



**STANDING COMMITTEE  
OF  
TYNWALD COURT  
OFFICIAL REPORT**

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**PROCEEDINGS  
DAALTYN**

**ECONOMIC  
POLICY REVIEW COMMITTEE**

**Manx Gas**

**HANSARD**

**Douglas, Wednesday, 23rd MARCH 2022**

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**Members Present:**

*Chair:* Mrs C S B Christian MHK  
Mr J R Moorhouse MHK  
Mr J C Wannenburgh MHK

*Clerk:*

Mr J D C King

*Assistant Clerk:*

Mr C E Phillips

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# Standing Committee of Tynwald on Economic Policy Review

## Manx Gas

*The Committee sat in public at 2.30 p.m.  
in the Legislative Council Chamber,  
Legislative Buildings, Douglas*

[MRS CHRISTIAN *in the Chair*]

### Procedural

**The Chair (Mrs Christian):** Good afternoon and welcome to this public meeting of the Economic Policy Review Committee. I am Claire Christian MHK, Member for Douglas South, and I Chair the Committee. With me are Mr John Wannenburg MHK and Mr Jason Moorhouse MHK.

5 Could we please ensure that all mobile phones are turned on silent or off so we do not have any interruptions and for the purposes of *Hansard* I will be ensuring that we do not have two people speaking at once.

10 Mr Murphy, thank you for coming to speak to the Committee today. Our session is going to cover gas regulation, customer rebates and related matters. You are being asked today as a campaigner and administrator of the Isle of Man Utility Customers Working Group. This follows our recent evidence from Mr Chris Thomas MHK on similar matters.

### EVIDENCE OF

#### **Mr Barry Murphy, Campaigner and Administrator of Isle of Man Utility Customers Working Group**

**Q33. The Chair:** Firstly, would you expand on your group, the Isle of Man Utility Customers Working Group? What is it and how did it come about?

Thank you.

15 **Mr Murphy:** First of all, thank you and good afternoon, and also thank you for inviting me down today.

20 I guess the reason why I am here today is probably largely down to a petition that I set up in the latter part of last year, and it was not the first petition. So basically, going way back to 2015, around about November 2015, I received a gas bill through my letterbox, and it was like no other gas bill I had seen before because the unit price of gas had come down a little bit and the standing charge of gas had gone up a hell of a lot.

25 From memory, I do not really think there was a great deal of difference in price going way back to 2015. I think the standing charge was pretty much the same as it is at the minute, it was around 16 point something pence per day, plus the VAT. In fairness, the unit charge up to that point in time really was not that much different to what it was before the previous increase. It was still probably around seven point something pence per day even way back in 2015. I had been aware that to some extent, although I had no real interest in anything to do with gas – or probably in

30 fairness, not much to do with politics really at that particular moment in time – but I had become aware that there had been a gas agreement signed because it had been in the press. Obviously being a gas consumer, it was something I feel I need to be super aware of, and I kind of had a little look when the gas bill came in and I tried my best to draw parallels with it to see what, if any, relationship that had to do with my gas bill. I could not see any link at all. There was no link. There was no sign of anything that could intrinsically link the two together.

35 The next port of call was to find out who can offer advice, so I rang the OFT at that moment in time and I was duly notified that there had been a gas agreement put in place. There was very little information that came back of course, as to what had happened regarding the standing charges, but it became apparent within a fairly short space of time that there was no link, and if there was no link, the question had to be asked, ‘Well, why were we not made aware that we were going to be getting charged?’ Certainly in my case, my standing charge had gone up from  
40 16.5p a day approximately, up to over £1 per day.

At that moment in time I was band E, the lady on one side of me on the same street was band D and the lady on the other side of the street, as she was at that time, was band F. The difference was a band E was around 70-odd pence, we were just over a pound in band E, and band F – the other lady – was £1.30, £1.40.

45 Basically the standing charges, as I say, were introduced towards the end of 2015. There were a total of nine bands as it transpired, and band A and band I – so band A was the band for the lower users and band I was the band for the higher users, so I guess to go on band I a domestic user would have to have had a swimming pool or something like that, they would have been very high users. So their standing charges stayed the same, at 16 point something pence per day, A and I, and then B, C, D, E, F and G were scaled-up. There were approximate increments of around 40p  
50 to 50p, it kind of varied, but that was to give you an idea, and it went pretty much all the way up to £2.30 before it dropped back down to 16.5p again.

And that was it. For some people, they were paying up to £2 per day standing charge, so they had gone from 16p a day to £2 a day; and as I say to you, when I set about trying to find out the reason why, I put a little thing out on Facebook and one or two people said, ‘Ah, yes, we have had  
55 a bill come in and we are paying this now when we were paying something else before and when you find out we want to know’, and I thought, ‘Do you know what? I am going to set up a little Facebook group’. I do not think I have ever had a Facebook group before. Now I administer three or four different types of ones for businesses and whatever else, just something that keeps me going. But the gas group thing grew, and it grew really quick.

60 In fairness, when it did start growing, I still knew nothing at all about how on earth everything had changed. There was no information. Everything was confidential, it was private and confidential information between the OFT and Manx Gas, and that course only added to the frustration. Over a period of time I rang the OFT many times and I asked many questions, and  
65 believe you me, I knew nothing at all. All I was trying to do was just to find out why or how, and everything was confidential. So the consumers’ champion, had all of a sudden become the consumers’ metal bolted down gate. It was no longer there to protect the consumer. I guess it had become more of a referee perhaps than somebody that is like a board to protect.

That of course frustrated me and then the group grew to a hundred, to 200, to 300, to 400, to  
70 500, to a thousand. Before we knew it, there were 2,000 members in it and everybody was turning to Barry, who was supposed to be trying to do something. That was really how the Manx Gas against banding standing charges group, as it was called at that time, came about. It was no more than that. It was just kind of trying to seek information and we kind of grew from there, really.

75 **Q34. The Chair:** What did you expect the group to achieve and have you achieved it?

**Mr Murphy:** Truthfully, in the early days, I did not really know what the group was supposed to be trying to achieve because I did not really know exactly what I was trying to do. But once I realised and once I soon had come to realise – and although I say ‘soon’ it took me a matter of

80 months just to simply find out that Manx Gas had just took it upon themselves to implement banding standing charges and upped my standing charge from 16p to a pound a day. The first project, if you like, the first thing we tried to solve was to get rid of banding standing charges. That is what we initially set about doing.

85 Then, of course, things changed along the way. More and more people got involved. We stood outside the building here with placards and we were always friendly people. We did it the right way. We notified the Police before coming down and we notified Douglas Corporation. And then eventually we decided that maybe Manx Gas were getting off a little bit too easy so we marched down there a couple of times in the freezing cold winter. That is what we tried to do.

