

### **3.6 Deputy M. Tadier of St. Brelade of the Minister for Treasury and Resources regarding a cap on energy prices (OQ.88/2025):**

Will the Minister advise what powers she has, if any, to set or cap prices and charges for Jersey Electricity and advise in what circumstances she would consider exercising such powers?

#### **Deputy M.E. Millar (The Minister for Treasury and Resources):**

I thank the Deputy for his question. As a shareholder representative, I have no direct powers to set or cap the tariffs charged by Jersey Electricity. Energy prices are affected by international markets and are subject to global geopolitical factors which are entirely outside our control. Additionally, because J.E. (Jersey Electricity) is a listed company, the States of Jersey, as a majority shareholder, entered into a shareholder relationship agreement in accordance with U.K. (United Kingdom) listing rules. This agreement prevents the States from using its position to influence or control J.E. in a way that may disadvantage minority shareholders. Any attempt to impose tariffs that negatively affect the company's financial performance could arguably breach both the shareholder agreement and U.K. listing rules. Prices in Jersey, as you will have seen this morning from the news about increases in the U.K., are significantly lower than in the U.K. and Guernsey. Based on independent benchmarking, Jersey's electricity prices are currently 30 per cent lower than both the U.K. and Guernsey for domestic customers consuming comparable amounts of energy.

#### **3.6.1 Deputy M. Tadier:**

Just to give very brief context, we have seen electricity prices go up by 19.5 per cent in the last 2 years, the same with gas, and I believe that constituents throughout the Island are feeling the pinch in many cases. Would the Minister confirm whether the Electricity (Jersey) Law 1937 is still in power and, if so, that Article 22 of that law says that: "Where it appears to the States to be necessary to do so in the public interest, the States may by Regulations determine the tariffs to be made by the company in respect of electricity." Is that something which is taken into consideration given the soaring cost of living and the initial answer that the Minister gave?

[10:15]

#### **Deputy M.E. Millar:**

Yes, the Electricity Law clearly is still on the Statute Book and Article 22 does provide that the States of Jersey may determine the tariff set by Jersey Electricity when it believes it necessary to do so in the public interest. That said, Article 22(2) requires the States to have regard to several relevant factors which could mean that tariff reductions are not possible. One such factor is a need for further capital expenditure and, as publicly announced, J.E. is undertaking a significant capital investment programme to improve network resilience and support the Government's carbon neutral objectives. I believe Article 22 was tested some 15 years ago when a proposition was lodged to intervene in electricity prices following a 24 per cent increase in tariffs. I do not know what period that increase took effect. As a result, an independent review was conducted which found that J.E. was fully justified in its pricing at the time. Had J.E. not been justified, tariffs would have been reduced under Article 22. However, I would also remind Members that the interest of the minority shareholders cannot be ignored and again that our pricing in Jersey is considerably less than it is in both the U.K. and Guernsey.

#### **3.6.2 Deputy J. Renouf:**

The Minister's answers suggest to me that there seems to be a little dissidence between the position she has regarding the shareholder responsibility and the law. Could she clarify that a legal power does exist in principle to control prices of Jersey Electricity regardless of the agreements that she has spoken about in regard of shareholder interest?

#### **Deputy M.E. Millar:**

No, I do not agree that there is any dissidence. The position of a shareholder is very different from the position of this Assembly and, as I have said, a majority shareholder by law in any company, regardless of a listed one, cannot behave in a way that is unfair or prejudicial to the rights of the minority. I am sorry, I am beginning to get into the A.G.'s (Attorney General) territory. The Electricity Law goes back to 1937, probably pre-dates the listing, and it does give this Assembly powers to seek to control tariffs. However, I think those powers would have to be exercised very, very cautiously, and although prices have increased in Jersey, they have not increased nearly as much as increases in the U.K. and Guernsey. Jersey Electricity have a very stable and low pricing, and this has protected us from the extreme market volatility and the rising costs in Europe, and I think we should be grateful to them for that.

### **3.6.3 Deputy J. Renouf:**

The original question asked under what circumstances she would consider exercising such powers. Can she advise what those circumstances would be?

### **Deputy M.E. Millar:**

I am not sure if the Deputy means my power as a shareholder, because I have none as shareholder, so there are no circumstances in which I can. I think it is a matter for the Assembly what circumstances they consider in which someone would wish to bring a proposition; however, I believe the States must have regard to a number of factors and I would suggest it is a very difficult thing. The whole reason we have some of these entities as separate companies is to try to divorce from political interference, and that is exactly what he is suggesting, political interference, which I think could be very unwise in very many cases.

### **3.6.4 Deputy A.F. Curtis of St. Clement:**

Just for our understanding because it is a complex topic, the difference between the Minister's role and the Assembly's role, is the Minister perhaps suggesting that in being shareholder representative she has to wear a different hat to the Assembly at large and as such, if Article 22 was used, does she anticipate it is prudent to abstain from any vote so she would be allowing the Assembly free use of that power?

