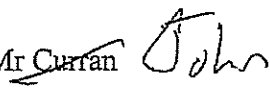




John Curran  
Director General  
Office of Utility Regulation  
Suites B1 & B2  
Hirzel Court  
St Peter Port  
Guernsey  
GY1 2NH

17 February 2009

Dear Mr Curran 

#### **BUY-BACK RATE REVIEW**

I write on behalf of the Energy Policy Group (EPG), in response to the Office of Utility Regulation (OUR) consultation paper on the above subject.

In light of the OUR's findings, the EPG considers that, whilst it broadly supports the general principle of domestic small-scale renewable energy generation, greater reductions in the overall volume of electricity consumed domestically on Guernsey could – and should – be achieved through the promotion and uptake of energy conservation measures in the home, such as loft and cavity wall insulation and double-glazing.

The Group considers that significant take-up of domestic micro-generation on Guernsey would be unlikely unless the States provided direct funding or introduced a capital grants system. However, even with such support, it would be unlikely that low-income households would choose to install such systems due to the residual costs; rather, the likelihood is that only those who would have initially been able to afford to install micro-generators would choose to do so.

In light of the above, it is the view of the Group that, notwithstanding the introduction of premium tariffs and government assistance to encourage micro-generation, the overall level of uptake and net benefits of further uptake would not be significant enough to merit the costs both to the taxpayer and electricity consumer, of promoting and operating such schemes.

Furthermore, the Group considers that the introduction of a buy-back tariff could in fact disadvantage those least able to afford to install and operate micro-generation equipment, particularly if implemented ahead of taking steps to promote energy conservation.

The Group therefore concludes that, in terms of achieving the Energy Policy's key aim to reduce Guernsey's carbon emissions by minimising energy use and wastage, greater benefits could be yielded by focussing government action on encouraging energy conservation in the home, rather than on promoting the uptake of domestic micro-generation.

The Group has therefore unanimously opted to close the Energy Policy work-stream pertaining to this matter (see below), in favour of concentrating on other "bigger win" areas of Energy Policy. For the avoidance of doubt, neither the OUR or Guernsey Electricity Limited are required to take any further action at this stage, in respect to the Energy Policy work-stream Headline Policy 2: A (v):

*"Request the OUR, in partnership with GEL, to research the level of buy back tariffs that would encourage small-scale renewable electricity generation and whether the charge for the installation of the export meter should be abolished and then to produce a joint report back to the Policy Council, via the Energy Policy Group, on how such tariffs and costs may be amended to reflect the States' Energy Policy."*

In closing, the Group would again like to thank you for your work on this matter, and for your continued help in the implementation of the Energy Policy.

Yours sincerely

A handwritten signature in black ink, appearing to read "Charles Ford". The signature is fluid and cursive, with a long horizontal stroke at the end.

Deputy C N K Parkinson  
Chairman, Energy Policy Group