90 So we initially set about trying to put an end to banding standing charges, and then over time we realised that some of the MHKs in that particular Government – the previous Government – also had concerns about the 2015 Agreement. It seemed that the previous Hon. Chief Minister, Mr Quayle, also had concerns about the 2015 Agreement. The Gas Regulatory Review Committee was set up in October 2017, and then once that was set up, well then even if I wanted to get out, it would have been difficult because then, as Carlos will remember, I was invited in and I became  
95 part of that. It just went on and on and on.

**Q35. The Chair:** Can you remember who, in terms of the politicians, you had an open dialogue with at this time?

100 **Mr Murphy:** Well, I mean at the time the only real... well it was the Committee, it was the Government –

**The Chair:** Gas Committee.

105 **Mr Murphy:** Gas Regulatory Review Committee, of which the Chair was Hon. Chris Thomas, Hon. Ann Corlett and Hon. Lawrie Hooper were sitting on that Committee. They were who we put our trust in. It was very useful, it was very friendly – certainly compared to the other Committee which I have to attend now and again, which is the Road Transport Licensing Committee – I found it all extremely useful and very friendly. I was nervous going in there, but by the end of the day I  
110 had real faith that there was a real genuine interest to try to listen to what the concerns were.

Then of course I was getting information and advice from people who knew far more about gas regulation and the do's and don'ts about this particular 2015 Agreement, far more than what I understood. As time went on, it became definitely more interesting, but unfortunately it became much more unacceptable about the way that things were handled, and here we are today, six  
115 years later, seven years later, still talking about it.

**Q36. The Chair:** Thank you.

120 We will come on, in a bit more detail, to how unacceptably things were handled, but just keeping on the group, how much time did you and others commit, do you feel, over these past few years?

**Mr Murphy:** I have no idea. I have spent so much time, you have no idea.

I mean, the first thing I had to come to grips with was the 2015 Agreement, so that was the first thing. I had to try to understand what on earth the 2015 Agreement was.

125 All I was really trying to do with the 2015 Agreement was to try to understand the links between banding standing charges. That took forever and a day. And then one night, it was five or six o'clock in the morning – that is not as bad as it sounds by the way, because I do work a lot of nights – I found something online and the answer was there. There was no link. And then because there was no link, then we had to try, if you like, at that point in time to join up all the  
130 dots; to understand exactly how, what, why and when all of this came about.

I have spent so much time, I have not spent – well actually, in fact, in the last week I have spent a huge amount of time – but unfortunately since last year I have not spent as much time because my dad is not very well at the minute and that has taken up most of my time, which is a priority for me anyway. But it has taken up a huge amount of time. It has also taken up quite a bit of financial expense as well. I do not do this for finance. I do this because I made a promise to the group a long time ago that if I was going to start this, I would finish this, and this is what I said I would do, and this is what I intend to try to do, with your help of course.

**Q37. The Chair:** Thank you.

Moving on a little bit to the petition, which is one of the reasons why we are here. It is stated that:

Gas customers were led to believe that [these] repayments/refunds were to be split between Treasury and Manx Gas and repaid in early 2021.

Could you expand on this understanding and where it came from, in your eyes?

**Mr Murphy:** Yes. So 2019 into 2020, the previous Policy and Reform Minister was Hon. Chris Thomas and then sometime in 2020 Mr Thomas was removed from his post and the previous Policy Minister, Mr Harmer, took over that position.

I suppose, when we look at this, we need to kind of break it down into sections. We can definitely take it back to the NERA report, and then we can also take it back to the report that the Government Gas Committee published after the NERA report. I could say without any doubt that the NERA report was taken as what had to be done and even to this very day, much of what is in the NERA report, if not all of what is in the NERA report, is still what we are trying to do and is what is happening.

But with utmost respect, Chair and Committee, I was never party to any conversations. I was always the guy that was on the sidelines and I was always the guy that had to pick up the information as and when the information came out through the media or wherever that might be. And yes, I did meet some political representatives along the way and I am not scared of sending the odd email. I was never party to any conversation.

But it was clear, because there was a letter sent out, that the intention in 2020 was for the Government and Manx Gas to sign another voluntary agreement. Within that, give or take a few pounds, they promised ... well it is on there, £93 in the 2020 Gas bill and similar money for the 2021 Gas bill. That letter came out from Manx Gas and the wording in that is very clear; they were talking about a refund. That is what they were talking about; it is in there, it is plain to see.

But if it is a refund, if somebody talks to me about a refund, as far as I am concerned it is money that they have and they should not have. My real understanding of that would be – I mean I would have questions really to ask about refunds, because I think you cannot look at the refund in isolation. I think there are two lots of refunds which actually has moved on from when that petition started. The first refund – there were actually three refunds. There was the first one that the MUA have taken care of. I do not really have much to say about that. Gas consumers have had money back. A lot of them were expecting a lot more, but it has been explained to me the reasons why the amounts came down and I have no comment or suggestions to make. As I understand it, something had to be done. Something was done. We drew a line under it, and that is as far as I can say about it.

The second part is what should be the ROCE refund. So in 2020, the Government were hoping to agree with Manx Gas a ROCE of around 6.5%, as opposed to 9.99%, up to and including the time of reaching the aforementioned deal. I suppose I should just comment a little bit more on that part of the deal. Well, why do I think we should get a refund? Because everybody agreed that the ROCE was too high. Everybody. I have not met anybody so far in my six years of doing this job that agreed that the ROCE was too high. The ROCE was set too high in 2015. I *am* going to

180 deliberately take 2021 out of the mix because I believe that we could end up going down a  
sympathy road with the local gas company saying that they have had a hard time since 2021  
onwards. That is not really my concern. My concern is what happened in the previous five years,  
and my concern is also what happened at the start of 2020 and all the way right through until the  
185 end of 2020. I do believe that the OFT, on the final year, should have implemented a price review  
and that they were well within their rights to implement a price review. I think, for some reason,  
or whatever reason, they have not done that. They were the captain of the ship and to me it looks  
like they jumped from that ship and they basically left gas consumers to fend for themselves, if  
you like.

So, I would question that as to why the OFT did not conduct a price review when it was duly  
entitled to do so into 2020. I would also question why the OFT did not have some kind of trigger  
190 points into looking at the 2015 Agreement and to look at the ROCE adjustments as they would still  
have had to be repaid into 2021 if Manx Gas were seen to be exceeding their 9.99%. To my  
knowledge, again, the OFT have been ... I am going to use the word negligent, I have nothing to  
lose. I think they have been negligent in their duties unless somebody can tell me differently why  
they have not. I have looked at the books for 2020.

