



Report & Accounts  
2009/2010

joined-up  
thinking



# the highlights

a year in focus



## Green machine

Clean, green and economic. Our first all-electric van has joined the fleet.

## Green Apple Award Winners

Following our Global Action Plan assisted submission into a nationally recognised environmental award, the company has been awarded the Green Apple Award.



## Reading the future

Our innovative installation of automatically-read meters reached 23,600 by the end of the financial year.



## 10 years ON

2010 marks the 10th anniversary of Guernsey's submarine cable link. Since it was commissioned, the link has provided an average of 71% of the islands' annual power consumption.

56%

## Carbon-free

56% of the islands' 2009/10 electricity was supplied carbon free.



## Meeting demands

For the second year running there was a new record demand on the island. A peak of 84 megawatts was recorded on 12th January 2010.

## Securing future supply

We are planning for the future, with plans to increase our capacity for both on-island generation and import, to ensure the island continues to benefit from a secure supply in the long term. Together with Jersey Electricity, we are planning to invest further in cable capacity that will enable us to take additional power and satisfy the ever-increasing demand for power from low carbon sources available from the European grid.



## Health & Safety Award Winners

We have received the British Safety Council's International Safety Award for the third year running for our proactive commitment to Health & Safety

## Reliability

An excellent year with only 22.6 minutes lost per customer, on average, compared with 81.7 minutes in the UK.

## Customer Service Standards

Only 5 minor slip-ups in 15,530 separate instances that are covered by our guaranteed service standards in financial year 2009/10.

## Health & Safety

This year's focus was on building the occupational health service and has resulted in process improvements.

**30% reduction** in working time lost due to back injuries.

**42% reduction** in sprain/strain injuries.



## DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

### Directors

K.A. Gregson (non-executive Chairman)  
 I. Watson (managing)  
 I.J. Limond (finance)  
 S.J. Morris (engineering)  
 K.J. Guille (non-executive) - retired 28 July 2009  
 Advocate I.H. Beattie (non-executive)  
 D. Farrimond (non-executive)  
 M.J. Mann (non-executive)

### Secretary

S.B. Pattimore

### Bankers

Barclays Bank PLC  
 P.O. Box 41, Le Marchant House  
 St Peter Port, Guernsey GY1 3BE

### Legal advisers

Ozannes  
 1 Le Marchant Street  
 St Peter Port, Guernsey GY1 4HP

### Independent auditor

KPMG Channel Islands Limited  
 Chartered Accountants  
 20 New Street, St Peter Port  
 Guernsey GY1 4AN

### Registered office

P.O. Box 4, Electricity House  
 North Side, Vale  
 Guernsey GY1 3AD

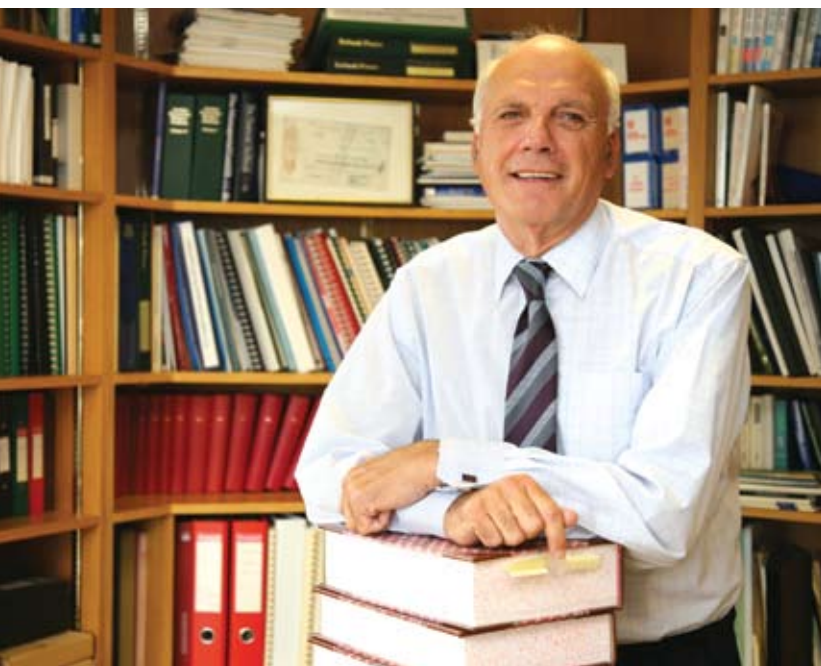
**Company number 38692**





## CHAIRMAN'S STATEMENT

**The stability of Guernsey's economy was highlighted in a recent report by an international rating agency, which gave the island a long-term "AAA" rating. One of the three main positives identified in that report was good infrastructure and Guernsey Electricity is a key part of that. A secure, reliable, efficient and safe supply of electricity is essential for the local economy to continue to thrive. It also touches every aspect of island life, in the home and in the workplace.**



We are very proud that in meeting our obligation to islanders and businesses, large and small, and at a consistently high level, our company continues to make such an important contribution to the local economy.

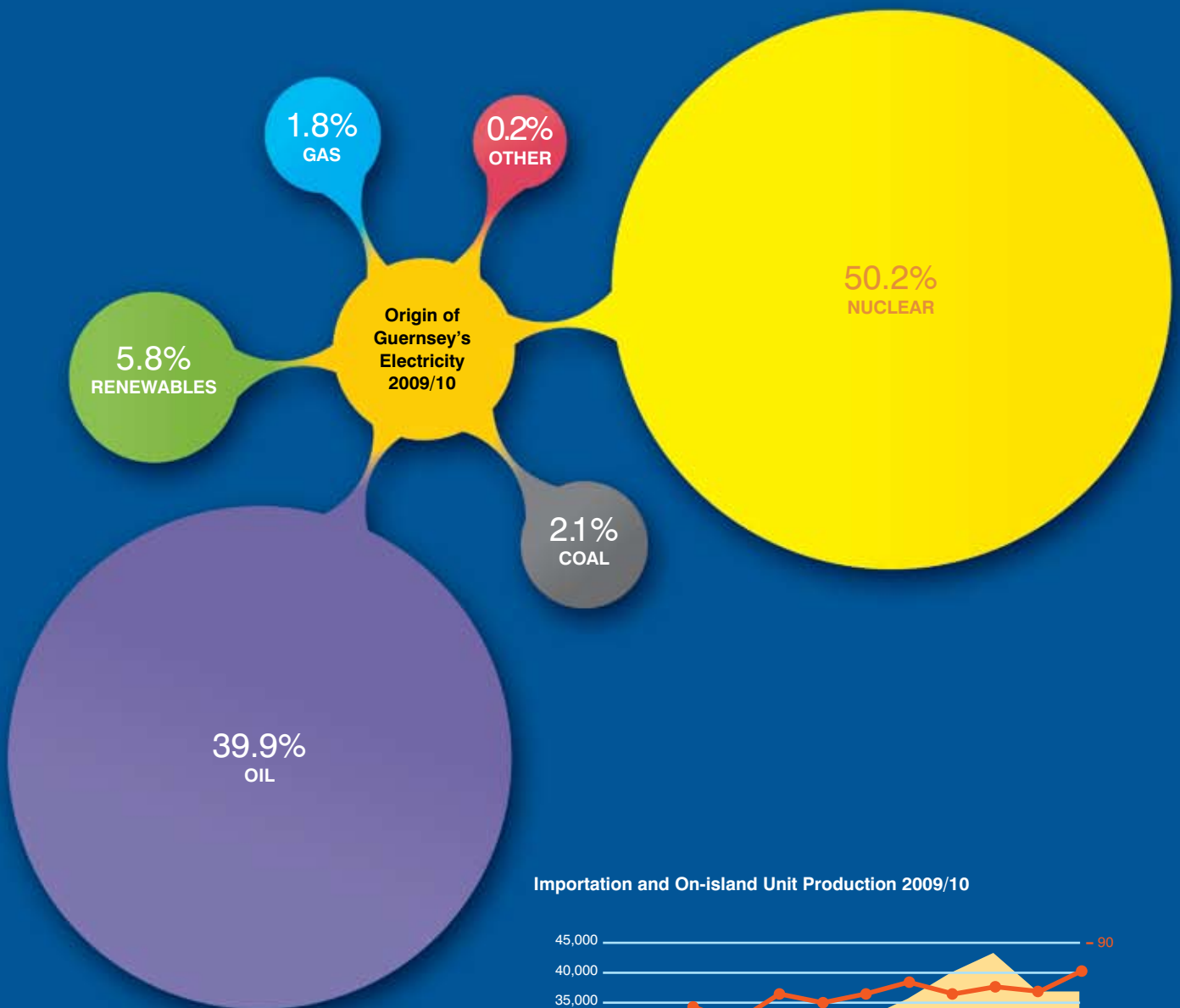
We are also very aware that energy and the environment are inextricably linked. Guernsey Electricity takes its environmental responsibilities very seriously and, while fossil fuels will have an important role to play in our overall generation mix for years to come, we look forward to a future where our energy supply is substantially carbon free. Already the company has made enormous strides toward that goal and it helps that we continue to enjoy high utilisation of our submarine cable link. 61% of our electricity in 2009/10 was imported and only 39% generated on island. Demand for electricity continues to increase and we saw growth in the year of 2%, but over that same period 56% of the electricity supplied in Guernsey was carbon free. For the full analysis see the visual on the page 3.

As we look to the future, tidal power remains a priority and we are fully supportive of the Guernsey Renewable Energy Commission. The island is ideally placed to benefit from innovation in this technology which, once on stream, has the potential to harness one of the island's few natural resources and to provide a further source of renewable, carbon free energy. The commission is making solid progress towards establishing a structure that can facilitate investment in the right systems, in local waters. A further benefit of this will be additional diversity of supply, which is a major advantage in a world where energy supply is uncertain and volatile.

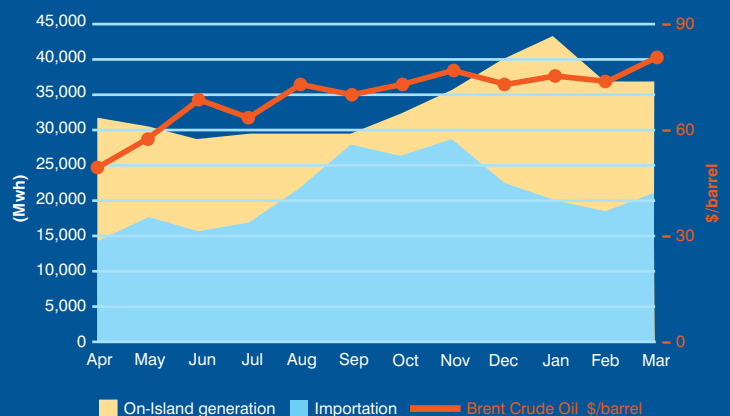
2010 marks the 10th anniversary of our submarine cable link. Since it was commissioned this link has provided an average of 71% of the islands' annual power consumption. It is now unthinkable that the island would wish to be without it. It has delivered all the advantages that were outlined in Billet XIX approved by the States of Guernsey in 1996. A separate report detailing and celebrating the success of the cable link is available with this Annual Report.

The key focus for this company is the provision of a secure electricity supply, which remains one of the most reliable in the world. I can assure islanders that my Board is doing all within its power towards achieving this goal. To this end we are planning the next stages of our capital investment programme, which will include new investment in on-island diesel generation and cable capacity. This will keep our supply diverse which is essential for our security. It will also enable us to continue to meet the States' policy of being able to meet all the island's peak demand, even without our two largest generators.

# electricity production



**Importation and On-island Unit Production 2009/10**





Turning to our financial performance, it is of concern to have to report an operating loss of £549K for the past year. After interest, pension, and tax, the overall loss was £19K. This is the seventh year running that we have reported a significant deficit on normal trading operations. This issue is of major concern to the Board. The single most significant factor to impact on Guernsey Electricity's financial outcome is the decisions made by the Office of Utility Regulation in respect of tariff changes. It follows that the company has no means of ensuring that sufficient funds are in place to make the investments outlined in the previous paragraph. This, quite simply, means that the island's future security of supply may be put at risk.

The States of Guernsey will be reviewing the regulatory model and we very much hope that this potentially damaging situation can be resolved, in the interests of the island. The cost to the company of regulation for 2009/10 was £548K, resources which would be better deployed more productively within the business.

