



Joint Media Release from the States of Alderney and Alderney Electricity Ltd

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AEL pegs the price of electricity below price cap

Although the cost of fuel to provide Alderney's electricity has gone up considerably with the latest diesel and kerosene shipment, Alderney Electricity Ltd (AEL) has delivered on its promise to peg the price of a unit of electricity below the current 50p price cap.

Typically, this will mean only a small rise of 50p on the average quarterly bill for Islanders.

AEL has raised the price of fuels and electricity from the beginning of May to reflect the cost of the latest shipment of fuels received. However, as outlined in the joint press release from the States of Alderney (SoA) and AEL on 15th March, the Company has now introduced a subsidy on the Fuel Cost Component (FCC) included in the price of electricity to keep the price of a unit below the current price cap.

James Lancaster, Managing Director of AEL, explained:

“As anticipated, the cost of fuel received in the latest shipment has risen significantly as a result of recent world events and the volatility of the global fuels market. By the day of loading in mid-April, the refinery price of diesel and kerosene had risen approximately 45% above the price paid in February. The FCC is now 24.46p, which would have raised the price of a unit of Electricity on the A tariff above the 50p price cap. As AEL has brought in a subsidy of 4.35p per unit to be applied across all tariffs, this will bring electricity prices back in line with the cap. The first bills to receive the subsidy will be those due at the end of May 2022. The subsidy will be shown separately on bills so that consumers can see both the true price of electricity used and the value of the subsidy that they have received.”

Bill Abel, Chair of SoA Policy and Finance Committee, commented:

“I have discussed the matter with AEL and the Company has confirmed that the subsidy can be maintained until the next fuel shipment is received in late August. We have also compared the price paid on the last shipment to the global price of crude oil and on this basis the price paid was higher than anticipated. It may be that this discrepancy results from a lag in the pricing mechanism. If this is the case, and if the price of crude oil remains stable as forecast, then there is some optimism that the price of diesel and kerosene may fall by the date of the next shipment. AEL has confirmed that it will maintain the subsidy for as long as possible and the SoA and AEL

will continue to consider how to provide further support for those struggling to meet their energy costs should the need still be with us as we move into the winter.”

Ends