



BILLET D'ÉTAT

V
2001

WEDNESDAY, 28th MARCH, 2001

STATES ADVISORY AND FINANCE COMMITTEE

Budget of the States Electricity Board
for the Year Ending 31st March, 2001.

B I L L E T D ' É T A T

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I have the honour to inform you that a Special Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE, on WEDNESDAY, the 28th MARCH 2001**, immediately after the Meeting of the States of Election already convened for that day.

STATES ADVISORY AND FINANCE COMMITTEE**BUDGET OF THE STATES ELECTRICITY BOARD FOR THE YEAR ENDING
31ST MARCH, 2001.**

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

9th February, 2001.

Sir,

In accordance with the proviso to Rule 2 of the Budget Rules approved by the States on 27 September 1973, I enclose a copy of the Budget of the States Electricity Board for the financial year ending 31 March 2002 together with a copy of a letter dated 26 January 2001 from the President of the Board.

It is recognised that the commercialisation of the Board is due to be implemented during 2001. However, at this stage it is not possible to predict with any certainty the net effect of commercialisation. Therefore, as set out in the Board's letter, its Budget has been prepared on the same basis as in previous years.

For the year ended 31 March 2002 the Board is predicting that, due to continuing high fuel oil prices, it will have a deficit for the year of £853,000. Nonetheless the Board believes that at this stage, due to its accumulated cash reserves, no increases in electricity tariffs are necessary.

The Advisory and Finance Committee recommends the States to approve the Budget and I have the honour to request that you will be good enough to lay this matter before the States with appropriate propositions.

I am, Sir,

Your obedient Servant,

L. C. MORGAN,

President,

States Advisory and Finance Committee.

The President,
 Advisory and Finance Committee,
 Sir Charles Frossard House
 La Charroterie,
 St. Peter Port,
 Guernsey.

26th January, 2001.

Dear Sir,

STATES OF GUERNSEY ELECTRICITY BOARD BUDGET 2001/2002

I enclose a copy of the States of Guernsey Electricity Board's budget for the financial year ending 31 March 2002, together with a projection of the outturn for the current year. The budget that is being presented has been prepared on the same consistent basis as in previous years. While individual members of the Shadow Board have been involved in the budget process, the Shadow Board has not yet completed its Business Plan and therefore any future initiatives that might be taken by the newly commercialised company have not been included in this budget.

The operating surplus projected for the financial year ending 31 March next is £0.271 million, with interest received estimated at £0.688 million. We have also received a dividend from the liquidators of BCCI in this financial year which amounts to £0.785 million, making a total anticipated surplus of £1.744 million.

During the year ending 31 March 2002 we are anticipating a deficit from operations, due almost exclusively to the continuing high price of fuel oil, which has dominated our results for the past year. The completion of the Cable Link project has brought an element of much needed stability to our cost base which has enabled us to keep electricity prices steady over what has undoubtedly been an uncertain period. The Board has a strong cash position and no increase in tariffs has been budgeted for 2001/02.

The Cable Link has a considerable impact on the accounts for the forthcoming financial year. We anticipate that we will be importing approximately 70% of our units from Europe. This is an important step in reducing emissions from the power station while also reducing our dependence on fossil fuels. Few of the operational savings from the link have been incorporated into this budget, as we require a period of approximately 12 months of running the link before we can more accurately predict the savings that will accrue to our accounts.

Capital expenditure is expected to fall dramatically in 2001/02, following completion of the cable link project. The project has been completed well within budget and all expenditure has been met from the Board's resources without the need to raise funds through borrowing.

I am, Sir,

Your obedient Servant,
 WILLIAM M. BELL,
 President,
 Guernsey Electricity.

THE STATES OF GUERNSEY ELECTRICITY BOARD

REVENUE ACCOUNT	2001/02 Budget £	2000/01 Projection £	2000/01 Budget £	1999/00 Actual £
INCOME				
Sales of Electricity	23,292,000	22,831,000	22,382,000	22,134,030
Other Sales	4,005,000	3,697,000	3,666,000	3,157,909
Other Income	321,000	302,000	296,000	228,457
TOTAL INCOME	27,618,000	26,830,000	26,344,000	25,520,396
EXPENSES				
Cost of Imported Units	5,208,000	1,387,000	1,377,000	0
Fuel Oil	2,879,000	6,096,000	5,062,000	4,528,860
Other Generation Costs	3,396,000	3,226,000	3,293,000	3,631,192
Cable Link	341,000	228,000	177,000	445,218
Distribution	2,295,000	2,011,000	2,115,000	1,865,085
Other Sales Costs	3,758,000	3,504,000	3,427,000	2,926,505
Finance & Administration	2,913,000	2,818,000	2,879,000	2,695,519
Information Technology	867,000	841,000	841,000	830,562
Stock Provision	44,000	-41,000	0	-107,846
Depreciation	6,877,000	6,489,000	6,773,000	5,270,262
TOTAL EXPENSES	28,578,000	26,559,000	25,944,000	22,094,357
OPERATING CONTRIBUTION	-960,000	271,000	400,000	3,426,039
Net interest Earned	107,000	688,000	270,000	1,210,510
Recovery from liquidator	0	785,000	0	0
SURPLUS FOR THE YEAR	-853,000	1,744,000	670,000	4,636,549

THE STATES OF GUERNSEY ELECTRICITY BOARD

Summary of Capital Expenditure

	2001/2002 Budget	2000/2001 Expenditure	2000/2001 Budget	1999/2000 Actual
Cable Link	2,589,000	19,960,000	19,357,000	8,745,076
Land & Buildings	254,000	135,000	355,000	335,059
Generation	1,665,000	3,131,000	3,752,000	322,390
Distribution	5,974,000	2,245,000	4,623,000	2,398,770
Vehicles, Plant & Equipment	468,000	385,000	451,000	340,151
TOTAL EXPENDITURE	10,950,000	25,856,000	28,538,000	12,141,446

Summary of Manpower Requirements

	2001/2002 Budget	2000/01		1999/2000 Actual
		Projection	Budget	
FULL TIME	250	251	256	255
PART TIME	17	17	16	17
VACANT POSTS	21	20	16	17
TOTAL	288	288	288	289
Total Payroll Costs	£7,234,000	£6,964,000	£7,059,000	£6,791,000

The States are asked to decide:–

Whether, after consideration of the Report dated the 9th February, 2001, of the States Advisory and Finance Committee, they are of opinion:–

To approve –

- (1) the Budget of the States Electricity Board for the year ending on 31st March, 2002;
- (2) the Projection of the said Board for the year ending on the 31st March, 2001.

DE V. G. CAREY
Bailiff and President of the States

The Royal Court House,
Guernsey.
The 9th March, 2001.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 28TH DAY OF MARCH, 2001

The States resolved as follows concerning Billet d'Etat No. V
dated 9th March, 2001

STATES ADVISORY AND FINANCE COMMITTEE

**BUDGET OF THE STATES ELECTRICITY BOARD FOR THE YEAR ENDING
31ST MARCH, 2002**

After consideration of the Report dated the 9th February, 2001, of the States Advisory and Finance Committee:-

To approve -

- (1) the Budget of the States Electricity Board for the year ending on 31st March, 2002;
- (2) the Projection of the said Board for the year ending on the 31st March, 2001.

K.H. TOUGH,
HER MAJESTY'S GREFFIER.