195 Going back to 2020, it is very clear from looking at wholesale charts that at some point in time,  
when people were sat at home during lockdowns, Manx Gas could have been quite easily paying  
only 13p per therm for gas; as opposed to 2016 around 45p per therm for gas; 2017 around 60p  
per therm for gas; similar in 2018 to 2019, about 75p. You have got to remember in all of them  
200 three years there were returns coming back to the customers, there were regulatory adjustments  
coming back to customers, albeit small amounts. But in 2020, actually from the start of 2019 right  
into 2020, pretty much into 2021, wholesale prices were extremely low and to my knowledge,  
these books have never been looked at.

Into 2021, another scandalous thing happened until I contacted the OFT and asked the OFT  
what was going on. Regulatory adjustments were charged to customers in the early part of 2021;  
205 January, February, March into April, I believe, but certainly into March, and we had to get Manx  
Gas to repay them.

So, the question needs to be asked regarding refunds because, yes, it could be the case that  
maybe they were only due to be paid if something was signed up voluntary, but the question  
would then have to be asked, 'Well, what is the difference between signing up a voluntary deal?',  
210 or 'What is the difference in appointing a regulator?' What would Manx Gas have to achieve by  
an either or option? Why is option A better option B? Why did the OFT not look at the books in  
2020?

Why was the ... what was it called? The change process, there was something written into the  
2015 Agreement regarding the change process – when the 2015 Agreement was due to come to  
215 an end, which was in theory 2015. So during 2020, which was the last year it could be in place, the  
OFT could quite clearly have gone in and instigated this change process, which would have looked  
at a whole number of factors, which would have looked at what would have happened, the ROCE  
adjustments in 2021. They could have also looked at profit margins. They could have looked at all  
sorts of stuff, but they decided to do nothing and, as I said to you right at the very start of your  
220 question, it was widely agreed by everybody going way back, and even if we go back – which I was  
looking at this morning –and look at that NERA report and then the Government report that was  
from the Gas Committee that was published afterwards, even Manx Gas, or Mr Ian Plenderleith  
went on record, and he was pretty much saying that NERA would have to be accepted for what it  
was.

225 So why were these refunds not repaid? I do not know the answer why they were not repaid,  
but I would love to know the reason why.

**Q38. The Chair:** It is interesting that you are saying it is widely agreed by everybody. Can you  
just clarify who you mean by that?

230

235 **Mr Murphy:** Well I mean if you go back – so it is certainly widely agreed by me and it is certainly widely agreed by the 2,000-odd people that are within our group, that 9.99% of ROCE was too high. The NERA report said it was too high. They were independent, they said, ‘It might have been just about okay at the time’. I think previously the sell of the 2015 Agreement was the point that the ROCE pre-2015 was around about 10.5% up to around about 11%. So 9.9% was supposed to have been a fantastically good deal.

240 But when NERA came out, NERA was quite clear there were two big problems. Well there are actually loads of different little problems, really. But one of the problems was that NERA was said to be too high, and then there was also the problem with the inter-company loans and finance and within the company it referred to. There were a lot of stuff wrong with NERA.

245 But going back to the 9.99%, NERA agreed it was too high. Then the Government report came out and that came down in favour of NERA, so they said it was too high. Did Manx Gas agree it was ever too high? Probably not. But would they be part of everybody? I suppose they might be part of everybody, but of course they are not going to say it was too high are they?

**Q39. The Chair:** Thank you.

250 In the previous administration you attended, as you mentioned, the former Minister’s Gas Committee to put forward protesters’ views on standing charges which were later abolished (**Mr Murphy:** Yes.) How did you find engaging with the Government on this issue?

255 **Mr Murphy:** To be honest with you, I did not really have much dealings with the Government per se. My dealings were with the Gas Committee. We all know we are sat here in 2022 and I am going way back now to 2016-2017 so, it is quite a long way back, it has been quite a long road. But I have nothing but admiration and respect for Hon. Member of Tynwald, Mr Chris Thomas, and for the Committee, Lawrie Hooper and Anne Corlett. I have nothing but respect. As consumers that is all we had to turn to, and that is what we waited for.

260 I take a different view, I have said on many occasions, to a lot of different people. I have not ever gone out and, verbal guns blazing, started to give anyone a hard time. I definitely think that things could have progressed quicker. I think there was a real failure because with NERA there were clearly two choices to be made there. The Government were either going to go down another voluntary route or else they had the other decision where they could have simply just implemented a regulator. I think, very sadly, that at a very early stage the cost implications of employing a regulator were kind of almost pushed across, and that idea was seen as second nature.

265 **Q40. The Chair:** Do you have any opinions of why it wasn’t progressed quicker?

270 **Mr Murphy:** Well, I mean any negotiator is going to struggle with a gas company that is having a good return through, basically, what is a very bad gas deal. I mean, if I am on a very good deal doing whatever I would do in life and somebody wants to come away and reduce that profit margin down by pretty much 50% and then sort of implies stricter accounting techniques and everything else that goes with it, implements social tariffs and in general just tighten profits, really. I think if I were in that situation, I would probably be reluctant too.

275 I am not saying the Government did not have good intentions. I think the Government did have good intentions but, dare I say it, they messed around for too long and the only losers in all of this are the gas consumers because ... it is just going back to what I said, in 2020 all of this could have been brought to an end, and even though there was a delay, it is still going back to why the OFT did not soften the blow.

280 They could have reduced that ROCE. They should have gone back initially said, look in the future this ROCE is going to be lower. We do not know what is going to happen in the future, because something may well happen. There may well be another voluntary deal, we do not know. But one thing is for sure; that whilst this is ongoing, we cannot allow you to sit on this 9.99%.

285 But it is very important as well to understand, and very important for everyone to understand, that when I put this petition out I was only looking at the ROCE reduction refund. I am now requesting what happened to the regulatory adjustments for 2020, when gas was being sold out at 13p a therm. That is the other part which is not within the petition, but it cannot be forgotten about either.

**Q41. The Chair:** Thank you.

290 It has been a long time since your first gas protest. Did you think that you would still be campaigning here in 2022?

**Mr Murphy:** No, no. That was never the plan.

295 It should never have took this long in fairness, but we have moved on to brighter days now. We have got CURA in the driving seat and, as far as I am aware, I am going back to what I said about the cost of implementing the regulator, I do not think the cost of implementing CURA has really been that damaging to the Government's financial books. I think it is very good, I have had nothing but positive conversations with the new regulator. Once the regulation comes in and this new price increase comes in, whenever that comes in, hopefully it is not going to be too high, but it is nothing to do with me. There is nothing I can do about that.

300 But what I have got to do is I have got to fulfil what I see as my obligations for what happened previously. It is very difficult really to move on with a 2021 regulation if we have not firmly put the 2015 voluntary deal politely and calmly to bed because at the minute it just has not gone that way.