### **Deputy M.E. Millar:**

I have not given the matter any consideration. If someone brought a proposition under Article 22 I would consider it like any other proposition. I would imagine I would find it very difficult to support a proposition to limit tariffs for all the good legal reasons that exist, but I think it is a hypothetical question which I would deal with at the time. I do not think being shareholder representative stops me in any way from voting as a Member of this Assembly in any proposition where I consider it right to do so.

### **The Bailiff:**

I would just remind Members that it is quite proper not to answer a hypothetical question and, in fact, a question of a hypothetical nature should not be asked. Do you have a supplemental question?

### **3.6.5 Deputy P.F.C. Ozouf:**

Would the Minister not agree - given as she explained, albeit the increase in electricity prices recently, the fact that Jersey Electricity prices are so much lower than that, even taking out G.S.T. (goods and services tax) and V.A.T. (value added tax) and all the rest of it - that energy and time, Ministerial time, should be directed at those energy costs which are going much higher than that of anywhere else comparable rather than electricity? As the energy review that was conducted in 2015 said, would she not agree that in fact it is not the problem with the electricity, it is all the others?

### **Deputy M.E. Millar:**

I do not know what the review of 2015 was. Energy is another Minister's portfolio and there is a limit to what we can realistically control. If you are talking about fuel prices, we have restrained the growth, we have restrained taxes on fuel prices. It is a competitive market and we are also affected by geopolitical global issues.

### **The Bailiff:**

I think we are straying outside the ambit of the question, the original question, which was of course capping energy prices for Jersey Electricity. Very well, a supplemental that is within the bounds of the question?

**3.6.6 Deputy P.F.C. Ozouf:**

Indeed. Would the Minister not agree that the experience that she, as the shareholder representative, has had about regulation in terms of it being effective and a good use of taxpayers' money, has come to the same conclusion that there is no case for issuing burdens and regulation on Jersey Electricity, that would be a waste of taxpayers' resources? Would she not agree with the evidence that she has kindly given to the Assembly?

**Deputy M.E. Millar:**

Jersey Electricity is already regulated by the J.C.R.A. (Jersey Competition Regulatory Authority), I do not think there is any need for further regulation. Jersey Electricity, I do have to say as a shareholder, have done a very, very good job for this Island in the last few years. Because of their pricing structure, because of the very good contracts they have negotiated with France, that since the Russian invasion of Ukraine they have avoided costs in excess of £200 million, which is equivalent to bills of £4,000 to £5,000 per household. We have seen numerous electricity energy companies become insolvent in the U.K. and I think we ought to be grateful for the work that Jersey Electricity has done to keep prices for electricity as low as it possibly can.

**3.6.7 Deputy H.L. Jeune:**

Jersey Electricity, which is not regulated by the J.C.R.A. as the Minister has said, is a listed company and the Government has a shareholder relationship. Of course, that means then the board are the ones who are discussing about whether to increase prices or not. What role does the Government have on the board of Jersey Electricity, and if there is not a representative of the board, why not?

**Deputy M.E. Millar:**

Firstly, I think J.C.R.A. does have a regulatory role in terms of the electricity company and that enables the Minister for Sustainable Economic Development to request market reviews and they can exercise other powers. We do not have politicians on the board of our States-owned entities for very good reason; those companies were established to try to keep them free of political interference. Having a States Member on the board makes them a director, it gives them all the obligations and liabilities of a director. States-owned entities all have independent, qualified professional boards who know what they are doing, unlike politicians sometimes who do not know about electricity industries; I certainly do not. But, as I say, I meet with the board of Jersey Electricity quarterly, or certainly the senior team; I met them this week. I have a regular programme of meeting with all the States-owned entities: Jersey Electricity, Jersey Telecom I have met in the last week.

**3.6.8 Deputy H.L. Jeune:**

I thank the Minister for her answer. Could the Minister then advise the Assembly what revenue the Government gets from being a shareholder within Jersey Electricity and where does that revenue go?

**The Bailiff:**

Well, I am sorry, that just is outside the ambit of the question. The question relates to the Minister's ability to set or cap energy prices and whether she would consider exercising that. What revenue the Government gets and how the revenue is spent is, I am afraid, well outside the ambit of the question in my ruling. Very well, a final supplementary, Deputy Tadier.

**3.6.9 Deputy M. Tadier:**

I was concerned by the initial answer that if I had not mentioned the 1937 law, which does give this Assembly powers, that I do not think the Minister would have mentioned it. Could she confirm, as a legal point rather than maybe an ideological point, that it is within the powers of this Assembly, if it is deemed to be in the public interest, to be able to amend or set tariffs for electricity?

**Deputy M.E. Millar:**

The Deputy's question was clearly what powers I have and I answered that question. The States Assembly, the powers of this Assembly, are an entirely different matter and a different question. I have given the Assembly full details of those powers but I would find it very difficult to support any proposition to impose tariffs on Jersey Electricity, but those powers do exist and I have been quite clear about it.