

4.12 The Connétable of St. John of the Minister for Treasury and Resources regarding the above the cost of living charges made by the Jersey Electricity Company:

Would the Minister, as a shareholder representative, investigate the above living charges made by the J.E.C. (Jersey Electric Company) and ascertain why profits were used to provide some homeowners with thermal insulation grants when these funds could have been of benefit to all householders by lowering the electricity costs?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

I will do my very best to be as open as I can. The Channel Islands Competition Regulatory Authority has reviewed in depth the recently announced tariff rise by the J.E.C. and they concluded the prices charged were broadly fair and comparable and compared favourably with Guernsey, the Isle of Man and Ireland and other European States, including Malta. The J.E.C. provides advice to customers on energy efficiencies directly through its customer care team and indirectly through occasional media releases. They also visit vulnerable customers in their own homes to assist them with energy efficiency and tariff advice where possible. Members will recall that in 2008, the J.E.C. provided seed capital of some £500,000 for the Energy Efficiency Service, a scheme which aims to help vulnerable Islanders and different sections of the community, community organisations and not-for-profit organisations to improve energy efficiency of their own homes and community buildings and, indeed, added to the States funding of over about £900,000 in recent years, this has been a real success in reducing the energy costs for many vulnerable Island households. J.E.C. have not contributed any funds since that £500,000 although some still remains unspent. The States continued with the Energy Efficiency Service; therefore the J.E.C. do not currently provide any direct grants to customers and the States of Jersey is in a much better position with the Planning Department to assist in the Energy Efficiency Service which is not only just for electricity but all energy uses.

4.12.1 The Connétable of St. John:

Given that the States own 62 per cent of the J.E.C., would the Minister please influence or try to influence the board that more money should be returned to the user instead of to the shareholders, given that we are in times of constraint across the Island and across the world and we should be looking after the people who are giving the J.E.C. all their profits, although the profits are down by 50 per cent this year?

Senator P.F.C. Ozouf:

The Constable, I think, raises a number of important issues in his answer and he probably knows how to answer the question as well as asking it. The States does not have 100 per cent control of the J.E.C. There are other shareholders so it is a different relationship with those other utilities but I can say that we do have ongoing an appropriate amount of interaction with the board which is appropriate because they are, of course, a publicly quoted company. I think the Assistant Minister and I have one of our regular scheduled meetings next week with the board. I think it is important and I do not know whether the Constable has read the report by SICRA (Singapore Credit Rating Agency) - and I am going to send him the internet link for that report published in December 2012 -because it did indicate that the J.E.C. is, in fact, comparing very well, notwithstanding the very difficult times. We all understand the price rises that we have seen but the J.E.C. is an extremely good benchmark to other electricity companies in comparable jurisdictions, much better, may I say, than perhaps Malta or Guernsey or even Ireland and indeed the Isle of Man. So I think we must recognise the good performance and efficiency of the J.E.C. I just draw the Constable's attention to the huge benefit that the Energy Efficiency Service seedcorn funded by the J.E.C. has made. They have reduced the costs of hundreds of homes in the Island and that is the way to reduce electricity costs, not just simply trying to inappropriately perhaps influence the tariff.

4.12.2 The Connétable of St. Martin:

I am not sure really if it comes under the Minister for Treasury and Resources but is he aware of what appears to be long delays in the waiting lists for those seeking surveys of their homes and the grants and if so, is this being addressed so that the improvements can be done far more quickly and so that elderly people see them through this winter?

Senator P.F.C. Ozouf:

I am not aware of that and I will take it up with the Minister for Planning and Environment who, in 2013, has £886,339 in order to do that. The Energy Efficiency Service has already assisted 735 homes, on average reducing costs of £160 a year, and if we need to strengthen the waiting list to put more resources into that, not only does this service reduce costs but it is employing more people engaged in an otherwise very difficult job market but I will take that up with the Minister for Planning and Environment.

4.12.3 Deputy G.P. Southern:

Will the Minister go further and confirm his openness to examine all means to increase the spend on energy saving on the Island and, indeed, all projects which are 'Invest to Save' in the long term in terms of green initiatives?

Senator P.F.C. Ozouf:

I look forward to receiving the report which the Deputy has indicated that he wants to lodge. Good arrangements between Ministers and Back-Benchers would mean that we could have constructive dialogue. There is no doubt at all that the energy efficiency business of Jersey has some opportunities to create jobs and where we can put more money in and I think that is a very substantial investment in Energy Efficiency Services which is going to employ local people. But if we can do more, as I have said, we will be flexible through these difficult economic times. If this is an area where we can put more resources in, employ more people and reduce energy costs, then we will do so and I will support it strongly.

4.12.4 Deputy M. Tadier:

The Minister said that if Jersey Electricity Company reduces the amount of electricity they sell by making homes more insulated, or the inference at least is that less electricity will be used, he seemed to suggest that that would lead to prices coming down. Does he not acknowledge that there is a contradiction and a potential conflict of interest in Jersey Electricity Company advising people to use less electricity when they make their profits from selling electricity to the public? Does he also acknowledge that if less electricity is used in order to maintain the same level of profitability for the company, the price per unit of electricity will have to go up?

Senator P.F.C. Ozouf:

Can I encourage the Deputy to read the report from the Channel Islands Competition Regulatory Authority? Indeed, electricity represents some 38 per cent of fuel consumption in the Island and, indeed, is rising in terms of its market share. The overall units sold by the J.E.C. has increased from 581 gigawatts to 651. Quite apart from the J.E.C. reducing the amount of electricity, they have been successful in securing a greater market share and they are also a very responsible organisation. They take their responsibilities of advising customers seriously, I think, exhibited by the fact that they were the only energy company to put forward money for the Energy Efficiency Service. I think they are a good example of a company well run, efficiently run, but also helping consumers and giving advice to cut their own costs. They are doing all of that and I fully expect electricity consumption in Jersey to rise as standards of living continue to rise as more people use things like energy-consuming devices and the J.E.C. itself, in line with the energy policy, takes a greater market share of energy in the Island.

4.12.5 The Connétable of St. John:

I was concerned when I saw that the funding for the new sea cable that had to be replaced was basically being funded, shall we say, on a needs basis instead of coming out of funds that should have been put aside into a fund to pay for this. Can the Minister explain why certain funds have not been collected as any good housekeeping would do?

Senator P.F.C. Ozouf:

I will also send, if I may, the link of the J.E.C. accounts to the Constable so that he can see just how well run and how efficient this business is. They are well capitalised. They have planned. It is not the J.E.C.'s fault themselves for some of the difficulties that they have encompassed into securing more cable connections to France. I have to say if he reads the Annual Report and accounts of the J.E.C. and if he reads the SICRA Report, I think that he and other Members who have understandable concerns about price rises will get considerable comfort by the transparent information that is there and by the conclusions of SICRA.