305

**Q42. The Chair:** In terms of your working group and in terms of the Gas Committee as well, what do you think are the lessons that could be learnt from this whole experience?

310 **Mr Murphy:** I think lessons probably already have been learnt. I mean, I think the fact that CURA is now in the driving seat was a very positive step. I think it was more by accident, of course, because I do think from listening to various different Tynwald sittings over time and looking down over the Public Gallery, I think that CURA became about more by accident than by skill. But I will take that because that is what I said all along should happen. I think, in all honesty, if it had gone the other way, I think we would all be so disappointed now.

315 That said, I did go on public record when the Heads of Terms for the 2020 voluntary deal came out and I said they were much better. It is out there, there are videos of me saying that. I have read through it and to me it looked a lot better.

320 But I think the Government have to be able to remove themselves. There cannot be conflicts of interest. Government has to remove themselves out of these conflicts. I think in many ways it has in this instance. CURA, yes, will have affiliations to Government somewhere along the line, but I think in general it is a long way away from direct governance, if you like. So I think that is a good thing.

325 Lessons ... I have moved on from worrying about anything to do with lessons. This was always going to take time, but just because it has taken time, the only lesson really that needs to be learnt is that ... well, let me tell you how I see it. The OFT is going to have to answer questions. They have to answer questions because it is one thing having a delay. A delay should not be a problem at all, because decisions are not made overnight, but with this scenario these decisions that have taken a very long time do have cost implications. They have cost implications for the working fabric of life out there. There are people out there that have struggled since way back, pre-2015 with gas bills. That is the reality.

330

Over time I have had some really heart destroying conversations with members of the public, particularly when banding standing charges came in. At least now people have a choice; if they put their gas on they are going to pay high for it, but if they are struggling a little bit, they can find other ways to ... at least they are still only going to be paying 16p a day. But the lessons, really, I

335 think are not for me and they are probably not for the Committee or even for the ... Hon. Chris Thomas has done his very best. I think everyone has done their best, really.

But the OFT put themselves in a position to be the regulator. They seem to have removed themselves as the consumer champion and put themselves into this position that they were going to be the regulator. Well, that is all well and good, but what happened in 2020? That is where I think the Committee is going to find that lessons should have been learnt because to me, as I say, they jumped the ship and the ship sailed for one year and we still do not know what has happened with that ship right now. We are still looking for it, or certainly I am.

**Q43. The Chair:** Just returning back ... You mentioned about how it was unacceptable how you were treated. Can you elaborate more on that?

**Mr Murphy:** How I was treated?

**The Chair:** How customers were treated, can you elaborate more on that?

**Mr Murphy:** How we were treated ... Gas consumers in general, I think, have just had a ... So much has happened. We can go back to Ofgem price caps. Going way back to 2019, off the top of my head we were paying at least 60% more than the capped customers in the UK at that time. Some customers in the lower charging utility companies in the UK could have been paying much less ... We were paying 60%. What I am saying to you is that would be against the highest paying customers in the UK, but of course some of them would have been paying much less than that. What I am saying is I think we have been paying far too much for gas for a very long time, and whilst that is not okay it gets by on the fact that it was pre 2021, pre Putin, pre Ukraine, pre wholesale hikes, pre just about everything.

As I did say a little while ago, my feet have been on the brakes a little bit in the last few months with this because of the fact that I am on and off the Island so much; I have to be, and that will not change any time soon, probably. But they were the good times. My mum used to always say to me 'Save for a rainy day.' Well, when we should have been saving for a rainy day was over the last six years, and now we have got a rainy day ... We have had the rainy days for six years, although they should have been sunny days because when wholesale gas was 13p a therm and we were paying over and above ... I have absolutely no idea, even from 2018-19, why we were paying regulatory adjustments to Manx Gas. I have no idea how that could be. I have no idea where all this money has gone; I will never know. I am not sure the Committee will ever know. But now we have a situation where, if we were paying a lot before, we are now paying more since late last year and we are going to be paying more again.

So yes, I guess with the new regulator we are only probably going to be paying more, what we probably should be paying or what we should have been paying, but what happened before this? This is why this refund is so important, because if we are entitled to get something back, which in many ways would be compensation for overpaying, it is that money then that we can use for the really hard days ahead.

So I suppose, to go back to your question, it is not that we have been treated really badly by anyone in particular – I have never said that, but I have always said that I believe that Government, or possibly Cabinet Office in the previous administration, were simply led down the garden path by professionals and they fell for it. That is fine if there was a mechanism in place to compensate customers while this debacle was going ahead, but clearly there was not. There was nobody at the wheel, the OFT had jumped off the ship, and that is the problem.

**Q44. The Chair:** Mr Wannenburg is the current OFT Chair. However, the events were before his tenure just to clarify for the record.

**Mr Murphy:** I completely understand that.

**Q45. The Chair:** You have mentioned that, obviously, in your eyes the OFT could have done a price review at the end of 2020 and also they should have implemented trigger points. Is there anything else the OFT could have done?

390

**Mr Murphy:** A price review at the beginning of 2020, I think I said.

**The Chair:** Yes, sorry, the beginning of 2020 – my apologies. Is there anything else the OFT could have done differently?

395

**Mr Murphy:** There was ... what was it called again? I cannot even think what it was called now. I mentioned it earlier on, the fixing part where they could have just looked at the 2015 Agreement and planned for the future about what was going to happen. Clearly at that stage the plan was for another voluntary deal, and that was seen to be the way that things were going, but within that 2015 Agreement there was a framework where there could be a preparation for the transition. For the life of me I cannot think of the word. I will think of it and I will send it in to you anyway –

400

**The Chair:** Yes, absolutely you can.

405

**Mr Murphy:** – but that should have been done. There was no preparation for the transition, about what would happen if that Agreement was going to come to an end in 2020, which it did, and certainly when the notice period was handed in, in mid-2020, nothing happened, so the question would have to be asked why nothing happened. Were the OFT instructed by somebody within Government to step back? Did they have a legal obligation to step back, or did they have a legal obligation to fulfil the remit of that 2015 Agreement? I honestly do not know, Chair, what should have happened, I really do not, because I was never party to any of these conversations that went on.

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All I know is what everyone else knows: that there was a refund promised, it was a two-part refund, part came back through the MUA, Manx Gas said they were going to pay the other half back but they did not pay it back because they were unhappy that a regulator was implemented. But there was no care taken of the transition period – and I mean no care. It is like there was nobody in charge almost for all of 2020, from what I can see of it.

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**The Chair:** Mr Moorhouse, would you like to ask a few questions?

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**Q46. Mr Moorhouse:** Thank you, yes, I want to ask three or four questions now that are really linking back to questions we asked Mr Thomas on Friday, but we would like to hear your perspective on them.

