

#### **4.9 Senator P.F.C Ozouf of the Chief Minister regarding the promotion of greater competition in Jersey's gas market: [1(554)]**

Following the publication of *Oxera Report on the Jersey Gas Market*, R.1/2017, which highlighted the apparent high cost of gas compared to other energy sources, will the Chief Minister explain what steps have been taken, including by C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities), to promote greater competition for gas consumers this winter?

#### **Senator P.F. Routier (Assistant Chief Minister - rapporteur):**

I am grateful for the Senator's continued interest in this topic. **[Laughter]** The starting point in the J.C.R.A.'s (Jersey Competition Regulatory Authority) conclusion in 2015 that there appeared to be no reasonable grounds to suspect that the Jersey Gas Market was not acting in the best interests of consumers; this was followed up by Oxera's work published in 2017 suggesting that historically profitability and prices were in a reasonable range. Since these 2 pieces of work there have been no interventions by the J.C.R.A. in that market. This is not surprising, given the evidence as market-based interventions such as regulation or competition law enforcement are less likely to come into play. Nevertheless, the functioning of the energy markets and the effect on consumers remains an important matter across the Government. During 2017, departments have continued to support consumer advice activities, work with the energy policy, with Social Security fuel payments, and also improving the social housing stock. If there is a need to revisit gas prices at an appropriate point in the future, we will of course ask the J.C.R.A. to assist.

#### **4.9.1 Senator P.F.C. Ozouf:**

I am grateful that Senator Routier does have a sense of humour and I take the comment that he makes in good spirit because he knows that I have been concerned about this and other Members, particularly Deputy Southern and others, have been concerned about what is a serious issue for many Island consumers. The report that the Senator and that I referred to in my question that was published in January did say that gas prices in Jersey were higher compared to other fuels. This has been made worse by greater competition in the oil market with 7 pence lower prices, frozen electricity prices and the report did say that there was going to be a need for actual action for those people who suffer high fuel prices who are locked-in to them. Does the Senator have any plans across other departments to do anything for those consumers who are now locked-in to very high standing charges for gas and very high gas prices and are likely to be those Islanders that are in fuel poverty? Specific action.

#### **Senator P.F. Routier:**

In recent months we have encouraged the Jersey Consumer Council, the Trading Standards Department, the J.C.R.A. and the Citizens Advice Bureau to meet on a regular basis. They have formed the Consumer Protection Network and they are monitoring the existing fuel market but also they are giving advice to consumers about what the options are to them. If there are issues with regard to helping them to perhaps change fuel supplies, that is the advice they will be able to give them. But I understand there may be some barriers to that in costs but that is an issue which we have not been able to grapple with at the present time but certainly we are aware that there may be additional support required.

#### **4.9.2 Deputy G.P. Southern:**

The Assistant Chief Minister points to a new body set up to monitor prices but fails to state that his department, that he, will do anything if required. I did not hear any commitment to any action on his part except to say: "We have set up a monitoring body." Is it the case that he and his department are prepared to act on this issue should it prove necessary this winter?

**Senator P.F. Routier:**

Certainly the suggestion of us doing something, which is something which I gave in my answer to the initial question, was that we were prepared to ask the J.C.R.A. to take a watching brief on the issue. With regard to the issue with regards to this coming winter, we are given assurances that the gas prices are being maintained for this period and there will not be any increase coming forward for this wintertime. But I am sorry that the Deputy does not feel that us being able to get those 4 organisations to come together on a regular basis and to be of assistance to our community is not of value because it has been of great value to many people.

**4.9.3 Deputy G.P. Southern:**

Again, the Assistant Chief Minister says we could ask J.C.R.A. to adopt a watching brief. Again, he says nothing about the central question which is that gas tariffs and gas prices are higher than their competitors. If that is the case, will he consider acting on behalf of the consumer?

**Senator P.F. Routier:**

It is a matter of fact that gas prices are higher than the other commodities and that is a choice which some people are locked-in to, unfortunately, and it is difficult for them to change. But we need to recognise that there are choices available to those who are able to change to move to other commodities. That is the purpose of this group getting together to advise people on what the options are for them. With regard to government involvement in enabling people to move, at this stage we are unable to offer any support at this time.

**4.9.4 Senator P.F.C. Ozouf:**

The Senator, I think, understands the issue is that there is a reality that it is the likelihood that it is lower-income households and tenants who are likely to be those that are locked-in to high gas prices. Would he work with agencies such as the Consumer Council, or would he agree to work with agencies such as the Consumer Council and the Environment Department, to put in place a scheme which would allow effective switching for consumers who are unable to meet the capital costs of installing an electric or oil boiler where that is possible instead of their existing gas supplier? It is the capital cost issue which is an issue. Would he commit to work and, if necessary, he knows of my persistence, there are Members of this Assembly who would be willing to work on effectively drawing up a scheme to allow for energy switching which would solve the problem?

**Senator P.F. Routier:**

Of course. Certainly that is a piece of work I would be prepared to undertake and if there is any assistance to be given by not only the questioner but also perhaps the Minister for the Environment and other Ministers, that would be greatly appreciated. It is an issue which we need to consider carefully and to see if we can come forward in a positive way. I thank the Senator for his question.

**The Deputy Bailiff:**

Deputy Kevin Lewis, you, I think, put your light on a fraction after I called on Senator Ozouf. If I had looked at it, I would have called upon you to ask a question, so I am prepared to allow a question from you.

**4.9.5 Deputy K.C. Lewis of St. Saviour:**

I also have several constituents who are struggling with gas at the moment. They have it for hot water but they cannot use it for heating because it is far too expensive. In fact, they use

open-fire log burners, whatever they can other than using gas, and also they cannot afford to replace the system. Does the Assistant Chief Minister not find this unacceptable?

**Senator P.F. Routier:**

People's choices of how they heat their houses is obviously something which needs to be considered. Hopefully the piece of work that we will be doing with the Minister for the Environment, who hopefully might get involved and the original questioner, to come forward with options for them to switch to other fuels will be of use to them and I hope that will satisfy the questioners.

**The Deputy Bailiff:**

Very well. We now revert to question 1 which Senator Ozouf will ask of the Minister for Treasury and Resources.

**Senator P.F. Routier:**

May I clarify an answer I gave earlier, is that possible?

**The Deputy Bailiff:**

If it is to correct something that may have misled the Assembly, yes, I will allow that.

**Senator P.F. Routier:**

Thank you very much. During my answer regarding gas prices, I gave an indication that the prices of gas would be fixed for the winter. It depends on how you judge that. I am advised now that there is a review going to be carried out in January, which may or may not affect the price. So I just wanted to give that clarity because, if it comes in January that the gas company are thinking about a price rise, I just wanted to clarify that.

**Deputy G.P. Southern:**

Can I clarify the clarification? An investigation by whom?

**Senator P.F. Routier:**

Certainly the gas company itself will be deciding what they will be promoting.