Given the losses made by the company no dividend is payable for 2010 (2009: £nil).

We have policies to ensure the risks and uncertainties that are ever present in our business are properly and appropriately managed. For imports through the interconnector, we have agreed forward prices for power, without being formally committed to purchase. Our Euro exchange risk is substantially hedged forward. With regard to oil prices, we have once again set up a commodity hedge.

Our cost base is under continual review. Over recent years a growing percentage of this has been the cost of energy – both that imported from France and oil for on-island generation. I have explained how we mitigate against volatility by fixing short term prices and hedging to create some certainty. We must, however, realise that in the medium and long term the island has no option but to pay what, in recent times, have been ever escalating world energy prices.

While we have protected the business from much of the recent global financial market uncertainties, there has been an impact on the

accounting valuation of the company pension scheme. The liabilities of the scheme, as reported under the current accounting standards, are extremely sensitive to the discount factor which is applied. This is based upon bond rates in the financial market. The value of these for the year end reporting has had a major adverse impact on the pension deficit as reported on the balance sheet. Bond rates and the discount factor can vary every year.

On a more positive note, we have a very capable and experienced Board of Directors and we believe that our controllable costs are being very well-managed. Payroll costs were again below budget, with no annual increase given to any employees, and headcount was also below budget. During the year we incurred £5,458K of capital expenditure, the main item being refurbishment and replacement of our oil storage tanks and at 31 March 2010 we had a balance of £11.3m with States Treasury. This is considerably lower than we would wish to see given the level of capital expenditure to be made in the near future which we are mandated to fund internally under the "Save to Spend" policy.

Corporate governance standards continue to attract much attention in the media and elsewhere, both locally and nationally. Guernsey Electricity follows these developments with interest and constantly seeks to apply recognised good practice in a manner that is proportionate and relevant to the company. In particular, my Board is well aware that good governance is as much the result of appropriate behaviour as it is with compliance with codes of practice. This awareness is, I believe, evident in the manner in which the Board and its various sub committees carry out their respective duties to the overall benefit of the company and its future success.

It is always rewarding to receive acknowledgement of improvement and for our continuing progress to be recognised. I am pleased to report that in 2009/10 we have had such recognition in two important areas. Firstly, our commitment to ensuring a safe working environment for all our staff received a British Safety Council's International Safety Award for the third



year running. Secondly, our environmental initiatives were nationally recognised in the form of a Green Apple Award.

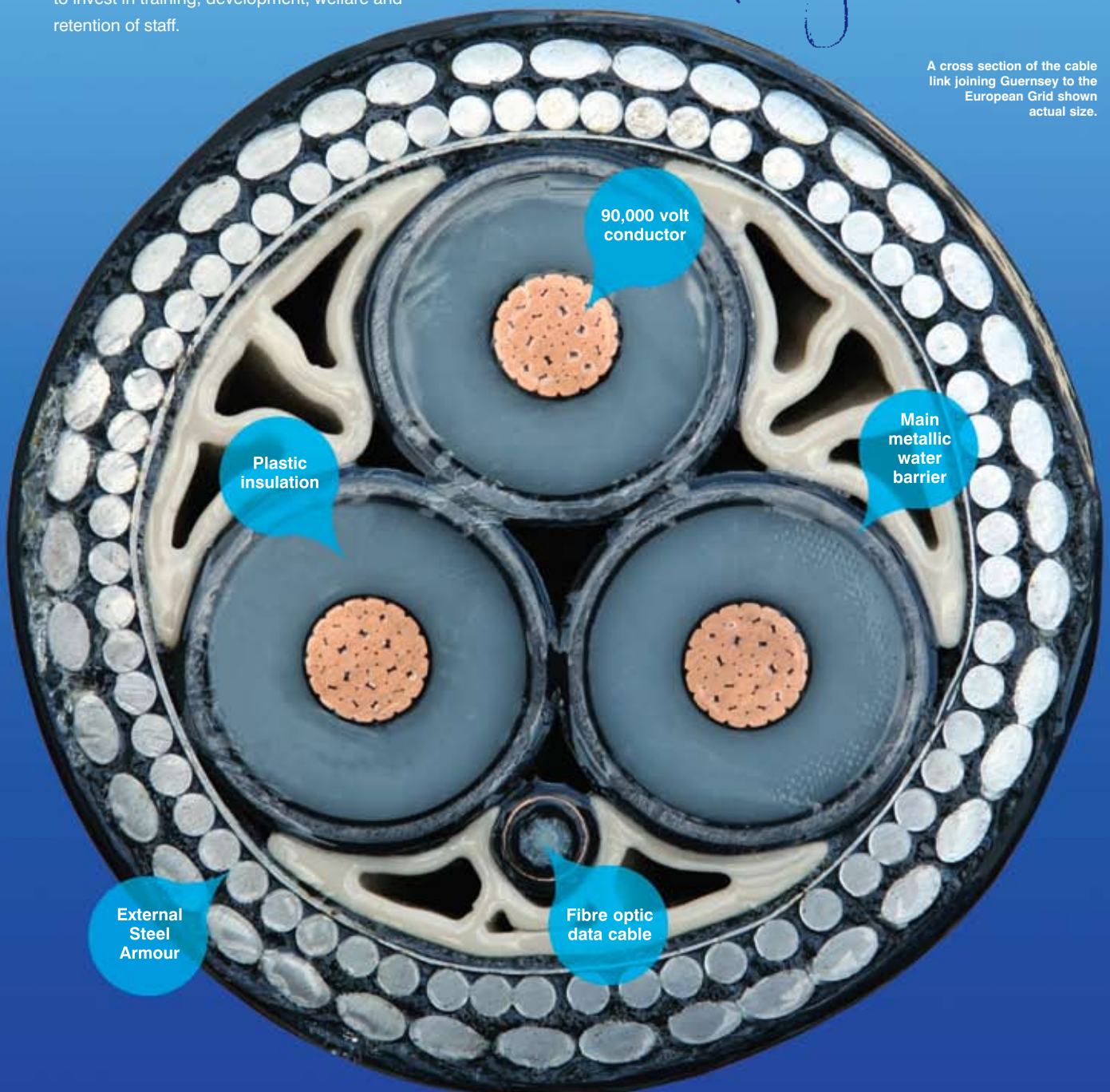
In closing, I wish to acknowledge the enormous contribution of Guernsey Electricity's staff. It is a great source of pride that we have such committed and loyal employees. We need an extensive mix of knowledge, skills and experience, and we continue to invest in training, development, welfare and retention of staff.

I would like to take this opportunity to thank staff at all levels for their efforts over the past year for Guernsey Electricity.



Ken Gregson Chairman

A cross section of the cable link joining Guernsey to the European Grid shown actual size.





## MANAGING DIRECTOR'S REPORT

**Electricity is essential not only to the quality of life that we enjoy, but also to every home and business, to our lifeline communications, and to the economic well-being of the island as a whole. Guernsey Electricity continues to provide the island with one of the most efficient, safe, and reliable supplies anywhere in the world. This has been achieved by delivering on our key priorities, which have come to define the organisation and remain the focus of our core business.**

### **Security**

We are planning for the future, with plans to increase our capacity for both on-island generation and import, to ensure the island continues to benefit from a secure supply in the long term. Together with Jersey Electricity, we are planning to invest further in cable capacity that will enable us to take additional power and satisfy the ever-increasing demand for power from low carbon sources available from the European grid.





### **Reliability**

A key measure of our success is we continue to far outperform the UK and other locations in terms of reliability. This is the result of ongoing investment in our on-island network and the dependability of our import capability and on-island generation. It means our customers have come to rely on having a more consistent supply, with fewer interruptions.

### **Efficiency and affordability**

By benchmarking ourselves against similar companies and having periodic efficiency studies by industry experts, we are ensuring our operations remain efficient and our supply affordable. In a European league table of tariffs we are around the middle, which given our island diseconomies of scale is most commendable.

### **Sustainability**

In 2009/10, 56% of the island's electricity came from low carbon sources, and we are confident that our investment in tidal power will pave the way for our local power to be substantially carbon free in the future.

**In almost all operating areas it has been a successful year for the company. My report details considerable success in all the key areas of customer service; health and safety; reliability of supply; industrial relations; commercial business results; cost control, both revenue and capital projects; roll-out of automatic meters; and supplying more electricity than ever before. All these results reflect the culture within the organisation, which is one of continual improvement.**

### Financial performance

One area we cannot report as successful is the financial performance of our core business. We made a normal operating loss for the seventh consecutive year, and the direct cause of this is the tariff level set by the Office of Utility Regulation. We hope that this situation can be corrected when a States review of the effectiveness and appropriateness of the current regulatory model is completed next year. Our current financial performance is not a good foundation for us to guarantee long term security and reliability of supply for the island. The operating loss for the year was £549k, with a loss of £19k after interest, pension finance and tax. This is despite continuing to maintain tight control on all our costs, primarily through our budgetary control system. Payroll costs and headcount numbers are under continual review.

### Environment

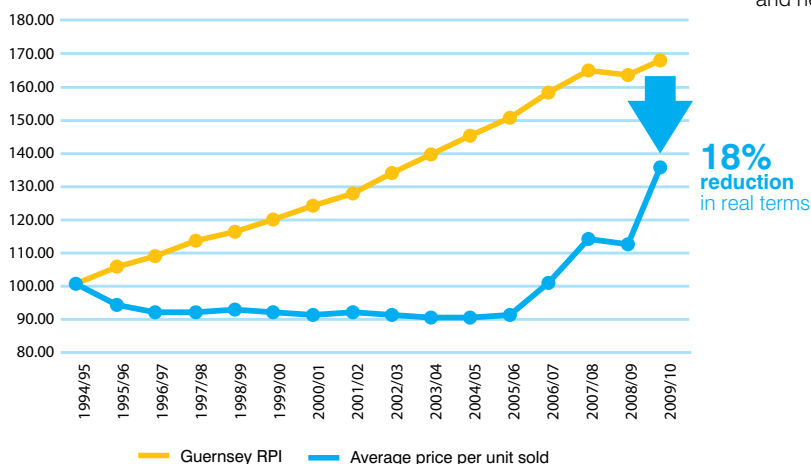
Sustainability is now one of the key challenges for any business, but especially so for energy suppliers. As a company, we are not just committed to providing electricity, we are committed to doing so responsibly. I am therefore pleased to report that our fledgling environmental management processes are progressing well, and have seen some key achievements in the past year.

Our initial environment champions project, assisted by Global Action Plan, is now completed and was the subject of our submission into a nationally recognised environmental scheme. This resulted in the company receiving a Green Apple Award.

In 2008/09 we also introduced Environmental Performance Indicators, and throughout the past year we have continued to measure performance against these criteria. We have identified key responsible staff who are charged with initiating improvements. The challenge for the coming years is to introduce change and new processes to build on the success to date.



**Retail Price Index v Electricity Average Price Index**





# health & safety

**Our commitment to proactive improvements in Health and Safety was again recognised by a British Safety Council's International Safety Award - the third year running the company has achieved this.**



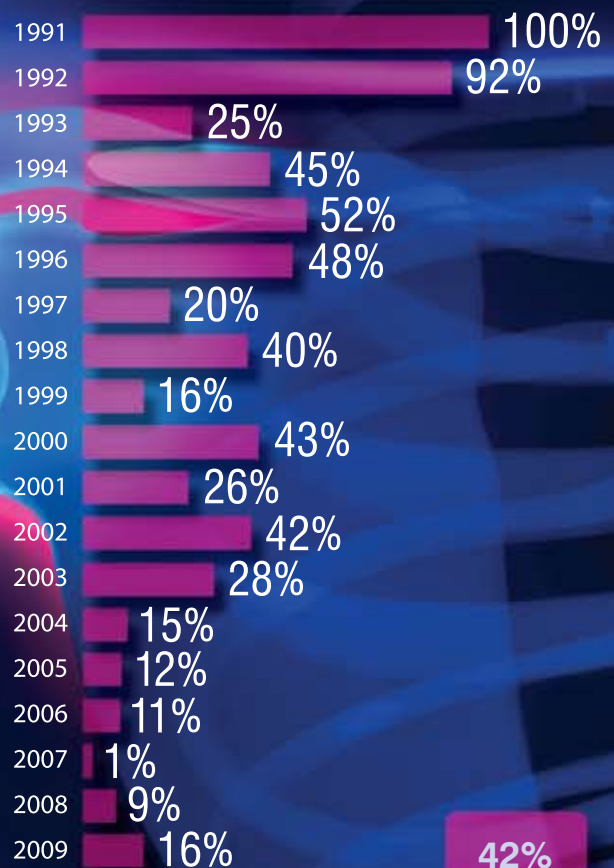
Although the company remains committed to Health and Safety, unfortunately our main performance indicator, "working days lost due to accidents", has for the second year shown a minor increase. The company is working to reverse this short term trend and the accident investigation process has been significantly improved to assist in achieving this goal.