The first one is linking back to your petition. You mention there was much discontentment from 2016 to 2019. In terms of that frustration, is this still existing? And given the pricing system at the moment, do you feel it could come back?

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**Mr Murphy:** Yes, 2015 up to 2019, from memory, the banding standing charges were removed ... The Government Gas Committee report was published in 2019 and I remember sitting in my car somewhere in Douglas listening to Manx Radio and it was announced that banding standing charges had been removed. That was the first big plus for us, so 2015, 2016, all the way up to 2019 there was ... Initially, the frustration with banding standing charges was simply that what most people never seemed to understand about them was that they were basically banded over a five-year average, and so from 2015, when they were implemented, you would have to take the back end of 2015, 2016. So from 2011 right up to that time, which was the first year they would have had to go on, that is how the bands came about. That is how Manx Gas would have set a band. So it made no difference.

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440 Say if I bought your house and you were a high gas user and I was a low gas user, if we swapped house, you would come into my house and you would be on a low band, but because you had enjoyed heat for four years, then I would have to go on your band. This was the thing, but the idea then would be that every year one band would drop off, so in 2016 the first of the five-year bands would drop off and then in 2017 a drop-off, and that was how it was supposed to work off. But if you went over a particular unit, you could essentially find yourself in a slightly higher – well, not slightly, in a higher – band, depending on how much your usage would be. Of course, that was frustrating because people did not really, first of all, understand how the banding standing charge was supposed to work, and I was trying to explain that was how it was going to work. But at a very ... not an early stage but a fairly early stage, probably within about a year and a half to two years, Manx Gas had to agree that they would not band anyone up anymore, until such a time that the Government decided on what they were going to do with the gas report, when the gas report came out and what was going to happen about banding etc. So there was a lot of frustration, and that was largely the first part of frustration. It was really not knowing exactly, from one year to the next year, how much standing charge you would be paying, because it could be hundreds of pounds.

455 **Q47. Mr Moorhouse:** And during that period people actually acted: they went on marches. You were vocal; people listened. Do you think that time will come again, or have we moved away from that adversarial situation? Have we gone more towards solutions now? Is that still the undercurrent you are worried about? How do you feel things are?

460 **Mr Murphy:** Yes. For me, having these protests ... All I was simply trying to do was to say that we were not going to accept that, people were not going to accept that – not without any warning, not without any notification, not without any understanding.

465 There was a lot of frustration, of course, towards the OFT at that time as well, because the OFT were no longer seen as the consumer champion for gas consumers. They were seen as something else, they were the regulator, so gas consumers no longer had a consumer champion they could turn to in times of dispute or whatever. So it did move. Certainly I moved, but 2018-19 probably was about the last time that I organised any protest gathering at all in Douglas, because in all honesty, truthfully it was very difficult to get anyone to turn up. People just did not want to know, and they largely said, 'Well, it's not going to achieve anything anyway.' But I think it definitely achieved something.

470 Then, to move on to where we are right now, we have spoken in great detail about the bit in between, where the Government was trying to sign off another voluntary deal and then banding was removed, and then we went back to the old pricing tariff structure and everything like that, so everything calmed down a little bit. But where we are right now is the transition period between the price fixing regulations – the tariff fixing regulations of 2021 – and the implementation of the new regulations which were passed in Tynwald last month. What I have been trying, in a friendly way, to pass over to the CEO of CURA is that I just think that maybe he needs to get out there and do a few little interviews and get out to people exactly what this is going to mean, because I think people are really scared because they do not really know what it all means.

480 I know Tynwald had a vote – I do not know whether it was a vote this month or last month; it was this month, I think, the vote for the new gas regulation – but even at that it seems that it was quite a topical debate, where some people think introducing the regulations now is a good thing and some people clearly have reservations about it. The feeling on the street, of course, is measured by the feeling in here. If the feeling in here is not warm and spirited and positive, the feeling out there is going to be exactly the same.

I have put a little post on the Facebook group this morning from some information I have had from the CEO of CURA – and he agreed 100% that I could share that on the group. To me, it is all positive. People are scared about what is going to happen with the price of gas – they really are –

490 but I think most people would have to understand that the local utility company has to make a  
profit. As long as they are a private company selling gas here on the Isle of Man, if the wholesale  
markets are up, the retail price is up; if the wholesale market comes down, the retail price should  
come down. Unfortunately, that was not the case with the 2015 Agreement, as we have said,  
495 when the gas was being sold for 13p a therm, but that is one of the things we are hoping to  
achieve.

I hope that the future is going to be good, I really do. I feel positive. I hope that answers your  
question.

**Q48. Mr Moorhouse:** Yes. You have given us a really good insight into the changing situation.  
500 In terms of Government making their £58 contribution, that has been seen as a positive thing, but  
we have still got the issue with Manx Gas. You mentioned that it cannot be forgotten. We have  
also made reference to the issues we have currently. Do you see there being a solution to that  
payment that should have been made, or is it –?

505 **Mr Murphy:** I am going to tell you what I think. I think the previous Chair of the OFT will have  
to be invited in to give his opinion on it. I think Manx Gas will have to be invited in to give their  
opinion on it. I have given you my opinion on it. The problem with me is it is just an opinion; I was  
never party to any of these talks. All I can see is what is in front of me, so I look at the 2015  
Agreement and it was ...

510 Earlier on, I was trying to think of the word: it was the change process. I could not think what  
it was because, in fairness, I had never heard of a change process before; it is quite a new thing.  
But the change process was actually drawn into that 2015 Agreement and the change process, it  
seems, was never used, but the change process was mostly put in there for the transition period,  
for the bit where the agreement was going to come to an end or where there was going to be a  
515 change in ROCE or a change in the terms, or a change in anything. That was what the change  
process was put in there for. The OFT were clearly very aware that there was a change process  
there, but for some reason they never implemented a change process.

I have now slightly gone off topic. Remind me, go on.

520 **Q49. Mr Moorhouse:** It is just in terms of those rebates – as time has moved on and it has  
become more challenging, in some respects, for Manx Gas just to compete and provide the  
energy – is it realistic to actually say those historic rebates should still be paid, should we still be  
working on that?

525 **Mr Murphy:** I think so. I should not hold back. The thing is, for somebody like me, who is just a  
lay person off the street ... I come in here and everything I say is recorded and documented and  
everything else, and I have a choice: I either tell you what I think or I beat around the bush and  
walk off and think ‘Why didn’t I say that?’ My whole purpose here today, and for the last year or  
year and a half since banding standing charges were kicked into touch, has purely and simply been  
530 to ensure that if money was due, the money should be paid back.

