

24.02.06.

9.11 Deputy H.L. Jeune of the Minister for Infrastructure regarding the price rises that had recently been announced by Island Energy. (OQ.23/2024)

Will the Minister advise whether he intends to ask Island Energy to explain their announcement of price increases of 12 per cent resulting in average households paying £13.80 more per month, at the same time as announcing that they will provide £11.56 compensation for customers affected by the gas outage that left some Islanders without hot water and cooking facilities for many weeks last year, and if not, why not?

Connétable A.N. Jehan of St. John (The Minister for Infrastructure):

I thank the Deputy for her question. The immediate answer to the question is yes, I do intend to raise both of these issues with the gas company. When the announcement about the intended price increases was made, the gas company said it was due to several factors. These were listed as inflationary pressures on operating costs, high interest rates impacting on capital investment, and continued volatility in the wholesale markets. The Deputy will know that the Gas Law does not oblige the company to provide detailed financial information to Government other than what is included in its annual accounts. Nevertheless, we can and will ask for more detail and evidence of these factors as well as the basis for the compensation payments offered by the company. I recognise the absence of competition in the market and the absence of any direct price regulation, that it is important for Government to be assured that the energy market as a whole is acting in the best interests of Islanders. That is particularly important given the ongoing cost-of-living challenges Islanders face and their concerns about energy prices. In addressing this as part of my new portfolio, I intend to discuss the matter with the Minister for the Environment and the Minister for Sustainable Economic Development, who holds responsibility for the Competition Law. As the Deputy knows from her work in the previous Government, it is important to remain aligned in this matter, which covers a number of Ministerial portfolios.

9.11.1 Deputy H.L. Jeune:

Would the Minister consider setting up a compensation scheme for gas customers affected by the outage in the same way they did during the COVID pandemic for compensation of lost wages?

The Connétable of St. John:

That is not something I have considered in the last week, but something I am willing to consider. There is absolutely no requirement currently for compensation to be offered in Jersey, and it is something I can take away and consider.

9.11.2 Deputy M. Tadier:

The Jersey Gas Law in Article 89 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 gas, which it supplies. At what point does the Minister think that it might be considered in the public interest to suggest to set the maximum charges that the gas company can charge local people for their gas?

The Connétable of St. John:

I thank the Deputy for his question. As I said earlier, I need to find out far more detail than I have at present. What I have been able to glean is from the internet at the moment, and I will be looking for detailed information of that company's accounts. Clearly the company has to be able to invest in its infrastructure to be able to offer services going forward and clearly that has to be paid for. So I need far more detail before I can make a judgment.

9.11.3 Deputy M. Tadier:

Does the Minister agree that the principle of telling a business, especially when they have a monopoly, what they may charge is not necessarily that radical, and that we already do it with taxi drivers. We tell taxi drivers the maximum they can charge for their taxis, even though presumably they have to reinvest in their taxi businesses and renew their cars. So is it not also the case for critical infrastructure like Island Energy?

The Connétable of St. John:

I think when we look at energy, we do not just look at one type of energy. I believe that we have a responsibility right across the energy markets. We have shown restraint in terms of increasing taxes on fuel, for example, and I believe that we need to do the same with all of the energy and not just restricted to gas.

9.11.4 Deputy L. Stephenson:

The Minister in the answer to the first question referred to the market is working in the best interests of Islanders. What does the Minister consider to be the best interests of Islanders in this case?

The Connétable of St. John:

The best interests of Islanders is having a robust gas supply to those customers who use that service currently. I believe that the robust supply, consistent supply, has to be the highest priority in this case.

9.11.5 Deputy L. Stephenson:

In his discussions with the company going forward, how does he propose to try to move the matter forward if the company does not provide the kind of detailed information that he has referred to in his earlier answers as being required from his point of view?

The Connétable of St. John:

It is too early to say that. I have not met with the company. I have not met with the officers who are responsible for this area. But when I do meet with them, I am very familiar with company accounts and how to run a business, so I will be looking at how highly they are geared, for example, in terms of loans, there will be a lot of information that I will be looking at.

9.11.6 Deputy L.M.C. Doublet:

I am pleased to hear that the Minister would consider a compensation scheme. When he is doing so, would he take into account the fact that many households with multiple children and multiple household members would have been even more adversely affected by this and tailor the offering accordingly?

[17:00]

The Connétable of St. John:

I hope the Deputy does not think that I am going to introduce a compensation scheme. I have committed to have a look at that, and that is very different to introducing a scheme. I will look at that in good faith. Island Energy recently published a 2023 review and part of that on page 9 was their mantra: “Putting the customer at the heart of everything we do means that we hold ourselves to account to deliver results that meet or exceed our customer expectations.” I think the recent actions of that organisation fall far short of that ambition and I will be telling them that when I meet them.

9.11.7 Deputy H.L. Jeune:

Given the recent occurrence, do you think regulation of Island Energy is appropriate and, if not, what needs to be changed?

The Connétable of St. John:

The Deputy is probably far more able to answer that question than I, having worked on energy for the last 18 months. It is something I need to find out more about before I commit.