For this year our focus was on building the occupational health service, and I am pleased to report that this has shown positive improvements. For example working time lost due to back injuries reduced by 30%, and there was a 42% reduction in sprain/strain injuries.

In 2008/09 the company achieved four stars in the British Safety Council's 5 star Audit scheme. This year the company has implemented changes that address the recommendations contained in that report and the goal for 2010/11 is to undergo a repeat audit and achieve five stars.

## Time lost through Accidents

Change in working days lost through accidents since 1991 (base year)



**42%  
REDUCTION  
in sprain/  
strain  
injuries**

This year's focus was on building the occupational health service and has resulted in process improvements.

**30%  
REDUCTION  
in working  
time lost  
due to back  
injuries**

# future generation

Guernsey Electricity supports young people with energy by providing sponsorship and practical help to Guernsey Young Enterprise, guided tours of the Power Station for schoolchildren and sponsorship of a number of other youth activities. Visits include educational literature provided for pupils to take away with them and assist with their school projects. HR Manager, Hermione Surcombe is secretary to the Guernsey Young Enterprise Area Board and says "our motto is 'Learning by Doing'. By offering premises and facilities to Guernsey Young Enterprise as well as practical support, we are helping to channel that youthful energy into a very worthwhile learning experience."







Automatic meters undergoing rigorous testing before installation.

### Automatic Meter Reading (AMR)

In 2006, Guernsey Electricity began a rolling programme to provide automated metering for all our customers. This project achieved a new milestone in August 2009, when the 20,000th meter was installed and by the end of the financial year the number had reached 23,600. It means the vast majority of customers are now able to benefit from accurate billing and detailed information on their energy consumption patterns. The requirement for manual meter reading has also greatly reduced, providing both efficiency savings to the company and far greater convenience to customers, and significant effort continues with the roll out programme.



With our larger customers also now being upgraded to automated meter reading, the project is really beginning to bring benefit to Guernsey Electricity's business processes. The data now available is helping us better understand how customers use energy and the current programme provides the foundation for advanced energy services in the future. Already the explanation of electricity consumption to customers is more detailed and we will be able to further improve how we communicate to our customers how to use energy efficiently, which is a key priority for the company. This innovative project has been good for the company, good for our business, but also good for our customers. We are already seeing the benefits of our investment in AMR along the entire length of the value chain.

### Tidal Energy

Throughout Europe the growth in renewable electricity production continues apace, with marine power generation being given a particularly high profile in Scotland. The island potentially has an abundant source of clean, renewable energy in the waters around us. The challenge in the years to come will be to harness that potential to provide a further source of carbon free electricity.

It is, therefore, pleasing that the shadow Guernsey Renewable Energy Commission (GREC) is making solid progress towards the establishment of a renewable industry locally. Guernsey Electricity has committed significant time this year to assisting GREC.

Our investment in the tidal power development company, Marine Current Turbines Ltd (MCT), has also continued to provide us with quality information on the progress of tidal technology. MCT's pioneering "Seagen" machine has now operated for well over 1,000 hours and its power generation statistics are encouraging. Nevertheless the industry still has some way to go both in proving the technology and reducing the capital cost of the plant.

Unfortunately, the global downturn and the resulting difficulties in raising capital have delayed all developers. It now looks unlikely that we shall see commercial scale deployments of tidal generation systems before about 2015. However Guernsey Electricity remains convinced that this technology will have a future as part of the island's generation mix and carbon reduction strategy.

## Developing our non-core activities

### Retail

It was another good 12 months for our retail operation, which again saw an increase in turnover. Margins were maintained in a year which saw a significant downturn in trading conditions.

White goods still remain the dominant category in our product range. However our sales of brown goods continue to make a significant contribution to both turnover and profitability for this section. All our major manufacturers and suppliers continue to support us and we have received enquiries from many other manufacturers interested in taking up floor space.

Through our retail operation, Guernsey Electricity remains committed to providing customers with top brand, energy efficient products at value for money prices. Those qualities are the main considerations in selecting the ranges and products we place in our showroom.

### Commercial Contracting

The Commercial Contracting division had a very successful year, despite tough competition and the poor trading conditions. We maintained our share of the market and expanded in some areas offering new services to our customers.

In the last year we have carried out more than 1200 installation and maintenance contracts, ranging from an extra lighting point to high profile design and installation projects valued at over £100k. We have also carried out more than 1000 emergency repairs and callouts.

Guernsey Electricity has now been a NICEIC registered contractor for more than 50 years and we pride ourselves on the qualifications gained by our team members. At present we employ a total of 26 staff in the contracting section, five of whom have passed the City & Guilds 2391 qualification in inspecting and testing. Our team includes 8 electrical apprentices on the States registered apprenticeship scheme.









## improving reliability

Guernsey minutes  
lost over 2009/10

22.6

Great Britain average  
minutes lost over  
2004/05 - 2009/10

81.7

Source: Great Britain total figures from Ofgem.  
2009/2010 Figure for GB unavailable at time of going to  
press therefore average of previous 5 years used



### The Vale Power Station

Once again, the year was marked by continued volatility in the international energy, foreign exchange and oil markets. This has caused ongoing unpredictability in the economic balance between importing electricity and on-island generation. Supplying our island's power needs in the most efficient manner requires the power station generators to be used when it is cheaper than importing through the cable interconnector, but to make maximum use of our link to Europe when that price is more favourable. Fluctuations in fuel and imported energy costs mean this balance can change frequently.

In early 2009, the preferred means of supplying our island's electricity needs was by fully using the Vale Power Station diesel generators – even during the overnight offpeak periods when import tariffs are at their lowest. By April 2010, this had completely reversed and now the preferred source of energy is wholly through the submarine cable link.

Further enhancements to our contracts for importing energy through the cable link have enabled us to take advantage when European electricity trading prices are lower than our own generating costs. This has resulted in further cost improvements in the electricity supply chain. Unfortunately, this also requires increased flexibility in the operation of our own generating plant, with requirements on the power station sometimes changing on an hour-by-hour basis.

Naturally, the unpredictable and rapidly changing demands on the Power Station engines can cause some difficulty in planning for the operation and maintenance of our generators. As a result of the high recent and predicted future usage of the generating plant, an extremely thorough schedule of maintenance on all engines was completed during the summer of 2009. This was particularly challenging because of the reduced maintenance and operating staff numbers since the introduction of the cable link and a number of flexible working practices were implemented to assist.

The island again saw a record demand, especially during a period of cold weather and low temperatures at the start of 2010. Electricity supply peaked at 84 megawatts on 12 January, a staggering increase of almost six megawatts on the previous record demand seen only last year. At that peak, 70% of the island's needs were being produced by the Power Station generators. This winter also saw record daily energy demands, with daily consumption twice exceeding 1,500,000 units in January.

Engine No. 1C reached a milestone of 30 years of operation since it was commissioned in 1979. Engine No. 2C reaches 30 years in 2010, and No. 3C in 2012. Since a normally accepted operating life for baseload diesel generators would be 25 years, the fact that ours continue to operate reliably and efficiently well beyond that age is a reflection of our high standards of operation and maintenance. Far from nearing the end of their useful life, we expect these engines to continue to serve the island for some time yet.

Nevertheless, the combination of increasing demand and aging plant has highlighted the need for future investment in our on-island generating capacity. Preliminary investigations into the installation of generation plant have been completed, and we expect to be issuing a tender for a new generator in 2010. This will be located on the existing spare engine foundation in D-Station.

We are also continuing to upgrade and modernise our heavy fuel oil tank farm facility. During 2010, three more of the old tanks will be demolished and replaced with two new ones, each with approximately 2,500 tonne capacity.

All of the above only serve to illustrate the continuing importance of the Power Station to Guernsey Electricity and to the island as a whole. The ability to operate our generators efficiently, reliably and flexibly allows the company to respond consistently and effectively to customer demands.



### Developing our network

Guernsey continues to enjoy one of the most reliable electricity supplies in the world. To maintain this position we have an ongoing, well planned and significant investment programme in the island's cable network.

A standard international measurement for power system reliability is the annual average time that customers are without supply. In the 12 months to April 2010, in Guernsey that figure was just 22 minutes, compared to about 80 minutes in the UK.

A number of local issues continue to drive the level and direction of capital investment in our network. There are an increased number of requests for all electric homes – in line with the island's Energy Policy. These include the States housing stock, which is going through a period of refurbishment and installation of electric heating, and a significant number of new build dwellings created by the Guernsey Housing Association, as well as many private applications.

The development of new data centres has also continued apace with technology service providers recognising our secure infrastructure, environmentally friendly power imports, and potential for renewables, making the island an ideal hosting location.

During the past year we have installed 15 new substations and upgraded four substations to give 9.6 megawatts of additional network capacity. Completion of the Bellegreve primary substation's 11kV switchboard replacement was the most notable project. This gives extra capacity and security of supply on the east coast and, at the same time, improves operational safety by utilising circuit breakers designed to the latest industry standards together with state of the art control and protection systems.

The removal of overhead electricity lines has continued with three locations completed this year and a further 17 customers transferred to underground mains. We now have only two kilometres of overhead line and plan to remove this over the next two years, to further enhance the island's rural environment and improve supply quality.

We are proud of the fact that we provide a high quality network in a very efficient manner. Analysis of distribution capital costs shows that we compare very favourably against other utilities, especially given our relatively small purchase quantities and island location. We believe managing our own teams of highly trained and experienced operatives gives us the ability to deliver what our discerning customers require - a high quality, cost effective service in a timely manner.

### Service standards

Providing the best possible service to customers remains a priority for the business. However this is not just an aspiration, it is evident in the performance of staff at every level of the organisation, as reflected in our continuing excellent performance against our stringent service standards.

In the 12 months to April 2010, out of the 15,530 instances covered by our Guaranteed Service Standards, only on 5 occasions did the company fail to meet its obligations. As a consequence, the company informed each customer of its failure and compensated those concerned for any inconvenience that may have been caused. The company also exceeded all the pre-determined targets set within our Overall Standards.

In striving for excellence in all we do, the company is disappointed not to have achieved a perfect record in the delivery of its services. Nevertheless our performance continues to reflect the extremely high standards which our staff consistently achieve and can be rightly proud of.

# service standards



## Customer service standards 2009/10

5 minor slip-ups in 15,530 separate instances that are covered by our guaranteed service standards in financial year 2009/10.

Whilst this is an impressive performance, 100% is our target every year.

## Guaranteed Service Standards:

**Replacement of GE main service fuse after failure** (within 3 hours)

**Restoring supply after distribution fault** (within 18 hours)

**Connecting a new customer to an existing supply** (within 3 working days)

**Notice of planned interruption of supply** (5 days for planned maintenance)

**Investigation of voltage complaint** (investigate within 7 working days, correct within 6 months)

**Responding to written or email queries on charges and payments** (within 3 working days)

**Investigation of meter accuracy disputes** (within 7 working days)

**Attend to pre-payment meter faults** (within 4 hours)

**Change of meter due to tariff or method of payment change** (within 7 working days)

**Making and Keeping Appointments** (within 30 minutes, excluding non-core business)

**Notifying customers of payments owed** (within 10 working days)

**Estimate of charge, new installation or supply alteration** (within 5 working days, excluding non-core business)



### Our staff

At Guernsey Electricity we are proud to have an enviable record of long service and commitment from our loyal staff. We foster this through prioritising training and development and providing a working environment that offers security of employment.

The company prides itself on its record of supporting the Guernsey

Apprenticeship scheme and we

currently have 15 apprentices working for us in Electrical, Mechanical, Trowel Trades and Carpentry. Nearly all of them will successfully complete their qualifications and be offered posts as skilled men and women in our organisation. This continues the long-standing tradition within Guernsey Electricity of growing our own expertise, which goes back many years and is reflected in the high number of staff who have joined as trainees and subsequently risen through the ranks.