**Mr Moorhouse:** So is it the right point to –?

535 **Mr Murphy:** Let me just ... I have to get this across. This is really difficult for me to get across,  
because it is really blunt what I have to say. I am going to say that there has been an element of  
negligence on behalf of the OFT, and I believe that right from day one the local gas company,  
Manx Gas, have played this 100%. They have known all this. They know that their accounts have  
not been overseen by the OFT for 2020, but why haven’t they even come forward and said, ‘Here,  
have a look at these accounts because we think we might owe gas customers some money for the  
540 regulatory adjustments’?

545 The thing is we cannot move on to 2021. What happens in 2021 is completely separate to what happens before. I would not be able to represent a gas group, or what is now a utility group, and turn around to the members within that group and say, 'Hang on a minute, we need to cut the gas company a little bit of slack, even though they have not been very kind to us for the previous five years.'

550 So what I say to you, Mr Moorhouse, is simply this. If there has been an element of negligence by the OFT – and only time will tell whether there has or has not been – maybe it is not a refund from Manx Gas we are looking at, at all; maybe it is compensation we are looking at. That is maybe what we are looking at here – and who has to pay the compensation? Well, clearly not Manx Gas. Maybe it should be the Government that have to be paying it back. One thing is 100% sure: I have not been negligent and the members in my gas group have not been negligent. Whatever comes back right now, I am going to be totally clear. I am way down, financially, in all of this: fuel, paper, ink, time off work marching up and down. I was even providing cake, biscuits and soft drinks to people outside Roebuck House three or four years ago. I am not doing this for any financial gain.

555 We can call it what we like at this stage. We can call it refunds. We have ROCE refunds, we have regulatory adjustment refunds, and if they are not going to come forward by anything that was not done by the regulator, by the OFT, from 2020 onwards, they can no longer be classed as refunds or rebates. Then we would have to question if there has been negligence, and, if there has been negligence, normally the only way to put negligence correct is by compensation. Either way, gas consumers have been left in the lurch and somebody needs to see them right. That is what I really believe and think.

**Q50. Mr Moorhouse:** Thank you for that.

565 The next question, in a way, is not quite fitting with what you said, but it is still worth asking. In terms of the rebate in 2020 seen as fair, do you still think it is fair in 2020, given all you have said in that last section, it being a separate entity which is equally valuable? Just in terms of the fairness of that agreement in 2020, does that still hold, that it should take place now?

570 **Mr Murphy:** It is 2020-21 we are talking about, isn't it? (**Mr Moorhouse:** Yes.) We are not looking for refunds for 2019-20, are we? (**Mr Moorhouse:** No.) We are looking for refunds for 2020-21 and you are asking me if I still think the 2021 is fair?

575 **Q51. Mr Moorhouse:** Yes. Given the situation you thought was fair then and it was agreed, should it still be viewed in those in 2022?

580 **Mr Murphy:** Well, yes, because ... I had to think about that, then. Yes, because ... And so why? I cannot just say yes and we will move on to the next one. Yes, because the ROCE would have been less. Under the new regulations, the ROCE is 5.49%, I think, on the actual gas business itself, and I think it is 2% on retail. If you add the two of them up, it comes out at around about 6.4% or 6.5% because, apparently, mathematicians cannot add two numbers together – you have to add a bit and then take a bit off. So yes, because you are only going on what the ROCE would have been. If the OFT had come in and set the ROCE during that transition period – which it was entitled to do – at the start of 2020, because that was the final year; that is what that year was supposed to do – it was completely clear. And I am right in saying you were part of the last administration as well, 585 so you say you may or may not agree, and you do not have to agree here but you may or may not agree that it was probably pretty clear in Tynwald during the previous administration that something was going to happen, that 2015 Agreement was definitely going to go, no matter what, and the OFT would have known that that 2015 Agreement was going to go no matter what. It was also probably clear, I think, to everyone within Tynwald that when that 2015 Agreement went, 590 the future ROCE was going to be considerably less. That would have been clear to the OFT too, and it would have also been clear to Manx Gas.

I guess your question was probably trying to lean me towards whether I should be sympathetic because the price of gas has gone through the roof. Well, I would like to say I would be sympathetic, but I have not really had much sympathy any time I have rung Manx Gas over the previous six years, so I would have to say it should definitely be refunded, yes.

**Q52. The Chair:** Thank you. Do you think the Utility Customers Working Group has a useful role to put public pressure on Manx Gas to pay the promised rebate?

**Mr Murphy:** Chair, I do not think our gas group can put pressure on anybody. There are very few people within that gas group who have any idea what on earth I am actually doing right now, because for most people they had a refund. When the MUA refunded people some money in 2021, they think they have had their refund. Then there was this other thing when Manx Gas were still charging regulatory adjustments in 2021 for three months, which they had no entitlement to do. Then people were refunded £3 or £4 in April 2021 and they thought that that money was the refund that everybody was talking about. It is probably true to say that the vast majority of people probably think ‘We have had our refunds – what is this guy going on about right now?’ Most people do not understand this anymore. Most people do not have ... I am not going to even say ‘the enthusiasm’ for this that I have. If I look enthusiastic, it is not that I am – I am not actually that enthusiastic anymore, I really am not.

Our gas group has a little ... I have changed it now to ‘utilities’. I think that the Government themselves really have to be looking at the price of utilities across the board and there needs to be a little bit less spending on stuff maybe where there could be less spending and a little bit more looking after people who really need to keep warm or really need to keep the lights on and really need to keep the water flowing, the toilet flushing, or whatever the case may be, phones or whatever. When it comes down to utilities, utilities are drastically important.

Part of what I am trying to do in this little bit of time that I have on any given day is to try to find out just how much money Government actually makes on every unit of utility, whatever way it is measured on any given day. I do not share the same anger with people when they go down to the local forecourt and they are paying £1.69 for a litre of diesel or petrol, or whatever they are buying, and they are saying, ‘Oh, look at those robbing people,’ because I am clued up to the idea that the poor man who owns that garage is only making 12p to 20p per litre, and the reality is that the Government are making way over £1 on it, and they have done nothing to put it there. What have they done to put it there? Nothing at all. It is shipped in by a company, it is transported somewhere else by a company, it is put into a garage by a company that pays all the maintenance on the pumps and everything else, and then the man goes in and puts it in his car – the Government still have nothing to do with any of that – goes and pays the money and then the Government come along and take huge amounts of that profit.

All I am really trying to do is move away from the whole Manx Gas thing, because in all honesty – I have said from the start – Manx Gas have done nothing particularly wrong; all they have done is just lead the Government down the garden path. That has more to do with the Government; that has nothing to do with me.

