



Policy Statement

1. The Commissioner interprets the 2016 Law as permitting an investigation of the relationship between the prices charged for electricity and the costs of such provision and actual profit margin and return on assets. In this regard, the Commissioner confirms his understanding that a Price Control Order will only be made in cases where it is clear that the prices charged are not fair and reasonable, relative to the regulated electricity provider's costs of supply, and inclusive of a reasonable margin of profit and reasonable return on the regulated electricity provider's assets.
2. The Commissioner does not currently consider the hypothetical costs of alternative generation and/or supply of electricity by means other than those currently adopted by the regulated electricity provider to be a material consideration within the provisions of section 13 of the 2016 Law.
3. The Commissioner notes that there is no provision within the 2016 Law to require any regulated electricity provider to supply electricity or any associated good or service. As such the Commissioner does not currently consider that the avoidance of fuel poverty is a material consideration within the meaning of section 13 of the 2016 Law.
4. The Commissioner will not make a Price Control Order which sets a price below the price which the Commissioner determines represents the regulated electricity provider's reasonable costs of supply, a reasonable margin of profit and a reasonable return on the regulated electricity provider's assets.
5. For the avoidance of doubt, nothing herein is intended to affect the obligation of the Commissioner to consider the economy and efficiency with which the supply of electricity is generated and distributed within the meaning of section 13(2)(c) of the 2016 Law.
6. In assessing the economy and efficiency with which the regulated electricity provider generates and distributes their supply, the Commissioner acknowledges that the regulated electricity provider's reasonable costs of responding to an investigation pursuant to section 3(1)(a) of the 2016 Law or any consultations under sections 14 and 16 of the 2016 Law, are costs which the regulated electricity provider will fairly and reasonably be able to recover through the electricity price.

Anthony White

30th November, 2018