

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY SENATOR S.C. FERGUSON
ANSWER TO BE TABLED ON TUESDAY 17th JANUARY 2017**

Question

Will the Chief Minister provide the terms of reference used for ‘Oxera Report on the Jersey Gas Market’ (R.1/2017); and will he explain why the report does not consider the costs of the raw material used for gas supply in Jersey and compare them with the cost of alternative types of gas available in U.K. markets?

Answer

It is important to put the Oxera report in context as it followed CICRA’s fuel market review in 2015 (terms of reference attached) which was undertaken at the request of the Assistant Chief Minister responsible for Competition.

The Oxera report shed even more light on the gas market in Jersey and included independent, expert advice and for the first time very detailed information on the performance of the gas market over many years. The terms of reference and methodology agreed with Oxera is attached.

The report does consider the cost of the raw material because in a competitive market, prices are generally expected to move in response to changes in wholesale costs. The report looks at the relationship between wholesale and retail prices since February 2011 and tries to explain why there may be differences in the trends. However, as the review was to look at competition and regulatory issues to understand whether the gas market was working in consumers’ interest it was not within scope to consider the costs of alternative types of gas available in the UK.

While the expert analysis in Oxera’s and CICRA’s reports clearly show that regulation in the gas market is not justified at this time, work will continue to ensure that gas markets work in consumers interests. As set out in the Strategic Plan, the Council of Ministers remain fully committed to achieving best value for consumers in all markets. At this point no future policy is ruled in or out and concerns remain that the costs of heating a home in Jersey with gas are high relative to other fuels.

To establish next steps the Assistant Chief Minister will continue to work with CICRA and Jersey Gas, and support the Consumer Council in championing consumer choice and easily accessible information on energy prices. In addition, the Assistant Chief Minister will consult with the Housing Minister, the Environment Minister and the Assistant Minister for Economic Development to consider how homeowners and tenants can be supported to secure optimal deals on energy costs.