

JCRA Electricity Market Study: draft report Jersey Electricity Response to Questions

Jersey Electricity plc's (JE) primary objective is to deliver safe, reliable, affordable and sustainable services across its whole portfolio of businesses.

Our Group's biggest business is the Energy division, which includes vertically integrated operations comprising electricity generation, transmission, distribution and supply up to the consumer's meter. Additionally, we offer 'beyond the meter services' that compete in the open market and are provided independently from our core Energy Business.

JE's commitment to serving the Island is demonstrated through its vertically integrated model that has consistently provided Islanders with numerous advantages and strong outcomes. For over three decades, we've been importing decarbonised electricity and despite recent price increases, our long-term pricing is still under inflation on a cumulative basis. Jersey tariffs are about 40% cheaper compared to those in the UK, and except for France and Malta, where tariffs are significantly subsidised, our rates are more affordable than in other European countries.

We are also performing well operationally, with average Customer Minutes Lost under 10. Despite the severe impacts of 2023's Storm Ciaran, considered the most intense storm to hit Jersey for several decades, our network maintained a low fault rate of 1% across the island, emphasising our continued investment in improving the network's resilience for present and future needs.

In response to the consultation questions:

1. Do respondents support draft recommendation 1 on consumers' ability to exercise choice of tariff, and greater support for switching tariffs?

JE provides clear and straightforward information regarding tariffs and assists customers with changing tariffs when they stand to gain from it. The E&Y report seems to suggest that the low switching rate in Jersey is a poor reflection on consumer outcomes, but there is no substantiation for that claim. As mentioned earlier, our customers benefit from some of the lowest tariff costs in Europe and we are committed to enhancing consumer awareness and comprehension of their electricity consumption via the MyJE App. This application assists users in tracking their patterns of electricity consumption, and we have observed that our customers are experiencing reductions in their usage by utilising the app.

With reference to the JCRA's first recommendation, our team at JE is committed to maintaining our approach:

What we already do:

- Offer clear information regarding tariff inclusions and structural details.
- Assist customers in comprehending the various tariffs that may be relevant to their needs.
- Aid customers in transitioning to more beneficial tariffs when appropriate.
- Further enhance our MyJE app and collaborate with our customers to promote greater transparency in electricity usage and encourage efficient energy consumption.

- Provide advisory services to customers via the Smarter Living area at the Powerhouse
- Provide face-to-face customer reception for those requiring more support (alongside our online and phone services)
- Provide advisory services for domestic customers who need help and advice through the fuel switching process
- Provide free efficiency and tariff advice via Energy Advisors who visit customers who need support in their own homes.
- We conduct a yearly customer satisfaction survey to gather feedback on our services. The results are benchmarked against UK Utilities standards, and for 2023, we achieved an overall score of 80.3, placing us in the top quartile of utility performance.

What we are planning to do:

- Develop and launch a B2B MyJE app.
- Develop and launch Power Purchase Agreements (for medium and large scale) embedded generation facilities to support and encourage this market.
- Add more information and advice online regarding tariff and pricing.

Should customers have additional specific needs, we always welcome the opportunity to discuss them further. However, we do not agree that more frequent switching inherently means better value for our customers.

Our foremost goal is to consistently provide the best long-term value for all our customers.

2. Do respondents support draft recommendation 2 on the provision of more information around the network and connection process?

The Jersey network is much smaller, well designed and better invested than the UK. This means that enquires regarding network capacity can be dealt with efficiently and quickly. We therefore do not believe that this is a particular challenge for customers wishing to install generation.

The Electricity Market Study Draft report suggests there is an uneven distribution of information regarding network access and connectivity. We do not believe it would be prudent to make network details and available capacities public, as needs for network capacity are subject to considerable changes over time (for example as new loads are connected) and making such disclosures could introduce a new risk to our Islands critical infrastructure. The consultation document makes mention of UK codes such as DCUSA, which are often put in place due to deal with the complex interactions between the various parties involved in the UK power sector and do not necessarily exemplify best practices. We aim to ensure all pertinent data is accessible on our website and we advise customers who need a new connection to reach out to us for assistance. Overall, we have seen an increase in the demand for new connections over the last few years and we continue to seek refinements to the process to improve customers' experience.

What we already do:

- Our team is also dedicated to collaborating with customers wishing to integrate embedded generation and intends to keep up this approach. We want to clarify that we are not discouraging customers from pursuing embedded generation; in fact, we are keen on facilitating it.

What we are planning to do:

- Develop and launch a commercial PPA for medium and larger scale embedded generators wishing to connect to the JE network. These will provide longer term agreements for the purchase of energy from these third-party suppliers.

3. Do respondents agree with the long-term recommendation with respect to Government Policy, and do respondents have views on the key areas of focus?

Any government benefits from refining its policies, if the consequence is to deliver value to its citizens. Jersey Electricity already distributes low carbon electricity, including one third of its energy from certified renewable sources. JE aims to support a diverse generation mix, like nuclear, wind, and solar, to maintain a sustainable energy system. We are a company focused on end-results with a commitment to good governance, social and corporate responsibilities. The sustainability of the ecosystem is critical for the island's long-term energy needs. All changes should be impartial and considerate, recognising that small islands lack the scale and resources of larger areas, making it essential to find the right balance to achieve sustainability for Jersey.

What we already do:

- Support the GoJ with the delivery of parts of their CNR strategy (i.e. through support for the LCHI/EVPI schemes).

What we are planning to do:

- Develop and launch a commercial PPA for medium and larger scale embedded generators wishing to connect to the JE network. These will provide longer term agreements for the purchase of energy from these third-party suppliers.

4. Do you have any other comments of the EY draft report, and the matters raised on the Authority's consultation paper?

Both the E&Y report and the JCRA draft consultation paper are thorough. However, we believe that the scale and context of Jersey needs to be taken into consideration in any assessment of outcomes including when utilising certain benchmarks.

One point of note is that there are several suggestions of disruption that will result on the expiration of the existing importation contract from France which are unsubstantiated. As always Jersey Electricity strives to maintain best value for money and keep any potential disruptions to a minimum during the changeover. Even though the volume of imported electricity from France may reduce as more local renewables come online, the requirement for electricity from France is expected to continue for the foreseeable future as the island decarbonises further. This will help JE continue to drive scale through its network and maintain competitive prices. JE has consistently prioritised risk management in its power importation strategy, and we are diligently working on securing a favourable commercial deal and leveraging market expertise to ensure a seamless transition.

JE's approach to risk management and commercial approach to the current supply contract has sheltered Islanders from an estimated £200m of additional costs between 2021 and 2023. This equates to an average of £4,000 per residential customer. Our approach in the new contract isn't changing and we are confident that any future agreements will continue to deliver significant value to Jersey.