We are also supporting two trainee engineers who will study through a mixture of distance learning and off island training to gain Higher National Certificates and Diplomas in their chosen engineering discipline.

We believe that supporting trainees and apprentices in this way ensures, not only that Guernsey Electricity will have a suitably qualified workforce in the future, but also that the island will itself always have a talented pool of local skilled workers.

Providing a safe and healthy working environment is another commitment that we give to our staff. As previously mentioned, in the last year we have given more prominence to Occupational Health, including inviting a registered osteopath to come and talk to staff about manual handling and how to look after our backs. Back and shoulder injuries are a major risk for people who work with heavy machinery and equipment, and it is therefore extremely important that our staff are aware of what they can do to reduce that risk.

But life is not all about work and our thriving Sports and Social Club makes sure that staff get out and enjoy many varied activities outside of the office or the power station. The club includes retired members of staff, so that we do not lose touch with our former colleagues who have given loyal service to our company - many of them for more than 40 years.

We are proud of our staff at Guernsey Electricity and we believe they are an asset to the company and to the island. It is through their commitment, hard work and loyalty that our shareholder and customers can be assured of us maintaining the very high standards that we have set, and the reliable, secure service that they have come to expect from Guernsey Electricity.



Ian Watson, Managing Director





# environmental performance

Environmental Performance indicators - EPIs 2009/10

## WATER

Water is a finite resource, especially in our local environment and as a responsible user our aim is to reduce our overall usage.

Our focus has been to improve the performance of our generation operations. The water used for engine cooling purposes is by far the largest area of use, where we have successfully managed to reduce from 0.69L per kWh generated in the financial year 2007/08 to 0.60L per kWh generated in the financial year 2009/10, this equates to an approximate saving of 13,700 tonnes for the reported year.

Our domestic water usage saw a minor increase of 7% (430 tonnes) which is disappointing, and we are maintaining our efforts to monitor and reduce this number.

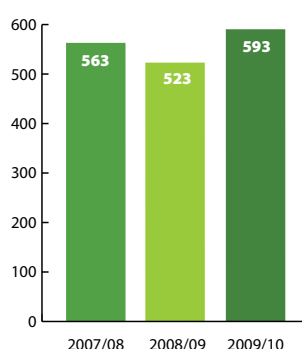
## ENERGY

We are progressing with our energy saving projects, installing low energy lighting, switching off computers and other electrical equipment overnight, and the installation of more electricity meters to measure our performance.

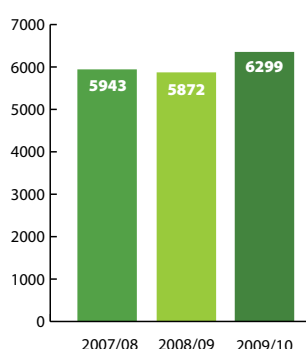
The peak demand for electricity reached an all time high during the last quarter of the financial year 2009/10, therefore it is not unexpected that our own domestic usage would increase.

In terms of electricity used, we recorded a minor increase of 6.8% over the previous year's results. This had a corresponding increase in CO<sub>2</sub> of 13%. The disparity of these numbers is due to the increase in the carbon content of electricity supplied by Guernsey Electricity, rising due to the increase in on island generation, a direct requirement of our license condition to produce energy at the lowest cost.

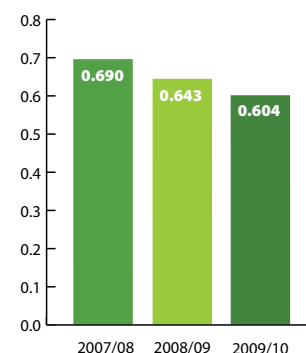
**Electricity consumption  
CO<sub>2</sub> Tonnes**



**Domestic Water Consumption  
(Tonnes)**



**Yearly Average Litres  
per kWh generated**







## FUEL

We have continued to replace our older petrol vehicles with new more efficient diesel vehicles. We have challenged our vehicle drivers to plan their routes and working day to reduce the overall mileage. This has resulted in an excellent 7.5% reduction from the previous year's results

The company has purchased one electric vehicle for evaluation; our hope is that in the near future these types of vehicles can replace a significant proportion of our fleet, which will assist in reducing our impact on the local environment.

## WASTE

Since achieving the Keep Guernsey Green award in 2007, the Company has been committed to reducing its mixed skip waste going to landfill. We appreciate that waste separation and segregation is important to the local environment and we actively seek to improve our recycling rates.

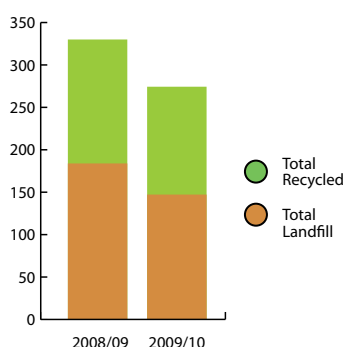
Our major waste producing area is our network operations, laying new cable and building new substations. This produces inert waste materials which are deposited at the land reclamation site at Longue Hougue. The increase of 17% in this type of material produced is a factor of the quantity of network improvements we have made over this year.

The percentage of material being recycled has increased over the previous year by 2%. The materials we currently recycle are: green waste, metal, electrical goods and appliances, electrical cabling, paper, cardboard, polystyrene, plastic, glass, cans.

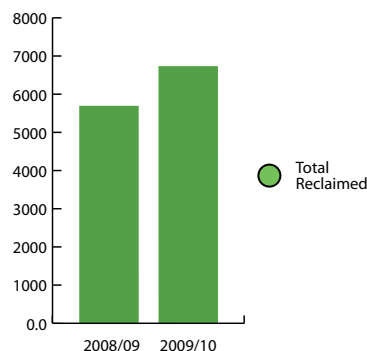
Although currently not included in these figures we also recycle liquid waste from our processes in the form of oil from transformer maintenance, and oil/sludge from generation operations. In the near future we hope to have processes in place to recycle fluorescent tubes, sodium lamps, low energy light bulbs and batteries; these are dependant on appropriate recycling routes back to the UK being in place.

**Overall our general waste produced has reduced by 17%, which is 38 tonnes of material not going to Mont Cuet landfill site.**

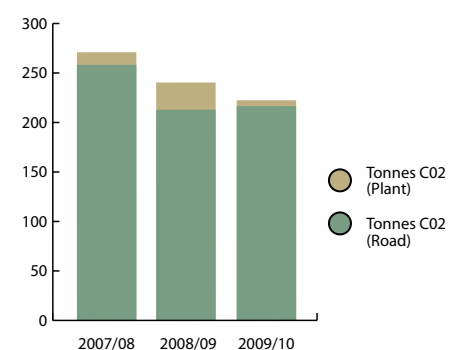
**Waste Produced (Tonnes)**



**Waste to Reclamation (Tonnes)**



**CO<sub>2</sub> from Vehicles (including plant)**





We are committed to constructing electrical installations to the highest possible standards. We presently have contracts that provide innovative solutions that integrate solar hot water, electric heating with heat pumps and energy efficient lighting.

This low energy building has the wiring infrastructure within the outer skin of the property in order to reduce heat loss.



## Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2010. These comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, cash flow statement and notes to the financial statements set out on pages 31 to 42 (\*12 to 28).

### Incorporation

Guernsey Electricity Limited was incorporated on 24 August 2001.

### Principal activities

The principal activities of the company are the generation, importation and distribution of electricity and the sale of associated goods and services.

### Financial performance

During the year ended 31 March 2010, turnover from electricity sales amounted to £41,633,000 (2009: £35,113,000) which represents an increase of 18.57% (2009: 2.68%). Tariffs to our customers increased by 17% during the year (2009: 0% increase). Our financial performance also reflects excellent control of costs in a very difficult energy market, and generally higher contribution from all parts of the business.

The loss for the year amounted to £19,000 (2009: £834,000 loss before dividend paid). The retained loss in the year of £19,000 (2009: £1,160,000 retained loss after dividend paid) has been transferred to reserves.

Also debited to reserves is the significant actuarial loss this year from the accounting for pensions calculated with assumptions based on financial market conditions at the balance sheet date.

### Dividend

No dividend was paid during the year (2009: £326,000, being £0.0030 per share).

### Future prospects

The global energy market is continuing to give major concerns to governments, customers and companies operating in the energy industry. As directors of Guernsey Electricity Limited we share these concerns. The volatile costs in the global market are a severe risk which the company faces and manages on a daily basis. Although the directors are making efforts to minimise the impact on customers it was somewhat inevitable that charges to customers would have to increase. The price control decision determined by the Office of Utility Regulation (OUR) in February 2007 covers the four years from 1 April 2007 to 31 March 2011. Within that decision, tariff changes are provided for on 1 April. These changes reflect changes in non-controllable costs which are largely those relating to oil and import costs. Tariffs increased by 17% from 1 April 2009 following OUR's decision that these additional costs relating to financial year 2007/08 needed to be shared with customers. A further decision by OUR in February 2010 determined that these additional costs relating to financial year 2008/09 and an estimate of the additional costs for financial year 2009/10 also need to be shared with customers and this resulted in the decision to increase tariffs by 8.5% from 1 April 2010. Further income will be needed to address the continuing losses of the company. In all other respects our business activities are all making a positive contribution to the services we provide.

### Customers

The number of customers as at 31 March 2010 is 29,099 (2009: 28,934).

### Units

Importation through the cable link between Guernsey, Jersey and the European grid provided 61% (2009: 55%) of the island's needs in the year ended 31 March 2010 and 39% (2009: 45%) was generated on the island, as shown by the units analysis below:

	2010	2009
Units imported MWh	239,332	210,440
Units generated MWh	152,243	173,523
<b>Total units imported/generated MWh</b>	<b>391,575</b>	<b>383,963</b>

### Average price

The average price per kWh sold in the year ended 31 March 2010 was 11.49 pence (2009: 9.89 pence).

### Reliability

The reliability of Guernsey Electricity's supply is measured by minutes lost per customer. Power failures can be caused by a failure of generation plant, a failure of the distribution network or a failure of the cable link. Customers lost no minutes due to generation activity (2009: Nil minutes). However, 22.60 minutes were lost per customer in respect of distribution and the cable link (2009: 19.38 minutes).

### Directors and their interests

The directors of the company who served during the year and to date are as detailed on page 1. The directors have no beneficial interests in the shares of the company.

### Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

A resolution for the reappointment of KPMG Channel Islands Limited will be proposed at the forthcoming Annual General Meeting.

For and on behalf of the Board of Directors

**KA Gregson**  
Director

**IJ Limond**  
Director

1 June 2010

*\*These page numbers refer to the original Financial Statements document approved by the auditors.*

## Corporate Governance

### Directors

In accordance with The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 as amended the non-executive directors are appointed by the States of Guernsey on the nomination of the States of Guernsey Advisory & Finance Committee, now the Department of Treasury & Resources. The first executive directors were appointed by the Advisory & Finance Committee after consultation with the non-executive directors. Further appointments of executive directors are made by the company's Board of Directors.

The company is controlled through the Board of Directors, which currently comprises four non-executive and three executive directors. As the Chairman is mainly responsible for the running of the Board, he has to ensure that all directors receive sufficient relevant information on financial, business and corporate issues prior to meetings. The Managing Director's responsibilities focus on running the business and implementing strategy. All directors are able to take independent professional advice in furtherance of their duties if necessary.

The Board monitors the exposure to key business risks and reviews the strategic direction. It also considers environmental and employee issues. The Board has established a number of standing sub-committees and each operates within defined terms of reference. The principal sub-committees are:

- Audit and Risk
- Land and Property
- Remuneration and Nominations

In addition senior management team meetings are held each fortnight.

### Directors' remuneration

In accordance with The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 as amended the remuneration of the non-executive directors is determined by the Department of Treasury & Resources. The remuneration of the executive directors is determined by the company's Remuneration and Nominations Committee, which comprises three non-executive directors.

### Relations with the shareholder

The company's issued share capital is wholly owned by the States of Guernsey. The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001 as amended provided for the States of Guernsey Advisory & Finance Committee (now Department of Treasury & Resources) to undertake on behalf of the States the role of shareholder. In accordance therewith the share certificates for the whole issued share capital are held equally in the names of the Minister and Deputy Minister of the Department of Treasury & Resources as nominees on behalf of the States of Guernsey. Provision is also in place for the States to give guidance to the Department of Treasury & Resources on the policies it wishes to be pursued in fulfilling this role. Each year the company submits its forward plan to the Department of Treasury & Resources.

