



Office of Utility Regulation

Amendment to Guernsey Post Ltd's Licence

Report on the Consultation

Notice of Modification to the Licence issued to Guernsey Post Ltd
under Section 2(1) of the Post Office (Bailiwick of Guernsey)
Law, 2001

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1 Introduction

Document OUR 05/15 gave notice¹ of the Director General's intention to modify the Licence issued to Guernsey Post Ltd ("GPL") on 1st October 2001 under section 2(1) of the Post Office (Bailiwick of Guernsey) Law, 2001. The modification to the licence entailed the replacement of the existing condition 18 of GPL's Licence with a new condition which included reference to services within the reserved sector and services provided which are within the scope of the Universal Service Obligation ("USO"), as determined by the States of Guernsey.

The reason for this proposed modification was to clarify the scope of GPL's licence and to empower the Director General to regulate GPL's prices through its licence (as distinct to the Regulation Law and/or Postal Law) where it is found to be dominant in a relevant market within the Universal Service area. This would enable the Director General to perform his duties set out in section 2 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 which include *inter alia*:

- protecting the interests of consumers and other users in the Bailiwick in respect of the prices charged for utility services; and
- ensuring that utility activities are carried out in such a way as best to serve and contribute to the economic and social well-being of the Bailiwick.

The Director General received one response to the statutory invitation to comment, from Guernsey Post Limited. The Director General wishes to thank GPL for their contribution in helping to inform his consideration of the issue. In line with OUR standard practice, non-confidential written comments are available for inspection at the OUR's office and are also published on the OUR's website www.regutil.gg.

This paper is structured as follows:

Section 2 presents the response received and, in light of consideration of those comments, the Director General's position on the proposed licence modification; and

Annex 1 contains the notice of the modification to Guernsey Post Ltd's Licence.

¹ Amendment to Guernsey Post Ltd's Licence, Statutory Invitation to Comment. Notice of Proposal to Modify the Licence issued to Guernsey Post Ltd under Section 2(1) of the Post Office (Bailiwick of Guernsey) Law, 2001.

2 Consideration of Responses

This section summarises the key points raised by Guernsey Post and the Director General's response to those comments.

2.1 Respondent's Views

GPL stated that they support the proposal to replace the existing condition 18 with the proposed amended condition 18. GPL also regarded the proposal to amend the existing condition 18 as fair, transparent and objective.

2.2 Director General's Response

The Director General welcomes GPL's agreement to the modification and now intends to proceed with formally amending the licence. The reasons for the modification were set out previously in OUR 05/15. The Director General now intends to proceed with the next steps in the process which will include an assessment of dominance in the relevant markets.

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Annex 1 Notice of Modification of Licence

On the 6th of July 2005, the Director General published notice of his intention to modify the licence of Guernsey Post Ltd, in accordance with;

- Section 8 of the Post Office (Bailiwick of Guernsey) Law, 2001; and
- Condition 6 of the Licence issued to Guernsey Electricity Ltd under section 2(1) of the Post Office (Bailiwick of Guernsey) Law, 2001.

The notice was published in Document OUR 05/15 on the OUR website and a notice was also placed in the Gazette Officielle inviting comments on the proposal in accordance with section 8(2)(c) of the Post Office (Bailiwick of Guernsey) Law, 2001. The Director General has considered all written representations and objections to the proposed licence modification.

Having followed the procedure set out in subsection 8 of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby gives notice of the following modification of the Licence issued to Guernsey Post Ltd under Section 2(1) of the Post Office (Bailiwick of Guernsey) Law 2001 as follows:

Condition 18 of the Licence is hereby deleted and replaced with the following condition:

18. REGULATED PRICES FOR SERVICES

18.1 *Where the Director General has decided, in accordance with Section 5 of the Postal Law, that a licensee has a dominant position in a relevant market, he may determine that the provisions of this Part III apply.*

18.2 *Where the Licensee intends to introduce:*

- (a) new prices for any Licensed Services and/or Universal Services, or prices for new Licensed Services and/or Universal Services to be introduced;*
- (b) any discounts to published prices for Licensed Services and/or Universal Services or for any Users to whom additional services or goods are provided by the Licensee or any of its Associated Companies; or*
- (c) special offers to all or any of its Users for particular categories of Licensed Services and/or Universal Services, it shall submit details of such prices, discounts and/or offers to the Director General and publish the same in a manner that will ensure reasonable publicity for them.*

18.3 *The Director General may determine the maximum level of charges the Licensee may apply for Licensed Services and/or Universal Services within a Relevant Market in which the Licensee has been found to be dominant. A determination may;*

- (a) provide for the overall limit to apply to such Licensed Services and/or Universal Services or categories of Licensed Services and/or Universal Services or any combination of Licensed Services and/or Universal Services;*
- (b) restrict increases in any such charges or to require reductions in them whether by reference to any formula or otherwise; or*

(c) provide for different limits to apply in relation to different periods of time falling within the periods to which any determination applies.

18.4 All published prices, discount schemes and special offers of, or introduced by, the Licensee for Licensed Services and/or Universal Services shall be transparent and non-discriminatory; all discount schemes shall be cost-justified and all special offers shall be objectively justifiable.

18.5 If the Director General, after consulting the Licensee and such other persons as he may determine, is satisfied that any published price, discount scheme or special offer is in breach of any part of this Condition 18, the Director General may, by issuing a direction, require the Licensee to bring the relevant prices, discount schemes or special offers into conformity with this Licence.

The reason for this modification is to enable Director General to perform his duties set out in section 2 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 which include inter alia:

- protecting the interests of consumers and other users in the Bailiwick in respect of the prices charged for utility services; and
- ensuring that utility activities are carried out in such a way as best to serve and contribute to the economic and social well-being of the Bailiwick.

This modification takes effect from the date of publication of this notice, which is Friday 29th July, 2005.

/ENDS