

By email

25th October 2023

Dear Chair,

Thank you for your letter of 18th October, in which you provide a number of questions in relation to the Island Energy Gas outage.

- 1. What information do you have on the cost to businesses to date arising from the outage, which types/size of business are likely to be entitled to compensation and what is the likely impact on the economy as a result of the outage?*

We don't hold this information. Whilst we know the number of businesses affected, we don't know whether the outage is forcing complete closure or a change/reduction in service. Estimating the impact on the economy is not possible at this time, not least because it is possible that any loss in business suffered during the outage will be recovered after gas supplies are restored.

- 2. Given its monopolistic position, and the importance of supply to the Island, has any consideration been given to whether a Jersey Competition Regulatory Authority investigation of the fairness of its trading terms is merited and should be requested?*

The States established the Jersey Competition Regulatory Authority (**JCRA**) as Jersey's competition and regulatory authority independent of Ministers and the States. It is generally accepted that competition authority independence is a key element for the effective enforcement of competition law. This principle is enshrined in the Competition Regulatory Authority (Jersey) Law 2001 which states that “[s]ave as this Law provides to the contrary, the Authority shall be independent of the Minister and of the States [...]”.

Regarding the JCRA's power to investigate specific matters, the Competition (Jersey) Law 2005 (**2005 Law**) stipulates that the JCRA may conduct a formal investigation in relation to certain business conduct, if it has established a 'reasonable cause to suspect' that there has been a breach of the relevant provisions of the 2005 Law.¹ The 2005 Law does not include a power for the Minister to instruct the JCRA to conduct a formal investigation. The JCRA's guidelines provide further detail on the 'reasonable cause to suspect' standard.²

¹ See Part 5 of the Competition (Jersey) Law ([Competition \(Jersey\) Law 2005 \(jerseylaw.je\)](http://www.jerseylaw.je)).

² See: [Microsoft Word - Guideline 10 - Investigation Procedures \(jcra.je\)](http://www.jcra.je).

3. *Given the role of Ofgem in providing regulation of gas and electricity markets in Great Britain, would an equivalent system of regulation be prudent in Jersey, given that energy supply is critical for businesses and Islanders more generally?*

The question as to whether the current arrangements for the oversight of the electricity and gas sectors remain appropriate or whether other mechanisms, such as for instance economic regulation, would deliver better outcomes for consumers and the island, is kept under constant review.

I hope the above provides clarity to the areas you have raised.

Yours sincerely,



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