### Financial reporting

The company has a comprehensive system for reporting the financial performance of the company and each of its business units. Management and the Board of Directors review these monthly. The financial statements for the accounting period ending on the accounting reference date of 31 March are reviewed and signed on behalf of the Board of Directors, and will be presented to the shareholder at the forthcoming annual general meeting.

### Internal control

An ongoing process for identifying, evaluating and managing the significant risks faced by the company is in place. The monitoring of this process is one responsibility of the Audit & Risk Sub-Committee and a system of developing the way in which the company captures and assesses its risks is in place.

### Risk management

The Board of Directors has overall responsibility for identifying, evaluating and managing major business risks facing the company. A risk register is in place and this is administered by the Health, Safety & Risk Manager, who in turn gives regular updates to the Audit & Risk Sub-Committee providing assistance and assurance to the Board in these matters.

### Compliance

All business units have well established compliance procedures.

### IT systems

The company has established controls and procedures over the security of data held on IT systems and has in place comprehensive disaster recovery arrangements. These arrangements are tested regularly and reviewed by an independent consultant.

### Internal audit

Internal audit has a continuing role in monitoring and reporting on business risks. This service continues to be provided by RSM Tenon (formerly RSM Bentley Jennison), a leading entity in providing such services. The Finance Director, in association with RSM Tenon, report on all internal audit work in accordance with the plan approved by the Audit & Risk Sub-Committee. Specialist engineering reports complement this, again as approved by the Audit & Risk Sub-Committee.



## Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent Auditor's Report to the Members of Guernsey Electricity Limited

We have audited the financial statements (the "financial statements") of Guernsey Electricity Limited (the "Company") for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements which give a true and fair view and are in accordance with UK Accounting Standards and are in compliance with applicable Guernsey law are set out in the Statement of Directors' Responsibilities on page 25 (\*6).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are in accordance with UK Accounting Standards and comply with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its loss for the year then ended;
- are in accordance with UK Accounting Standards; and
- comply with the Companies (Guernsey) Law, 2008

### KPMG Channel Island Limited

Chartered Accountants  
Guernsey

1 June 2010



## Profit and Loss Account

for the year ended 31 March 2010

<i>Note</i>		2010 £'000	2009 £'000
<b>2</b>	<b>Turnover</b>	<b>45,503</b>	39,379
	<b>Cost of sales</b>	<b>(35,556)</b>	(32,315)
	<b>Gross profit</b>	<b>9,947</b>	7,064
	<b>Net operating expenses</b>	<b>(10,199)</b>	(10,060)
<b>4</b>	<b>Operating loss</b>	<b>(252)</b>	(2,996)
	Loss on disposal of assets	<b>(297)</b>	(88)
	<b>Loss on ordinary activities before interest, other finance (cost)/income and other income</b>	<b>(549)</b>	(3,084)
<b>5</b>	Interest receivable	<b>316</b>	1,015
<b>5</b>	Interest payable	<b>(2)</b>	(8)
	Other finance (cost)/income	<b>(391)</b>	341
<b>6</b>	Other income	<b>–</b>	137
	<b>Loss on ordinary activities before taxation</b>	<b>(626)</b>	(1,599)
<b>7</b>	Taxation	<b>607</b>	765
	<b>Loss for the financial year</b>	<b>(19)</b>	(834)

All activities derive from continuing operations.

The notes on pages 31 to 42 (\*12 to 28) form an integral part of these financial statements.

### Contents

<b>Profit &amp; Loss Account</b>	<b>27</b>
Statement of Total Recognised Gains & Losses	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Accounts	31

## Statement of Total Recognised Gains and Losses

for the year ended 31 March 2010

### Contents

Profit & Loss Account	27
<b>Statement of Total Recognised Gains &amp; Losses</b>	<b>28</b>
<b>Balance Sheet</b>	<b>29</b>
Cash Flow Statement	30
Notes to the Accounts	31

<i>Note</i>	2010 £'000	2009 £'000
Loss for the financial year	(19)	(834)
<b>26</b> Actuarial loss recognised in the pension scheme	<b>(7,188)</b>	(10,025)
<b>16</b> Movement on deferred tax relating to pension deficit	<b>1,427</b>	1,271
<b>Total recognised loss for the year</b>	<b>(5,780)</b>	(9,588)

The notes on pages 31 to 42 (\*12 to 28) form an integral part of these financial statements.

\*These page numbers refer to the original Financial Statements document approved by the auditors.



# Balance Sheet

at 31 March 2010

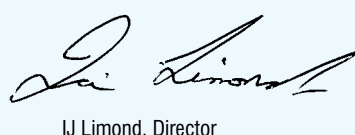
Note		2010 £'000	2009 £'000
<b>9</b>	<b>Tangible fixed assets</b>	<b>93,332</b>	93,263
<b>10</b>	<b>Investment</b>	<b>1</b>	1
	<b>Current assets</b>		
<b>11</b>	Stocks and work in progress	<b>5,691</b>	4,698
<b>12</b>	Debtors and prepayments	<b>8,728</b>	7,189
<b>13</b>	Balances with States Treasury	<b>11,365</b>	13,718
	Cash at bank and in hand	<b>943</b>	1,189
		<b>26,727</b>	26,794
<b>14</b>	<b>Creditors: amounts falling due within one year</b>	<b>(7,233)</b>	(6,812)
	<b>Net current assets</b>	<b>19,494</b>	19,982
	<b>Total assets less current liabilities</b>	<b>112,827</b>	113,246
<b>15</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>(3,307)</b>	(2,857)
<b>16</b>	<b>Provision for liabilities and charges</b>	<b>224</b>	47
<b>26</b>	<b>Net pension deficit</b>	<b>(10,906)</b>	(5,818)
	<b>Net assets including pension deficit</b>	<b>98,838</b>	104,618
<b>17</b>	<b>Share capital</b>	<b>109,209</b>	109,209
<b>21</b>	<b>Reserves</b>	<b>(10,371)</b>	(4,591)
<b>22</b>	<b>Shareholders' funds</b>	<b>98,838</b>	104,618

The financial statements on pages 27 to 42 (\*8 to 28) were approved by the Board of Directors on 1 June 2010.

Signed on behalf of the Board of Directors.



KA Gregson, Director



IJ Limond, Director

The notes on pages 31 to 42 (\*12 to 28) form an integral part of these financial statements.

\*These page numbers refer to the original Financial Statements document approved by the auditors.

## Cash Flow Statement

for the year ended 31 March 2010

### Contents

Profit & Loss Account	27
Statement of Total Recognised Gains & Losses	28
Balance Sheet	29
<b>Cash Flow Statement</b>	<b>30</b>
Notes to the Accounts	31

<i>Note</i>		2010 £'000	2009 £'000
<b>18</b>	<b>Net cash inflow from operating activities</b>	<b>2,189</b>	<b>2,215</b>
	<b>Returns on investments and servicing of finance</b>		
	Interest received	306	1,014
	Interest paid	(2)	(8)
	<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>304</b>	<b>1,006</b>
	<b>Capital expenditure and financial investment</b>		
	Payments to acquire tangible fixed assets	(5,509)	(5,049)
	Proceeds of disposal of tangible fixed assets	15	19
	Customers' contributions towards capital expenditure	402	392
	<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(5,092)</b>	<b>(4,638)</b>
	Dividend paid	–	(326)
	<b>Net cash outflow before use of liquid resources and financing</b>	<b>(2,599)</b>	<b>(1,743)</b>
	<b>Management of liquid resources</b>		
	Net cash movements with States Treasury	2,353	2,626
<b>6</b>	Other income	–	137
	<b>Net cash inflow from management of liquid resources</b>	<b>2,353</b>	<b>2,763</b>
<b>19&amp;20</b>	<b>(Decrease)/increase in cash</b>	<b>(246)</b>	<b>1,020</b>

Movements in balances with States Treasury and the other income are deemed liquid resources in accordance with Financial Reporting Standard 1, "Cash Flow Statements", ("FRS1") (as revised).

The notes on pages 31 to 42 (\*12 to 28) form an integral part of these financial statements.



# Notes to the Financial Statements

Year ended 31 March 2010

## 1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention, they give a true and fair view, have been prepared in accordance with UK GAAP and are in compliance with the Companies (Guernsey) Law, 2008.

### ***Transfer of undertaking***

The company was established in accordance with the provisions of the States Trading Companies (Bailiwick of Guernsey) Law 2001 (Commencement) Ordinance and the States Trading Company (Bailiwick of Guernsey) Ordinance 2001 to take over the generation, importation and distribution of electricity previously carried out by the States of Guernsey Electricity Board with effect from 1 February 2002.

### ***Sales of electricity***

Sales of electricity are accounted for on an accruals basis and include the estimated value of unbilled units at the year end. The unbilled units are valued at current tariff rates.

### ***Hire purchase***

The company provides hire purchase facilities on the provision of goods and services ancillary to the principal activities of the company. The sales value is included in turnover at the inception of the hire purchase transaction and interest is included in interest receivable over the finance period of the transaction.

### ***Interest***

Interest receivable and payable are accounted for on an accruals basis.

### ***Deferred income***

Customers' contributions towards capital expenditure are credited in equal annual amounts to the profit and loss account over the estimated life of the assets to which they relate.

### ***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less depreciation. Assets transferred from the States of Guernsey Electricity Board as at 1 February 2002 are being depreciated over their residual estimated useful lives from that date applying the periods noted below.

Depreciation is calculated so as to write off the cost of tangible fixed assets over the period of their estimated useful lives using the straight line method. The estimated life of each class of fixed asset is set out below. Depreciation commences in the year of acquisition or on completion of construction. Any shortfall of depreciation arising on the disposal or write-off of fixed assets is charged to the disposals account and any proceeds arising from the disposal are credited to that account. Land is not depreciated. During the year a review of tangible fixed asset estimated useful lives was undertaken. The estimated lives are as shown below:

	Current estimated life in years	Previous estimated life in years
Buildings	40	40
Buildings Equipment	10	10
Cable Link	25	25
Plant and machinery - Generation	25 - 35	25 - 30
- Distribution	35	35
- Street Lights	20	20
Distribution network comprising:		
Distributors	35	35
Meters	5 - 15	5 - 10
Cyclocontrol receivers	5	5
Motor vehicles	5	5
Furniture and equipment	3 - 10	3 - 10
Minor plant	5 - 10	5 - 10

Notes to the Financial Statements (continued)  
for the year ended 31 March 2010

**Contents**

Profit & Loss Account	27
Statement of Total Recognised Gains & Losses	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Accounts	31

**1. Principal accounting policies - continued**

**Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. In respect of goods held for resale a provision is made based on the time elapsed since the goods were purchased. Provision is made for other stocks relating to strategic plant based upon the remaining useful economic life of the assets to which they relate.

**Leases**

Operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

**Deferred taxation**

Provision for deferred tax is made in full on timing differences which result in an obligation at the balance sheet date to pay tax at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. The pension scheme deficit shown in the accounts is net of the deferred tax asset. Deferred tax assets and liabilities are not discounted.

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Foreign currency profits and losses are dealt with in the profit and loss account.

**Financial instruments**

The company enters into forward exchange contracts to mitigate a large percentage of the risk of fluctuations in the currency rate between the Euro and the Pound Sterling in meeting its financial obligations for the import of electricity units from the European grid. Gains and losses on these contracts are deferred and recognised in the profit and loss account only when the delayed transaction has itself been reflected in the company's account. The company does not hold or issue financial instruments for speculative purposes. The company also hedges against the fluctuation in the price of heavy fuel oil including the movement in the US Dollar which is inherent in the pricing. Gains and losses are recognised in the profit and loss account when realised.

**Pension costs**

The employees' pension scheme is a defined benefits scheme. The company applies Financial Reporting Standard 17, "Post retirement benefits", ("FRS17"). In so doing current service cost and any past service cost is charged to the profit and loss account together with finance costs/income for the scheme which are charged/credited to the profit and loss account. The difference between the expected and actual actuarial gains and losses are charged to the statement of total recognised gains and losses. Full actuarial valuations are carried out on a triennial basis and annual updates are carried out to disclose the values and assumptions in accordance with FRS17.