What I want to do is try to find out ... I will try to work on some kind of an idea as to whether or not a caring government ... whether the Isle of Man could be probably the first ever caring Government, could lead the way and just understand that utilities are important. They are important to people’s health, they are important to people’s wealth, they are important to people’s integrity, and everything about utilities, whatever the utility is ... Maybe the Government now should start saying ‘We are going to spend a little bit less on a few different things to give a little bit more back.’ I just want to understand the figures a little bit; that is all I want to do, because at the minute I have no idea about figures. I am in exactly the same situation with figures for utilities now as I was when I started the gas group back in 2015 and I knew nothing at all about gas, but I will find out.

**The Chair:** Thank you.

645 Mr John Wannenburgh.

**Q53. Mr Wannenburgh:** Thank you.

650 May I just put on record that I really admire the way you grow and change. It is a really good thing.

**Mr Murphy:** Thank you, sir.

**Q54. Mr Wannenburgh:** With ongoing global instability there will be knock-on effects for gas and utility prices. In your view, what should consumers expect of their politicians at this time?

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**Mr Murphy:** I think it is probably what I was pointing towards a minute ago. I think that politicians really need to ... If I were a politician looking at ... Can we call them utilities? Let's move away from just gas, because it is unfair to be categorising gas and not looking at electricity and everything else that goes with it.

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I think the politicians really need to be looking at how much money Government makes and whether or not the returns that Government makes on a weekly, monthly or annual basis really are fair, given the current situation. I just think that we are living in unprecedented times. It is not a silly person, but it is a slightly naive person that can ignore inflation and what inflation can do. Inflation is a problem right now, whether it is inflation from utilities, whether it is inflation from rent, whether it is inflation for food. Everything is linked and everything is also linked to the price of utilities, and if worldwide utilities go up, everything is inflated from that, so all the Government can do is really just look for maybe a year or two years and say, 'Is there anything that we can do?' I do not know what it could be. Maybe it could be a grant.

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In actual fact, that is something I wanted to say. I cannot think what it is called now, but there is a grant scheme for heat. What is the scheme called? The heat something scheme that is in there at the minute, that people can apply for – it was extended recently as well. The winter heating allowance scheme?

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**Q55. The Chair:** Winter Fuel Allowance.

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**Mr Murphy:** I had a little look at that recently. It is disgraceful, the way that you have to apply for it – not that I was ever going to apply for it, although sometimes I think I could do with applying for it, because in all honesty I have had better financial years. The form to apply for it is so intense, so deep, so complicated and so personal, in order to get a little bit of money from the Government to pay towards a little bit of heat or a little bit of coal, or whatever it actually is. I know people have an idea or people think or say, wherever they might say it, that Government makes things complicated almost like they do not want people to come and get whatever it is that they feel they might want to come and get, but that winter allowance scheme ... You need to have a little look at it some time. It is so complicated. I would not bother filling it out, and I am pretty good at filling forms out. The information that the Government needs to approve a little bit of money to help the most vulnerable people out just shows a lack of heart and a lack of compassion. The Government needs to make things a little bit easier for people in times of crisis, not make it more difficult. That is just one example; I am sure there are other examples.

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I suppose there is going to have to be a level on VAT. If the price of fuel, for instance, goes up and the price of gas keeps going up and the price of everything goes up, there will have to be a cap on VAT at some point, and there may have to be a reduction in excise. I know that the Isle of Man is tied into a VAT sharing agreement with the UK and I do not know how that works, but heads are going to have to be knocked together because people had very little extra money to spend pre 2022, and I think at the minute it is just the tip of the iceberg of what is going to happen. I really worry about it.

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**Q56. The Chair:** Do you think Government are out of touch?

**Mr Murphy:** No, I do not think Government are out of touch. I think they are very in touch. I –

700 **Q57. The Chair:** Let me clarify that. Do you think Government are out of touch in terms of knowing the difficulty of the situation that you have just explained and that they are not taking this into consideration for the people who are most vulnerable? Do you think that they could do better?

705 **Mr Murphy:** I think when COVID lockdowns etc. came about and self-employed people had a really tough time, the Government were very much in touch. And credit to Chief Minister Alfred Cannan, I think his finger was bang on the pulse. I think Government were completely in touch. But it is very difficult.

In all honesty, I could not see how the Government could be out of touch with something as  
710 simple as some people earn the minimum wage and some people earn less than that. Some people are on benefits, some people earn really well and some people are just never going to have to worry again. I could not see how any government could be out of touch with something like that.

I think the Government could maybe pretend that it does not understand, but in a big country  
715 where there is a big population, governments could be forgiven for probably not caring too much. Many years ago, when I lived in London and you queue up for a half an hour just to go into an office to see anybody, there is no personal touch there, but in a place like the Isle of Man I do think definitely politicians, MHKs, Ministers, that they will definitely probably be advised to show some compassion and to understand the really important issues and the fact that people really are struggling. Because we all know everybody here. I walk up and down the street and I could  
720 see you in Tesco's, I could see you in Castletown Square, or I could see Carlos up the north of the Island – I do not know where I would see Mr Wannenburgh – but this is the reality. We are a very small Island and we all know each other.

I think most of the time it does not really matter if the governments are in touch or out of  
725 touch because, up to recently, people have just in general managed very well, but inflation is now biting deep and there is a real wrench on it. Somebody somewhere needs to act, whether that be that the odd pothole in a rural area maybe does not get filled in for a year and they could use that money towards providing an extra meal for Meals on Wheels or whatever it might be – I do not know what it would be – but for the next couple of years I think there is going to be a real tight squeeze and Government needs to be seen to be doing something a little bit more, I think.  
730 That is what Government is there for, I believe.

**The Chair:** Thank you.  
Mr Wannenburgh.

735 **Q58. Mr Wannenburgh:** In his recent evidence to us, Chris Thomas MHK spoke of the continued need to attract investors for the Island's utilities infrastructure. In your opinion, do consumers' feedback groups like yours have a constructive role to play?

**Mr Murphy:** In attracting major players to the Isle of Man? (**Mr Wannenburgh:** Yes.) I probably  
740 would have to say no. I do not really see how a group like mine could have an active role to play. I think it probably goes back in many ways to the answer to the last question. If anything, what the whole gas saga has shown is that private enterprise needs to make a profit and Government should definitely be encouraging private enterprise to come into the Isle of Man, to invest in the Isle of Man and to make a profit, but I think that people are, with the advent of social media and  
745 with the advent of news outlets and everything else, becoming very clever to the fact that governments are not really removed from the problems.

750 Groups like mine are not there to assist or to promote the Isle of Man in any kind of a way. I have always tried to call things the way they are. If I see something positive, like I did this morning when I had the information come back from CURA, that is all positive stuff and of course, when I get positive news, I post positive news, and coming here today to me was also positive – I post nothing but positive news.

