, including GEL”, says Michael Byrne, Director of Regulation at the OUR. “However, to balance these increased costs for consumers we will also be seeking increased efficiency savings from GEL over the four year period”.

The proposed decision follows a short-term price control that was put in place in December 2005. Since then a considerable amount of work has been undertaken in addressing a number of issues that arose from that price control. The OUR has worked closely with GEL, and the Treasury & Resources and Commerce & Employment Departments to ensure that the regulatory controls fully reflect the nature of GEL’s business and in particular the unique funding arrangements for GEL.

“This proposal means that consumers will have some certainty over their electricity prices until 2011, as well as ensuring that GEL is run as efficiently as possible. Given that consumers will continue, under States policy, to fund all investments by GEL it is important that appropriate controls remain in place to ensure that this is done properly”, said Michael

Byrne. “These proposals ensure that GEL remains sustainable and able to invest in the future of Guernsey’s infrastructure and that tariffs will only be used to recover the efficient costs incurred by GEL in its core business.”

The Draft Decision (OUR 06/20) published today is available on the OUR website www.regutil.gg, or by calling the OUR on 711120

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.