**Joint arrangements**

The Channel Islands Electricity Grid Limited is a joint arrangement between Jersey Electricity plc (the Jersey Electricity Company Limited changed its name on 8 March 2010 to Jersey Electricity plc) and Guernsey Electricity Limited. The company was formed to manage the project and the ongoing operation of the cable link between Guernsey, Jersey and France. In accordance with Financial Reporting Standard 9, "Associates and Joint Ventures", ("FRS9") these financial statements include the company's entitlement to the assets, liabilities, cash flows and the shared items of this joint arrangement where the company's entitlements are fully determined by contracts with the other party to the joint arrangement.

**2. Turnover**

	2010 £'000	2009 £'000
Sales of electricity	41,633	35,113
Other sales	3,870	4,266
	45,503	39,379

All sales of electricity arise from customers in the Island of Guernsey. Other sales are made to customers throughout the Bailiwick of Guernsey. With effect from 1 April 2010 the company will recover through the 8.5% tariff increase, non-controllable costs that arose in the financial years 2008/09 and 2009/10 over and above the values allowed in the Office of Utility Regulation's final price control decision in February 2007.



### 3. Cable link

The company previously had an ongoing obligation to its supplier, Electricité de France ("EdF"), to meet the cost of a minimum amount of electricity. Following the new pricing arrangements entered into with EdF, there is no longer a revenue commitment effective from 1 December 2005. The company remains committed to contribute towards the reinforcement of the French network. This liability is being satisfied by a revenue payment of approximately £110,000 per annum over the period of the contract.

### 4. Operating Loss

*Operating loss is after charging/(crediting):*

	2010 £'000	2009 £'000
Depreciation (note 9)	5,076	4,974
Rentals under operating leases	11	11
Auditors' remuneration - statutory audit	32	33
- non-audit services	4	4
Bad debts	33	41
Emoluments - non-executive directors	42	49
- executive directors (including pension)	429	424
Regulatory costs - external (excluding non-audit services)	342	241
- internal	206	106
Other operating income	(583)	(479)

### 5. Interest

	2010 £'000	2009 £'000
Interest receivable: Deposits with banks and States Treasury	180	876
Hire purchase	136	139
	316	1,015
Interest payable: Bank overdraft	1	1
Security deposits	1	7
	2	8

### 6. Other income

Of the £5,350,000 that the States of Guernsey Electricity Board had on deposit with the Bank of Credit and Commerce International when it ceased trading on 5 July 1991, £5,426,156 has been recovered. No distribution was received in the current year (2009: £136,565). Distributions by the liquidator are denominated in US Dollars and therefore exposed to Sterling/Dollar fluctuation. This represents a full recovery of the original capital deposit together with interest.

Notes to the Financial Statements (continued)  
for the year ended 31 March 2010

## Contents

Profit & Loss Account	27
Statement of Total Recognised Gains & Losses	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Accounts	31

## 7. Taxation

The company is taxed at a combination of the company standard rate of 0% and the company higher rate of 20%. Therefore the tax charge included in the financial statements is based on these rates. The tax adjusted profits of the company have been apportioned so that the appropriate amount is taxed at 20% and the new rates as applicable.

The company's profits or losses from the activities subject to licence from the Office of Utility Regulation will be chargeable to tax at the 20% rate, as will rental income from Guernsey properties. For all other company activities the zero rate is applicable.

The basis of assessment to Guernsey tax continues to be on an actual current year basis.

Deferred tax in the financial statements is measured at the actual tax rates that are expected to apply to the income in the periods in which the timing differences are expected to reverse. Various rates of income tax are applied depending on the activity of the company. The rate applied in relation to the company's activities is a combination of the company standard rate of 0% and the company higher rate of 20%. Deferred tax has been provided at 0% and 20% on timing differences depending on which rate they are expected to reverse out in the future. Where deferred tax balances relate to items which may be taxed at either 20% or 0% a blended rate of 19.8531% (2009: 12.6799%) has been used to provide for deferred tax. The blended rate has been calculated by reference to the company's effective rate of tax in the year ended 31 March 2010.

The deferred tax credit in the profit and loss account for the year is:

	2010 £'000	2009 £'000
Timing differences on capital allowances and depreciation	222	234
Short term timing differences (pension)	(430)	(46)
Short term timing differences (other)	(22)	23
Unrelieved trading losses	(377)	(976)
	(607)	(765)

## 8. Dividend

	2010 £'000	2009 £'000
Paid in the year, £Nil per share (2009: £0.0030 per share)	–	326

## 9. Tangible fixed assets

	1 April 2009 £'000	Additions £'000	Written off/ disposals £'000	31 March 2010 £'000
<b>Cost</b>				
Land and buildings	29,378	290	10	29,658
Cable link	29,109	11	271	28,849
Plant and machinery:				
Generation	32,776	1,230	244	33,762
Distribution	9,332	638	9	9,961
Distribution network	24,078	2,271	149	26,200
Motor vehicles, furniture and equipment, minor plant	3,953	1,018	255	4,716
	128,626	5,458	938	133,146
	1 April 2009 £'000	Charge for the year £'000	Written off/ disposals £'000	31 March 2010 £'000
<b>Depreciation</b>				
Land and buildings	5,838	914	10	6,742
Cable link	8,972	1,182	94	10,060
Plant and machinery:				
Generation	11,659	1,330	125	12,864
Distribution	1,508	272	5	1,775
Distribution network	5,266	882	137	6,011
Motor vehicles, furniture and equipment, minor plant	2,120	496	254	2,362
	35,363	5,076	625	39,814
<b>Net book value</b>	93,263			93,332

Included above are assets in the course of construction of £2,104,000 (2009: £2,986,000), which are not depreciated.

## 10. Investment

The company invested £250,000 in Marine Current Turbines Limited as part of its initiatives to keep abreast of the research and development of alternative energy sources. This investment is a minority interest and the holding is less than 5%. The benefits of this investment are spread over more than one year, and £Nil has been charged to the profit and loss account for impairment (2009: £Nil).



Notes to the Financial Statements (continued)  
for the year ended 31 March 2010

# 11. Stocks and work in progress

## Contents

Profit & Loss Account	27
Statement of Total Recognised Gains & Losses	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Accounts	31

	2010		2009	
	£'000	£'000	£'000	£'000
Fuel stocks		3,247		2,318
Purchased goods for resale	344		376	
Provision	(6)	338	(7)	369
Other stocks	2,998		2,938	
Provision	(1,106)	1,892	(1,175)	1,763
Work in progress		214		248
		5,691		4,698

# 12. Debtors and prepayments

	2010 £'000	2009 £'000
Estimated value of unbilled units	4,669	3,793
Customer accounts outstanding	3,393	2,863
Other debtors	266	171
Prepayments	400	362
	8,728	7,189

Included in "Customer accounts outstanding" is an amount of £325,000 (2009: £291,000) due after more than one year.

# 13. Balances with States Treasury

The treasury department of the States of Guernsey is engaged to invest the company's liquid funds in excess of its daily requirements.

# 14. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	2,354	2,287
Customer payments received in advance	3,578	3,116
Employee taxes and Social Security	160	155
Deferred income	112	96
Accruals and other creditors	1,029	1,158
	7,233	6,812

The company has a £750,000 overdraft facility with Barclays Bank Plc (2009: £750,000), and interest is payable quarterly at 1.75% over UK base rate. This facility is unsecured, is repayable on demand and is reviewed and approved by the Board annually. The facility is due for review on 1 August 2010.

### 15. Creditors: amounts falling due after more than one year

	2010 £'000	2009 £'000
Deferred income	3,307	2,857

### 16. Provision for liabilities and charges

	2010 £'000	2009 £'000
<i>Deferred taxation:</i>		
Balance at 1 April	(892)	1,144
Profit and loss account charge	(607)	(765)
Statement of total recognised gains and losses	(1,427)	(1,271)
Balance at 31 March	(2,926)	(892)
<i>Which comprises:</i>		
Capital allowances in excess of depreciation	7,519	7,297
Short-term timing differences (other)	(75)	(53)
Unrelieved trading loss for tax purposes	(7,668)	(7,291)
Provision for liabilities and charges	(224)	(47)
Deferred tax asset on pension deficit (note 26)	(2,702)	(845)

### 17. Share capital

	2010 £'000	2009 £'000
<i>Authorised:</i>		
125,000,000 ordinary shares of £1 each	125,000	125,000
<i>Issued and fully paid:</i>		
109,208,844 ordinary shares of £1 each	109,209	109,209

Two shares were issued on formation of the company and the remaining 109,208,842 shares were issued to equate to the consideration of £109,208,844 for the net assets acquired by the company from the States of Guernsey with effect from 1 February 2002.

Notes to the Financial Statements (continued)  
for the year ended 31 March 2010

**Contents**

Profit & Loss Account	27
Statement of Total Recognised Gains & Losses	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Accounts	31

**18. Reconciliation of operating loss to net cash inflow from operating activities**

	2010 £'000	2009 £'000
Operating loss	(252)	(2,996)
Depreciation charge	5,076	4,974
Pension service cost	978	1,015
Employers' pension cash contributions	(1,612)	(1,523)
Deferred income	(112)	(95)
(Increase)/decrease in stocks and work in progress	(993)	707
Increase in debtors and prepayments	(1,529)	(259)
Increase in creditors	633	392
	<b>2,189</b>	<b>2,215</b>

**19. Reconciliation of net cash flow to movement in net funds**

	2010 £'000	2009 £'000
(Decrease)/increase in cash in the year	(246)	1,020
Cash used to decrease liquid resources	(2,353)	(2,626)
Change in net funds	(2,599)	(1,606)
Net funds at 1 April	14,907	16,513
<b>Net funds at 31 March</b>	<b>12,308</b>	<b>14,907</b>

**20. Analysis of changes in net funds**

	At 1 April 2009 £'000	Cash flows £'000	At 31 March 2010 £'000
<i>Cash</i>			
Cash at bank and in hand	1,189	(246)	<b>943</b>
	1,189	(246)	<b>943</b>
Balances with States Treasury	13,718	(2,353)	<b>11,365</b>
	14,907	(2,599)	<b>12,308</b>



## 21. Reserves

	2010 £'000	2009 £'000
Balance at 1 April brought forward	(4,591)	5,323
Loss for the financial year	(19)	(834)
Dividend	–	(326)
Actuarial loss recognised in the pension scheme, net of movement in deferred tax relating to pension deficit	(5,761)	(8,754)
Balance at 31 March carried forward	(10,371)	(4,591)

## 22. Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Shareholders' funds at 1 April brought forward	104,618	114,532
Loss for the financial year	(19)	(834)
Dividend	–	(326)
Actuarial loss recognised in the pension scheme, net of movement in deferred tax relating to pension deficit	(5,761)	(8,754)
<b>Shareholders' funds at 31 March</b>	<b>98,838</b>	<b>104,618</b>

## 23. Commitments

Capital commitments for which no provision has been made in these financial statements amounted to £4,808,000 as at 31 March 2010 (2009: £4,861,000). These relate to outstanding commitments on capital projects across a range of asset categories.

### *Operating lease commitments*

Commitments to make payments during the next year in respect of an operating lease are as follows:

	2010 £'000	2009 £'000
<i>Land and Buildings</i>		
Lease which expires: Within one year	–	9
Within two to five years	12	–

## 24. Financial instruments

### *(a) Import Financial Hedge*

Our import contract with EdF is denominated in Euros. The company has entered into participating forward currency exchange contracts to manage the currency risk. If the spot exchange rate is at or above 1.09, the company's commitment to forward contracts at the balance sheet date was as follows:

	2010 €'000	2009 €'000
Forward contracts to purchase Euro	9,163	6,835
	£'000	£'000
Contracted prices	8,406	5,419
<b>Closing value at 31 March</b>	<b>8,153</b>	<b>6,305</b>
Unrecognised and unrealised (loss)/gain	(253)	886

If the spot exchange rate falls below 1.09, the company is protected by forward contracts to purchase a total of €13,090,000 at the forward rate of 1.09.

The sterling/euro rate at 31 March 2010 was 1.1238 (2009: 1.084).

