



NEWS RELEASE

Date 10 March 2020

GCRA publishes Statutory Notice of proposed decision on electricity charges

The Guernsey Competition and Regulatory Authority (The Competition Authority) has today published a Statutory Notice of a Proposed Decision (the Statutory Notice) proposing to allow Guernsey Electricity Limited (GEL) to increase its unit charges by 4.8% for three years.

It is the first of two statutory stages and the Statutory Notice is appended to this media release which is also available on the website www.cicra.gg GEL submitted a request to the Competition Authority to recover uncontrollable costs related to importation and generation of electricity, which are primarily related to the price of oil and exchange rate movements over the period April 2019 to March 2020.

The Competition Authority has examined the case for a tariff increase and agreed an amount of £7.6m is recoverable, which equates to an increase of 4.8% in unit charges over the next three years.

The Regulation of Utilities (Bailiwick of Guernsey) Law 2001 and The Electricity (Guernsey) Law 2001 empower The Competition Authority to regulate the prices GEL charges for its services in a way and for a time it deems appropriate, provided GEL has a dominant position in the relevant market. Following a careful assessment of the claim, the Competition Authority is of the view that the amount required by GEL qualifies as passthrough costs given they are uncontrollable.

It has also examined the extent of those costs and finds that an amount of £7.6m is reasonable.

For these reasons it has agreed to the request for an increase in tariff prices. The Competition Authority commented that a more in-depth review of energy prices will be assisted by a policy position by the States of Guernsey, and is working with government to that end.

ENDS

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About The Channel Islands Competition and Regulatory Authorities:

The Channel Islands Competition and Regulatory Authorities is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation). The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001, and the GCRA was established under The Guernsey Competition and Regulatory Authority Ordinance, 2012. In Jersey, the telecoms and postal sectors are regulated by the JCRA, which is also responsible for administering and enforcing the Competition (Jersey) Law 2005. In Guernsey the telecoms, postal and electricity sectors are regulated by the GCRA, which is also responsible for the administration and enforcement of the Guernsey competition law since it came into force on 1 August 2012.

By working together and sharing resources and expertise between the islands, CICRA strives to ensure that consumers in all the Channel Islands receive best value, choice and access to high quality services.

For more information see our website www.cicra.je / www.cicra.gg.