

2.18 Deputy D.J. De Sousa of the Minister for Economic Development regarding efforts to encourage utilities to reduce prices when the rate at which they purchased the relevant commodities went down:

Can the Minister inform the Assembly what steps, if any, he is taking to request utilities to reduce prices when the rate at which they purchase the relevant commodity goes down?

Senator A.J.H. Maclean (Minister for Economic Development):

The utility companies are generally recognised as being those that deliver electricity, gas or water. The Water (Jersey) Law 1972 is the responsibility of the Minister for Planning and Environment whereas the Jersey Gas Company (Jersey) Law 1989 refers to the Minister for Transport and Technical Services. The Electricity (Jersey) Law 1937 does refer to the Minister for Economic Development and I have had a number of meetings with the board of the J.E.C. (Jersey Electricity Company) to discuss pricing and I also undertook a review that was presented to the States recently. The J.E.C. has already announced that it will reduce prices for a number of reasons, including its ability to capitalise on falling wholesale electricity costs. It has also been able to reduce its prices as a result of tactical purchasing and cost control within its business. This has included savings made by generating more electricity locally because of the low oil prices earlier this year. Changes to prices have to occur as part of a seasonally adjusted structural review rather than haphazardly but where these do occur, I agree with the Deputy that utility companies should make every effort to pass on these savings to their customers. Thank you.

2.18.1 Deputy D.J. De Sousa:

The answer to the question has been very useful because I did not realise that different Ministries had responsibility for the different utilities. Thank you for that. What steps, if any, will the Minister be taking to bring any regulations to try and enforce utilities to be fairer in their pricing?

Senator A.J.H. Maclean:

Currently we have a position where we had the Jersey Competition and Regulatory Authority who could, in the instance of a proven case of abuse, for example, of dominant position, investigate a utility's actions. There is also the opportunity for the Consumer Council to look into pricing structures that they feel are unfair or unjust. Outside of that, in Guernsey there is the Office of Utility Regulation and there are some discussions afoot to consider whether or not pan-Channel Islands regulation of utilities and indeed pan-Channel Islands regulatory functions such as sharing the J.C.R.A. (Jersey Competition and Regulatory Authority) has some merit. So those discussions are ongoing.

2.18.2 Deputy R.G. Le Hérissier:

Would the Minister confirm whether or not he has taken a stand on the issue of cross-subsidisation, for example, in the Electricity Company? Is the electricity generation and delivery side a freestanding and separate unit of the company or are there subsidies given to other aspects of its work from that unit?

Senator A.J.H. Maclean:

I am certainly not aware of cross-subsidy within the Jersey Electricity Company or indeed other companies that the States has a shareholding in. It would be a matter for

the Jersey Competition and Regulatory Authority to investigate, should any cases arise or be brought to their attention in this regard.

The Bailiff:

Do you wish to ask the final question, Deputy De Sousa? You do not have to.

Deputy D.J. De Sousa:

No, not really. Just to say that in light of the fact that I was trying to raise issues around gas so I will bring questions back to the T.T.S. Minister.