Notes to the Financial Statements (continued)  
for the year ended 31 March 2010

**Contents**

Profit & Loss Account	27
Statement of Total Recognised Gains & Losses	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Accounts	31

**24. Financial instruments - continued**

**(b) On-island Generation Financial Hedge**

The company has entered into a financial hedge on the commodity price of heavy fuel oil used for its on-island generation. The commitment to this is for an annual volume for financial year 2010/11 of 15,000 metric tonnes at a price of US\$480 per tonne.

**25. Contingent liability**

The company is currently investigating a complaint from a homeowner living in a specific area in close proximity to the power station site, regarding the impact of noise and/or ground borne vibration claimed to be caused by the operation of the power station site. The company is seeking appropriate legal and technical advice to assess the validity and extent of the complaint. In the event that the complaint is found to be merited there is significant uncertainty surrounding the potential cost of resolving the matter but it is estimated to be in the range £0 to £350,000. The Board is seeking to achieve resolution at minimum cost.

**26. Pension Scheme**

***Employee benefit obligations for Guernsey Electricity Limited***

The employees of the company are members of the States of Guernsey Public Servants Pension Scheme (PSPS). This is a defined benefits pension scheme funded by contributions from both employer and employee to the PSPS at rates which are determined on the basis of independent actuarial advice, and which are calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives.

As the PSPS is a multi entity arrangement the States of Guernsey contracted the Scheme's qualified independent actuaries to identify the actuarial account for each entity and therefore the value of the pension fund assets and liabilities attributable to this company. The triennial valuation at 31 December 2007 recommended the increase of employer's contribution from 16.3% to 17.3% from 1 April 2009 and this was approved by the States of Guernsey. The value of these employer contributions to the Fund from 1 April 2010 to 31 March 2011 are estimated at £1,276,000. In recognising that further contribution was required to reduce the past service deficit, it was resolved by the Board of Directors to reduce the deficit by lump sums over a period of years. An additional sum of £400,000 has been provided for this year (2009: £400,000).

***Description of the Guernsey Electricity Limited Actuarial Account of the States of Guernsey Superannuation Fund ("the Fund")***

The Fund is a funded defined benefit arrangement which provides retirement benefits based on final pensionable salary. The company recognises the requirements of Financial Reporting Standard 17 ("FRS17") Retirement Benefits on the following basis:

The valuation used for FRS17 disclosures has been based on a full assessment of the liabilities of the Fund. The present values of the defined benefit obligation, the related current service cost and any past service costs (if applicable) were measured using the projected unit method.

The amounts recognised in the balance sheet are as follows:

	2010 £'000	2009 £'000
Fair value of Fund assets	37,560	28,610
Present value of funded obligations	(51,168)	(35,273)
Deficit in scheme	(13,608)	(6,663)
Related deferred tax asset	2,702	845
Net pension liability	(10,906)	(5,818)
<i>Amounts in the balance sheet</i>		
Assets	—	—
Liabilities	(10,906)	(5,818)
Net pension liability	(10,906)	(5,818)

## 26. Pension Scheme (continued)

The amounts recognised in the profit and loss account are as follows:

	2010 £'000	2009 £'000
Current service cost	978	1,015
Interest on obligation	2,258	2,208
Expected return on Fund assets	(1,867)	(2,549)
Expense recognised in the profit and loss	1,369	674
Actual return on Fund assets	(7,935)	(8,255)

Changes in the present value of the defined benefit obligation are as follows:

	2010 £'000	2009 £'000
Opening defined benefit obligation	35,273	33,355
Service cost	978	1,015
Interest cost	2,258	2,208
Contributions by members	486	467
Actuarial losses/(gains)	13,256	(780)
Benefits paid	(1,083)	(992)
Closing defined benefit obligation	51,168	35,273

Changes in the fair value of Fund assets are as follows:

	2010 £'000	2009 £'000
Opening fair value of Fund assets	28,610	35,868
Expected return	1,867	2,549
Actuarial gains/(losses)	6,068	(10,805)
Contributions by employer	1,612	1,523
Contributions by members	486	467
Benefits paid	(1,083)	(992)
Closing fair value of Fund assets	37,560	28,610

Analysis of amounts recognised in the statement of total recognised gains and losses (STRGL):

	2010 £'000	2009 £'000
Total actuarial losses	(7,188)	(10,025)
Total loss recognised in STRGL	(7,188)	(10,025)
Cumulative amount of loss recognised in STRGL	(18,155)	(10,967)

The major categories of Fund assets as a percentage of the total Fund assets are as follows:

	2010 %	2009 %
Equities	60	66
Gilts	12	7
Corporate bonds	15	5
Index linked bonds	–	14
Property	2	–
Other assets	11	8



Notes to the Financial Statements (continued)  
for the year ended 31 March 2010

## 26. Pension Scheme (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages where applicable):

		31 March 2010 % p.a.	31 March 2009 % p.a.
<b>Contents</b>	Profit & Loss Account 27		
	Statement of Total Recognised Gains & Losses 28		
	Balance Sheet 29		
	Cash Flow Statement 30		
	Notes to the Accounts 31		
	Discount rate	5.5	6.5
	Expected return on Fund assets at 31 March (for following year)	6.5	6.5
	Rate of increase in pensionable salaries	5.15	4.5
	Rate of increase in deferred pensions	3.9	3.0
	Rate of increase in pensions in payment	3.9	3.0

### Mortality Assumptions

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 86 if they are male and until age 88 if female. For a member currently aged 45 the assumptions are that if they attain age 65 they will live on average until age 88 if they are male and until age 89 if female.

### Description of the basis used to determine the expected rate of return on the assets

The company adopts a building block approach in determining the expected rate of return of the Fund's assets. Historic markets are studied and assets with high volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

Each different asset class is given a different expected rate of return. The overall rate of return is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the disclosure year end.

Amounts for the current and previous periods are as follows:

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Defined benefit obligation	51,168	35,273	33,355	38,055	35,633
Fund assets	37,560	28,610	35,868	34,715	32,247
(Deficit)/surplus	(13,608)	(6,663)	2,513	(3,340)	(3,386)
Experience gains/(losses) on Fund assets	6,068	(10,805)	(2,515)	(933)	4,000
Experience gains/(losses) on Fund liabilities	1,208	426	659	(884)	791
Change in assumptions underlying the present value of Fund liabilities	(14,464)	355	6,927	1,256	(3,389)
Total Experience gains/(losses) on Fund liabilities	(13,256)	780	7,586	372	(2,598)

The Fund assets for the years ended 31 March 2006, 2007 and 2008 have not been restated to bid value (i.e. they are mid market value).

The balance sheet position in respect of the Actuarial Account has worsened due to the effect of the changes in the economic assumptions derived from the market but this has been partly offset by various factors.

A key impact on the change of assumptions item was the change in the relationship between the corporate bond based discount rate and the market derived assumption for future inflation. The discount rate decreased by 1.0% and the inflation assumption increased by 0.9%. Overall this produced a decrease of 1.65% in the net discount rate for pre retirement liabilities and a decrease of 1.9% in the net discount rate for post retirement liabilities. These changes have increased the value placed on the liabilities by about £14.5m.

This was partly offset by a gain of about £6.1m as a result of the actual investment return being higher than expected. In addition, contributions paid were more than the cost of accruing benefits which, along with other experience items, resulted in a gain of about £1.2m. The net position was an increase of around £6.9m in the deficit determined under FRS17.

## 27. Statement of control

The company is wholly owned and ultimately controlled by the States of Guernsey.

## 28. Related party transactions

There are no disclosable related party transactions in this financial year. Of the company's annual income and expenditure, less than 20% of their respective value is due to transactions with other States entities.

## Key Statistics

	2009-10	2008-09	2007-08	2006-07	2005-06
<b>COMMERCIAL</b>					
Number of Customers	29,099	28,934	28,791	28,685	28,400
<b>GENERATION</b>					
Generating Capacity (MW)	115.30	115.30	115.58	115.58	115.58
Electricity Generated (MWh)	152,243	173,523	110,655	158,175	79,455
Maximum Demand (MW)	84.0	78.6	76.3	71.3	71.2
Minimum Demand (MW)	22.9	22.0	21.7	20.8	19.9
<b>CABLE LINK</b>					
Cable Link Capacity (MW)	60.00	60.00	60.00	60.00	60.00
Electricity Imported (MWh)	239,332	210,440	257,093	197,020	276,812
<b>DISTRIBUTION</b>					
Transformer Capacity (kVA)	217,945	208,320	201,500	192,000	183,600
Number of Transformers	420	409	403	398	389
<b>FINANCIAL</b>					
Units Sold (MWh)	362,362	355,045	340,898	327,119	331,883
Sales of Electricity (£000's)	41,633	35,112	34,197	28,996	26,631
Operating Contribution (£000's)	-549	-3,084	-1,027	-1,501	-795
Capital Expenditure (£000's)	5,458	5,081	6,760	4,001	3,182
Total Expenses (£000's)	46,736	43,027	39,688	34,571	30,867
<b>PERSONNEL</b>					
Employees (Average FTE)	232.7	228.7	232.9	233.1	234.9

### Abbreviations used

kW - kilowatt or 1,000 watts  
 MW - Megawatt or 1,000 kilowatts  
 kVA - 1,000 volt amperes

kWh - 1 kilowatt for 1 hour or 1 unit  
 MWh - 1,000 kilowatts for 1 hour or 1,000 units  
 GWh - 1,000,000 kilowatts for 1 hour or 1,000,000 units

### Technical Contents

<b>Key Statistics</b>	<b>43</b>
Performance Indicators	44
Generation Plant	45
Power Station General	46
Generation Plant Statistics	47
Analysis of Energy Sold	48
Distribution Statistics	49
Generation Statistics	49
Service Standards	50
Tariffs	51

## Technical (continued)

## Performance Indicators

Technical Contents	
Key Statistics	43
<b>Performance Indicators</b>	<b>44</b>
<b>Generation Plant</b>	<b>45</b>
Power Station General	46
Generation Plant Statistics	47
Analysis of Energy Sold	48
Distribution Statistics	49
Generation Statistics	49
Service Standards	50
Tariffs	51

	2009-10	2008-09	2007-08	2006-07	2005-06
TECHNICAL					
Thermal Efficiency (%)	41.5	41.2	41.3	42.5	42.4
System Demand Factor (%)*	53.2	55.8	54.9	56.9	57.1
Average Minutes lost per Customer	23	19	37	34	12
High Voltage Faults	17	10	17	19	12
Low Voltage Faults	143	138	159	159	186
PERSONNEL					
Employees per GWh Billed	0.64	0.64	0.68	0.71	0.71
Employees per 1,000 Customers	8.00	7.90	8.09	8.13	8.27
FINANCIAL					
Guernsey Retail Price Index**	112.2	108.5	109.8	104.8	100.0
Average Price per unit sold (pence)	11.21	9.64	9.76	8.63	7.81
- Average Price - INDEX	143.5	123.4	125.0	110.5	100.0
Generation/Import Cost per unit sold (pence)	7.85	7.09	6.49	5.43	4.52
- Generation/Import Cost - INDEX	173.5	156.7	143.4	120.1	100.0

\* System Demand Factor =  $\frac{\text{Avg. Load}}{\text{Max. Demand}}$

\*\* Base March 2006 = 100



## Generation Plant 31 March 2010

	Engine Manufacturer	Engine Type	Rating (MW)	Speed (rpm)	No. of Cyls.	Bore (mm)	Stroke (mm)	Date of Commission
'C' STATION								
Set 1	Sulzer	9RNF68	12.2	150	9	680	1,250	1979
Set 2	Sulzer	9RNF68	12.2	150	9	680	1,250	1980
Set 3	Sulzer	9RNF68	12.2	150	9	680	1,250	1982
Set 4	Sulzer	9RTA58	14.2	125	9	580	1,700	1987
'D' STATION								
Set 1	Sulzer	9RTA58	14.5	136	9	580	1,700	1993
GAS TURBINES								
GT 2	Thomassen	PG-5271	19.5	5,100				1996
GT 3	Thomassen	PG-5271	19.5	5,100				1997
GT 4	Alstom	Cyclone	11.0	9,500				2003

## Technical (continued)

## Power Station General 31 March 2010

## Technical Contents

Key Statistics	43
Performance Indicators	44
Generation Plant	45
<b>Power Station General</b>	<b>46</b>
<b>Generation Plant Statistics</b>	<b>47</b>
Analysis of Energy Sold	48
Distribution Statistics	49
Generation Statistics	49
Service Standards	50
Tariffs	51

