

2024.10.22

3.8 Deputy L.M.C. Doublet of the Minister for Treasury and Resources regarding the Jersey Electricity Company price increases (OQ.202/2024):

Will the Minister advise whether she has had any discussions with the Jersey Electricity Company regarding announced price increases, and whether any actions are being undertaken by the Government to mitigate the effect of these rises on Islanders, particularly the elderly and those on a fixed income, and if no actions are being undertaken, will she explain why not?

Deputy M.E. Millar of St. John, St. Lawrence and Trinity (The Minister for Treasury and Resources):

I have had discussions with Jersey Electricity to understand the commercial and economic pressures that have resulted in the announced increase. We must bear in mind the fact that, while on this occasion the increase is above the rate of inflation, recent increases have been below inflation. In addition, through the successful hedging arrangements Jersey Electricity have had in place, Islanders have been largely sheltered from the unprecedented volatility in energy markets since the Russian invasion of Ukraine, which coincided with very significant increases for customers in the U.K. The question of support for Islanders who might struggle to meet this increase rests with the Cost-of-Living Ministerial Steering Group and also the Minister for Social Security, and we will all keep a very close eye on this as matters progress. Jersey, of course, has a well-established safety net to protect low-income Islanders and pensioners through the income support system and other benefits, including the cold weather payments. As usual, I would encourage any Islanders who are concerned about the cost of living to speak to C.L.S. (Customer and Local Services) in the first instance.

3.8.1 Deputy L.M.C. Doublet:

The Minister will be aware that there are many Islanders who cannot access income support, but nevertheless are struggling. We might perhaps call those groups “middle Jersey.” What new ideas does the Minister have for any future work she can do to mitigate the cost at source of the energy, given that Jersey Electricity is wholly owned by Government?

Deputy M.E. Millar:

Firstly, if I could just correct that last remark; Jersey Electricity is not wholly owned, so I would make that first comment. Jersey Electricity themselves suggest that the increase will put £2 a week on to the cost of an average bill. The Chief Minister has already discussed at some length some of the proposals that we have in the Budget to address cost-of-living pressures, and certainly from the tax realm, the tax threshold will increase by £700, which means that all Islanders will keep more of the money they earn in their pockets. As I have said, the Cost-of-Living group and the Minister for Social Security will keep a close eye on that as matters progress. I think that the question is more properly addressed to the Minister for Social Security.

3.8.2 Deputy H.L. Jeune:

Could the Minister advise if deleting Article 52A on energy-saving items off the Income Tax Law - which permitted a deduction from property income for expenditure on energy-saving items in the Budget 2025 - means that she would find it harder to reintroduce any such incentives in the foreseeable future to help Islanders on energy efficiency to reduce those bills?

Deputy M.E. Millar:

The Deputy is better informed than I am. I do not know about Article 52, and I am not in a position to answer that question at the moment.

3.8.3 Deputy H.L. Jeune:

Could the Minister advise if she has had discussions with the Minister for the Environment, and others in the Council of Ministers, on how to help Islanders reduce their energy bills by developing energy efficiency incentives, especially if the mechanism of 52A is deleted from the Income Tax Law?

Deputy M.E. Millar:

Again, I cannot talk about Article 52A, and that is not something I have discussed with my policy team. Our tax policy proposals are set out in the Budget. What I would say is that Jersey Electricity themselves have done a vast amount of work in terms of advising and helping customers ensure energy efficiency. One of those, for example, is the MyJE app, which gives people a lot of information in very close to real time about their energy use and gives them ideas on how to save energy. In fact, the success of Jersey Electricity's efforts is that their total revenue from electricity is virtually flat, which means that people are not spending more and more on electricity; people are making efforts to be more energy efficient. Beyond that, I have not discussed with the Minister for the Environment particular schemes regarding energy efficiency, which do sit with him in the first instance.

3.8.4 Deputy S.M. Ahier:

Has the Minister been advised, due to the E.D.F. (Electricité de France) contract finishing in 2027, that there will be further large increases in electricity prices in future years?

Deputy M.E. Millar:

I am sure that Jersey Electricity will be renegotiating that contract. I am not aware that there will be further large increases; Jersey Electricity have done very well through their hedging agreements and their arrangements with France to keep prices as low as they possibly can in Jersey. I am aware that they have a significant investment programme coming up - to lay down a new interconnect to France - and I am sure that that will continue with our existing means of supply.

3.8.5 Deputy S.M. Ahier:

What effect will the energy price increase - the current one - have on the retail prices index?

Deputy M.E. Millar:

I do not have that information.

3.8.6 Deputy I. Gardiner:

The Minister, in her answer, mentioned the instability of the energy market, and we all see an increase in gas, oil and electricity. What steps is the Minister and, as a member of the Council of Ministers, taking to ensure energy stability and keeping electricity prices to a minimum increase?

Deputy M.E. Millar:

I think I have already said, Jersey Electricity work very hard and have very complex and detailed hedging arrangements, which are what have, as a matter of fact, kept our electricity prices below inflation certainly over the last 4 years, and over the last 10 years electricity increases have been below inflation in Jersey. Jersey Electricity continue to work on their supply arrangements through France, and I am sure that they will continue to do that.

3.8.7 Deputy I. Gardiner:

Thank you for the answer. The electricity prices are not the only ones that are connected to the energy. What discussions, if any, did the Minister have about producing the energy strategy, which electricity should be part of it?

Deputy M.E. Millar:

Again, I think the energy strategy sits with another Minister and should probably be asked to the Minister for the Environment.

Deputy I. Gardiner:

Did the Minister have discussions with the Minister for the Environment? This was the question.

Deputy M.E. Millar:

Not specifically, no.

3.8.8 Deputy P.F.C. Ozouf:

The Minister, in her answer, did not remind Members that our electricity prices, while the increase is regrettable, are higher than that. I have just checked; our electricity prices are lower, including G.S.T. (goods and services tax), than any other jurisdiction. Does she agree that while the increase is regrettable, the real importance is to getting more people on electricity, if you celebrate the fact that it is not only going to get electricity sold but we need to get more people out of, for example, gas to electricity and support J.E.C. (Jersey Electricity Company) in that way. Does she agree?

Deputy M.E. Millar:

I think in terms of wider strategies, yes, it would be good to get more people on electricity. Jersey Electricity are working hard to gain more customers all the time but that is a long and reasonably detailed project.

3.8.9 Deputy P.F.C. Ozouf:

In the increase in tariffs that the J.E.C. have announced, I notice that there is a modest increase in the standing charge. Standing charges form an important part of the budget process for households. The standing charge for the J.E.C. I think is 30p. It is similarly 60p in the U.K., much more. Gas is much more expensive. Would she consider bringing forward proposals to help the J.E.C. migrate people away from gas and other much more expensive forms of heating so that they may be able to sell more electricity and lower costs of living for householders?

Deputy M.E. Millar:

I think this is something that J.E.C. can work with on their own. They are continuing to build the customer base and to attract customers from gas in terms of a wider strategy and again this is with the Minister for the Environment to help, and I am sure his team are working on that.

3.8.10 Deputy L.M.C. Doublet:

Are there any plans to cap energy prices?

Deputy M.E. Millar:

Not that I am aware, no.