

5.10 The Deputy of Grouville of the Minister for Treasury and Resources regarding Jersey Electricity plc's provision of a backup service to embedded generators: [1(511)]

Will the Minister, as shareholder representative, clarify what costs are involved for the Jersey Electricity Company in providing a backup service to embedded generators? Will he explain how the company's funding of the grid works and whether it is factored into the company's service charge? Will he advise whether the service charge applies to all customers of the company?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

I am advised by the J.E.C. that the costs involved in providing a backup service recovered through the standby charge include as an example those associated with keeping the undersea and on-Island distribution and transmission networks, including La Collette power station, maintained and ready for embedded renewable generators to fall back on when needed. This standby charge needs to fund the costs of operating, maintaining and financing the electricity supply infrastructure that serves Jersey's consumers. I am further advised that normally these charges are recovered through the unit charge, but here they are recovered through standby charge for embedded generators, which are generating their own power and relying on the grid for backup. Without levying these charges, other customers, including the less well off, would ultimately have to pick up these costs in the form of higher prices. Jersey Electricity's share of the grid is funded from its own balance sheet. This is not factored into the company's service charge, which is a charge covering metering, billing and administrative functions and is applied to all customers.

5.10.1 The Deputy of Grouville:

Does the Minister consider that the Jersey Electricity Company should be at the forefront of encouraging and supporting renewable electricity generation within the Island and does he see his position and the States of Jersey's position as a shareholder of J.E.C. to be a conflict in this regard?

[11:00]

Senator A.J.H. Maclean:

I think the answer is yes to the first question and I would hope and believe from what I have seen that the Jersey Electricity Company are supporters in that way. With regard to a conflict, clearly from a Treasury perspective as shareholder representative I do have very much a focus on the financial side, but that does not mean that other Members cannot take up a role in lobbying the company if they feel that they are falling short. I know the Deputy herself has done so with the J.E.C. I know she has spoken to the chief executive. I know they have exchanged a raft of information to answer a number of her questions and I know that she has been invited into the J.E.C. Hopefully, before too long, she may wish to take up that invitation and continue her good work in that way.

5.10.2 Senator S.C. Ferguson:

Given that the J.E.C. are installing smart meters all around the Island, will the service charge for consumers be coming down because they will no longer need to read meters with a gentleman going round with a piece of paper? They will be able to read them from the centre, from the offices of the J.E.C.

Senator A.J.H. Maclean:

Indeed, and that will make the company very much more productive and more efficient and allow it to, therefore, invest in ensuring that its infrastructure is kept up to speed. There is significant capital expenditure. It is quite extraordinary that a business turning over just over £100 million is spending of the order of around about £30 million last year on capex and over the last 4 or 5 years it has not been far short of that. In fact, in one or 2 years it has been more. It is a very intensively expensive business to ensure that the infrastructure is maintained.

5.10.3 Senator S.C. Ferguson:

A supplementary: yes, but does the Minister not understand that if the company pushes further with renewable sources it will start having to push prices up to the consumer as they have in the U.K.?

Senator A.J.H. Maclean:

The Senator has hit the nail, if I may say, on the head and that is the whole point of the standby charge, particularly with regard to commercial generation. There is a clear understanding that the infrastructure has to be funded and, therefore, the direction of travel certainly for commercial operators at this stage is through a standby charge in order to ensure continued investment in essential infrastructure, so the Senator is right.

5.10.4 Deputy A.D. Lewis:

Does the Minister believe that the current ownership structure of the J.E.C. hampers its ability to invest in things like renewables because you do have, of course, shareholders to consider in terms of dividend and profit and also there are many companies perhaps who want to invest in Jersey but require significant amounts of power ...

The Deputy Bailiff:

I am sorry, Deputy, I do not think I can allow that question. The question is specifically about the costs involved in providing backup services, not really general policy objectives.

Deputy A.D. Lewis:

I was talking about the ownership, Sir, the inability to have flexibility when you do not have full control of the business. Does the Minister believe that that hinders the company to make judgments like this?

Senator A.J.H. Maclean:

No, I do not. I think that, as I have already alluded to this morning, the company is making significant investments, so I do not think that that would be the case at all.

Deputy G.J. Truscott:

Sir, is it possible to raise the défaut on Deputy Russell Labey?

The Deputy Bailiff:

The défaut is raised on Deputy Labey. Final supplementary, Deputy of Grouville.

5.10.5 The Deputy of Grouville:

Can the Minister confirm if he ever attends board meetings? I know he is the shareholder so he would attend shareholder meetings, but is he ever invited in to discuss the way of direction the people of Jersey may wish the Jersey Electricity Company to travel in, or if he just attends the A.G.M. (annual general meeting)?

Senator A.J.H. Maclean:

I do not attend board meetings of the Jersey Electricity Company, but there are regular shareholder meetings with the J.E.C. and it is through that forum the question the Deputy has asked is dealt with. We have good discussions with the J.E.C. about all aspects of their business, including, I might add, this area because despite what some Members might have said I think it is an exceptionally important area. I think they are doing their bit. Everybody can do more and that is something that we need to continue to focus on.