Heavy Fuel Oil	B Tank	C Tank	K Tank	M Tank	N Tank	P Tank
BULK FUEL STORAGE						
Capacity (Tonnes)	540	2,100	2,315	2,310	2,220	2,220
Year Installed	1962	1963	2007	2007	2009	2009
Gas Oil	Tank 1	Tank 2	Tank 3	Tank 4	Tank 5	Tank 6
BULK FUEL STORAGE						
Capacity (Tonnes)	180	180	180	180	180	180
Year Installed	2007	2007	2007	2007	2007	2007
	Class	Density (kg/litre)	Viscosity (cSt@100°C)		Sulphur Content	
FUEL SPECIFICATION						
Heavy Fuel Oil (H.F.O.)	G	0.963	40		<1.5%	
				'C' Station	'D' Station	
CHIMNEYS						
Chimney Height (metres)				55	57	
Number of Flues				4	2	

## Generation Plant Statistics 2009/2010

	'D' Station	'C' Station	Turbines	Total
<b>Running Hours</b>	3,827.00	10,504.25	101.00	14,432.25
<b>Units Generated (kWh)</b>				
Heavy Fuel Oil	44,176,489	107,429,615	–	151,606,104
Gas Oil	22,461	86,285	528,350	637,096
Total	44,198,950	107,515,900	528,350	152,243,200
<b>Lub. Oil Consumption (litres)</b>				
Crankcase Oil	5,895	24,685		30,580
Cylinder Oil	67,723	122,722		190,445
Total	73,618	147,407		221,025
<b>Specific Lub. Oil Consumption</b> (grams per kWh)				
Cylinder Oil	1.44	1.07		
<b>Fuel Consumption (litres)</b>				
Heavy Fuel Oil	8,879,451	23,852,584	–	32,732,035
Gas Oil	4,014	23,604	314,920	342,538
Total	8,883,465	23,876,188	314,920	33,074,573
<b>Specific Fuel Consumption</b> (grams per kWh) Heavy Fuel Oil				
Engine 1	187.73	214.95		
Engine 2		215.85		
Engine 3		209.79		
Engine 4		192.24		
<b>Net Thermal Efficiency (%)</b>				
Engine 1	44.84	38.52		
Engine 2		38.47		
Engine 3		39.74		
Engine 4		43.34		
Station Total	44.84	40.58	16.77	41.52
<b>Running Plant Load Factor (%)</b>	79.65	79.13	35.13	78.93

### Notes:

The efficiency figures are overall totals for the year so may include periods of no electrical generation. None of the efficiency figures take into account heat recovery. Only electrical output has been considered. The fuel properties are those that have been delivered to the Power Station during the monitoring period.



## Technical (continued)

## Analysis of Energy Sold 2009/2010

**Technical Contents**

Key Statistics	43
Performance Indicators	44
Generation Plant	45
Power Station General	46
Generation Plant Statistics	47
<b>Analysis of Energy Sold</b>	<b>48</b>
<b>Distribution Statistics</b>	<b>49</b>
<b>Generation Statistics</b>	<b>49</b>
Service Standards	50
Tariffs	51

Tariffs	Meters on Circuit	Income (£'000)	Units Sold ('000)	Avg. Price (pence)	Units per Meter on Circuit
Standard Tariff	9,616	10,829	82,494	13.13	8,579
Super Economy 12	19,900	16,435	167,112	9.83	8,398
Heat Pumps & Off Peak Tariffs	913	674	8,718	7.73	9,549
Non Peak	10	10	149	6.41	14,902
Maximum Demand HV	7	621	5,147	12.06	735,353
Maximum Demand LV	139	5,944	48,254	12.32	347,150
Industrial Economy HV	6	1,081	9,930	10.89	1,654,998
Industrial Economy LV	49	4,044	37,711	10.72	769,611
Public Lighting	2,176	97	728	13.37	335
Accrual for Unbilled Units	–	876	2,119	–	–
<b>Total/Average</b>	<b>32,816</b>	<b>40,611</b>	<b>362,362</b>	<b>11.21</b>	<b>11,042</b>

- Non unit related income not included.
- Figures for maximum demand and Industrial Economy tariffs include any kW, power factor and installed capacity charges.
- Total/Average price is calculated using exact unit and income statistics, not rounded as shown above.

## Distribution Statistics 31 March 2010

CABLE NETWORK					
	CIEG		Guernsey Electricity Ltd		Total
	Submarine Cable (km)	Land Cable (km)	Overhead Land Cable (km)	Underground Land Cable (km)	(km)
90kV	65	3	–	–	68
33kV	–	–	–	30	30
11kV	–	–	–	337	337
415/240v	–	–	2	1,014	1,016
Total	65	3	2	1,381	1,451

Abbreviations used: CIEG - Channel Islands Electricity Grid

## Generation Statistics

	2009-10	2008-09	2007-08	2006-07	2005-06
Total Units Generated (MWh)	152,243	173,523	110,655	158,175	79,455
Highest Daily Total (MWh)	1,533	1,446	1,390	1,311	1,292
Lowest Daily Total (MWh)	797	758	760	725	712
Maximum Demand (MW)	84.0	78.6	76.3	71.3	71.2
Minimum Demand (MW)	22.9	22.0	21.7	20.8	19.9
Specific Fuel Consumption (kWh per Litre)	4.60	4.57	4.57	4.69	4.69
Engine Hours:					
D Station	3,827	3,373	2,216	4,333	2,087
C Station	10,504	12,951	8,328	10,120	5,241
Gas Turbine	101	124	62	28	76

## Service Standards

Technical Contents	
Key Statistics	43
Performance Indicators	44
Generation Plant	45
Power Station General	46
Generation Plant Statistics	47
Analysis of Energy Sold	48
Distribution Statistics	49
Generation Statistics	49
<b>Service Standards</b>	<b>50</b>
<b>Tariffs</b>	<b>51</b>

Guaranteed Service Standards	Standard Met	% Achieved	Outside Standard
<b>Replacement of GE main service fuse after failure</b> (within 3 hours)	Yes	100.00%	0
<b>Restoring supply after distribution fault</b> (within 18 hours)	No	99.88%	7
<b>Connecting a new customer to an existing supply</b> (within 3 working days)	Yes	100.00%	0
<b>Notice of planned interruption of supply</b> (5 days for planned maintenance)	Yes	100.00%	0
<b>Investigation of voltage complaint</b> (within 7 working days)	Yes	100.00%	0
<b>Responding to written or email queries on charges and payments</b> (within 3 working days)	Yes	100.00%	0
<b>Investigation of meter accuracy disputes</b> (within 7 working days)	Yes	100.00%	0
<b>Attend to pre-payment meter faults</b> (within 4 hours)	Yes	100.00%	0
<b>Change of meter due to tariff or method of payment change</b> (within 7 working days)	Yes	100.00%	0
<b>Making and keeping appointments</b> (within 30 minutes)	Yes	100.00%	0
<b>Payments owed under the standard</b> (within 10 working days)	Yes	100.00%	0
<b>Estimate of charge</b> (within 5 working days)	Yes	100.00%	0

Overall Service Standards	Standard Met	% Achieved	Outside Standard
<b>Restoration of supply after fault/damage</b> (to 90% within 3 hours)	Yes	94.12%	348
<b>Estimate of charge</b> (provide 97% within 15 working days)	Yes	100.00%	0
<b>Meter reading</b> (annual for 99.5% of customers)	Yes	99.81%	58
<b>Customer supply or distribution correspondence</b> (answer 100% queries within 10 working days)	Yes	100.00%	0
<b>Cable enquiries</b> (reply to 97% single site within 1 hour or to 98% multiple site within 2 working days)	Yes Yes	97.19% 100.00%	28 0
<b>Pollution</b> (answer 98% complaints within 8 hours)	Yes	100.00%	0
<b>Relocating Meter</b> (within 15 working days)	—	—	0

For a full description of our standards please visit our website [www.electricity.gg](http://www.electricity.gg) or call our **Customer Services Department** on 200700.



## Tariffs

	1/4/09	1/4/10	
STANDARD TARIFF			
Standing Charge	£14.82	£16.07	per quarter
All Units	13.37p	14.50p	per unit
SUPER ECONOMY 12			
Standing Charge	£14.82	£16.07	per quarter
Low Rate Units	5.80p	6.29p	per unit
Normal Rate Units	13.98p	15.16p	per unit
<i>Super Economy 12 Low Units: 10 hour period between 7.45pm &amp; 8.15am 2 hour period between 12.00 noon &amp; 4.40pm</i>			
SUPERHEAT TARIFF			
Standing Charge	£2.49	£2.70	per quarter
All Units	6.38p	6.92p	per unit
<i>Supply is available for 18 hours each day, with the remaining six unavailable supply hours split into three two hour sections with varying times between: 00.00 to 03.00, 07.00 to 10.00 and 16.00 to 20.00.</i>			
HEAT PUMP TARIFF			
All Units	8.84p	9.59p	per unit
<i>Permanently connected heat pumps only. The supply may be disconnected without notice for periods not exceeding one hour in any day.</i>			
NON PEAK TARIFF			
Standing Charge	£14.82	£16.07	per quarter
All Units	6.59p	7.15p	per unit
<i>Supply available for a minimum of 20 hours. Disconnected for a total of 4 hours at the discretion of the Company.</i>			

## Tariffs

Technical Contents	
Key Statistics	43
Performance Indicators	44
Generation Plant	45
Power Station General	46
Generation Plant Statistics	47
Analysis of Energy Sold	48
Distribution Statistics	49
Generation Statistics	49
Service Standards	50
<b>Tariffs</b>	<b>51</b>

1/4/09 1/4/10

INDUSTRIAL ECONOMY TARIFF					
High Voltage Supplies (Billed Monthly):	Low Rate (10 Hours)	5.80p	6.29p	per unit	
	Normal Rate (14 Hours)	11.89p	12.90p	per unit	
	kW Charge April-October	£0.00	£0.00	per kW	
	kW Charge November-March	£10.40	£11.28	per kW	
<i>Power factor adjustment: kVAh in excess of 50% of kwh/month.</i>		0.88p	0.95p	per unit	
<i>The customer shall maintain the power factor of their connected load between 0.90 lagging and unity.</i>					
Low Voltage Supplies (Billed Monthly):	Low Rate (10 hours)	6.09p	6.60p	per unit	
	Normal Rate (14 hours)	12.19p	13.22p	per unit	
	kW Charge April-October	£0.00	£0.00	per kW	
	kW Charge November-March	£10.40	£11.28	per kW	
<i>Power factor adjustment: kVAh in excess of 50% of kwh/month.</i>		0.88p	0.95p	per unit	
<i>The customer shall maintain the power factor of the supply between 0.90 lagging and unity.</i>					
MAXIMUM DEMAND TARIFF					
High Voltage Supplies (Billed Monthly):	All Units	10.70p	11.60p	per unit	
	kW Charge April-October	£0.00	£0.00	per kW	
	kW Charge November-March	£10.40	£11.28	per kW	
<i>Power factor adjustment: kVAh in excess of 50% of kwh/month.</i>		0.88p	0.95p	per unit	
<i>The customer shall maintain the power factor of the supply between 0.90 lagging and unity.</i>					
Low Voltage Supplies (Billed Monthly):	All Units	11.15p	12.09p	per unit	
	kW Charge April-October	£0.00	£0.00	per kW	
	kW Charge November-March	£10.40	£11.28	per kW	
<i>Power factor adjustment: kVAh in excess of 50% of kwh/month.</i>		0.88p		per unit	
<i>The customer shall maintain the power factor of their connected load between 0.90 lagging and unity.</i>					

**Note:** Additional tariffs including Boiler tariff, Standby charges and the Standing Charges for additional meters will be increased by 8.5% and will be advised on application to the Company.

Printed on paper manufactured with virgin pulp from certified sources  
and a minimum of 25% post-consumer recycled fibre.

Designed and produced by Langlois Robertshaw & Delbridge, Guernsey.



**Guernsey  
Electricity**

Electricity House, P.O. Box 4, North Side, Vale,  
Guernsey Channel Islands GY1 3AD  
Telephone: 01481 200700 Facsimile: 01481 246942  
E-mail: [administration@electricity.gg](mailto:administration@electricity.gg)  
[www.electricity.gg](http://www.electricity.gg)

Price £8.00