

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 21st FEBRUARY 2012**

Question

What powers, if any, does the Minister have to act to bring down the price of domestic heating oil if the margin on Jersey prices continues to be inexplicable to the Jersey Competition Regulatory Authority following their proposed monitoring exercise and, if none, when will he consider what powers would be appropriate?

Answer

The JCRA report into the heating oil market is very welcome. The value of a report such as this is that it shines a light on this specific market, one in which a third of households in Jersey have a very direct interest.

The report notes that the price consumers pay in Jersey for heating oil is higher than appears to be justified by reference to the costs associated with providing the service. The JCRA has identified that the margin between UK and Jersey heating oil prices has increased over time and that this is a cause for concern. The JCRA has proposed that closer monitoring of Jersey heating oil prices, and the differential between UK and Jersey prices is the proportionate remedy at this time and that it intends to do so for the next year. I fully support this approach, and expect it will bring enough pressure to bear to ensure fair and competitive pricing by oil companies in the future.

However, as the JCRA also noted in its report, while direct regulation of the heating oil market is not an attractive option, (due to the complexities involved and the resources required), the alternative of allowing prices charged to Jersey consumers to increase without good reason is equally unattractive. Clearly, should the JCRA find from its on-going monitoring that the margins between UK and Jersey prices are not falling, then there will be a need to consider what further remedies may be necessary.

While currently there is no specific power available to me as Economic Development Minister to regulate heating oil prices, the JCRA may have certain powers available to it through its general enforcement of the Competition Law. However, whether such action is taken is an operational issue for the JCRA and it would be inappropriate for me to influence any steps it may wish to take. If the JCRA's monitoring identifies continuing concerns regarding the differential between UK and Jersey heating oil prices, then I would expect the JCRA to advise what steps it considers would need to be taken (including, possibly, more direct regulation) to address this.