755 But the real thing I am very aware of is that people are very busy in their everyday lives out there. People are busy working, people are busy trying to look after families, and occasionally they look at Facebook and everything else. But I could not really see how a group like mine would have much benefit in encouraging any kind of interest in the Isle of Man. I do not think I ever really set it up for that and it is certainly not a route I would like to go down.

760 My focus is on that, if I do keep it going, because I am the only administrator on there – me and my wife, actually, but she is only there ... kind of extra – it is really just to keep an eye on the prices of utilities. It is nothing more than that. There are other political groups on the Isle of Man and in fairness, they may have a stronger place to play than my group, but I do not think mine has.

**Q59. Mr Wannenburgh:** Okay. Thank you.

765 Climate change will continue to change the Island's energy sources, moving away from fossil fuels to renewables. Do you think consumers are ready for the change ahead?

**Mr Murphy:** I think it needs to be put on hold – there you are, that is a tough one to come across, isn't it? But I think we need to be very careful about how quick we move towards this big climate change adjustment. I really do. That is not to say I have studied it in any great detail or I really know a great deal about what the plans for the Isle of Man are moving forward, but at the minute what I see is a whole lot of talk about this move towards green energy, but at the end of the day we still have a power station that is generating on gas. We are still oil burners and gas burners. We have some houses that have got electric boilers, they are still generating on gas because you need gas to generate the electricity.

770 I think there are more and more calling at the minute for Crogga, for instance, to be actually explored. It does not have to be a solution for the next hundred years or whatever, but I think something needs to be explored because if we are saying today that people are going to be literally freezing to death in their houses next winter, we are very lucky here in the Isle of Man we have got to April without any major increases on gas. Yes, we did have 23/24%, but in fairness that was towards the end of the winter as well. I have grave reservations about this big change, going green. 780 I think it is a good idea for the future, possibly, but then some people think it is not such a great idea because some people do not believe it. I am somewhere in the middle. I do not know enough about it. I am not one of these people who claims to know stuff that I know nothing about, but I do think the real priority at the minute is just for people to stay warm – keep the lights on, and stay warm.

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**Q60. Mr Wannenburgh:** I agree with you. (**Mr Murphy:** Thank you.)

Finally, from me, will price always be the main focus or do you think climate action and green living might inform a change of different views from consumers?

790 **Mr Murphy:** I think, as I said, one answer probably leads into the next, and again, I have to put on record I am no expert – I know a lot about the 2015 Gas Agreement, but I am no expert in all things green – but I think anything, in any given situation where you are dealing with huge inflation ... What is the recent inflation figure for the Isle of Man? Are we up to 6% per annum or something now? We have got to be pushing towards that. I think that the push towards green energy is a very worthy cause, and good for the people who are pushing it. I am not one of those people. All I am doing is pushing for a refund on gas today, and a closure to the 2015 Gas Agreement, but I do think that people have to really seriously consider inflationary problems. 795

800 The people sometimes who scream the loudest for great change, unless they fully understand  
how economics work in the background, they could end up very disappointed themselves,  
(**Mr Wannenburg:** Yes.) because it is fine on a Monday to be screaming from the highest building  
that, 'I want to change this and I want to change that', but a year down the line, if you are freezing  
to death and you have not got a job and you have not got anything going on for you, and everyone  
is the same, and everyone is looking at you saying, 'Well, hang on a minute, you caused all that',  
it is no good then to stand back and say, 'Oh, you know what, I wish I hadn't have done it.'

805 Yes, of course Government have to listen to various different opinions and various different  
voices and probably come out with something somewhere in the middle, because at the end of  
the day the Government is there to serve, the Government are not there to tell the people what  
to do, certainly not in a democracy, but we cannot ignore inflation. And I just would have a real  
fear that if this, not 'the brakes are put on' the green ... but there has to be, again, it is going back  
810 even to what we were talking about earlier on, there has to be a transition. You cannot just jump  
off the *Ben-my-Chree* when it is out in the water some way, and somehow jump onto the land.  
You need to have that bridge to somehow transition you across and I worry a little bit that maybe  
at the minute there is no transition. I do not see it myself, but maybe I am wrong – I am not  
working in Government, so I would not see it.

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**Mr Wannenburg:** Well, thank you.

**Mr Murphy:** No, thank you, sir.

820 **Q61. The Chair:** Thank you.

With unprecedented high prices, do you feel more might be done to balance or offset the  
impact on struggling Island consumers?

825 **Mr Murphy:** I think something has to be done, yes. I do. I think something definitely has to be  
done. I think we touched on that a little bit earlier on, something has to be done.

But I do think that when Hon. Chris Thomas was here the other day, he said that he was leaning  
towards that this subject that your good Committee are dealing with needs to be made a priority.  
It does really because I think times are vital with all of this. But I do think, even if it was just that  
£100, which was promised, not promised, call it what you like, and taking into account all of the  
830 stuff that we talked about, even that £100, of reductions in some kinds of taxes, excise, whatever  
it is that the Government are charging for whatever, if they can be reduced in the shorter term,  
just to get through this. Of course the Government has to have money coming in all the time,  
everybody gets that, but something I think will have to be done and calls for something to be done  
will probably become louder and louder over time. That is my thinking on it anyway.

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**Q62. The Chair:** Thank you.

In your view, is enough done to signpost struggling customers towards help, such as debt  
counselling or longer repayment plans?

840 **Mr Murphy:** There was something within the NERA report ... not something within the NERA  
report, it was written within the NERA report that priority should be given to something like the  
social tariff. So to bring us back to gas and whether that could be drawn then into, say, electricity  
or whether that could be ... I do not know about telephone, because I am not so sure that  
telephones are classed as an essential item, but certainly electric and gas and probably waste and  
845 water and stuff like that, which are essential. There were two recommendations that were written  
within NERA. One was for a social tariff and the other one was a choice of tariffs. We have seen it  
is not always the case that one rule fits all. You go down to the local phone shop here in town, one  
of the two local phone shops in town, you can pick up whichever tariff you want – you probably  
have a choice of three or four tariffs.

850 I said on many occasions, going back to gas, that when banding was removed, for some people,  
it may have suited them better. It would not have suited me better because I know how it was  
supposed to work, but some people accused me at the time of getting involved and changing  
something that would suit them better. It was only suiting them better, of course, because the  
855 local gas company had to agree that they would not band anyone up, so people could use as much  
gas and stay on the same band or use less gas and come down. The third option, which was the  
one that was going to make them a lot of money down there, was to actually band up. So that is  
one thing: there should maybe be a choice of different tariffs for electric customers or for gas  
customers or for any other customers, and also maybe a social tariff, which has never really been  
860 properly looked at, but it could be something like that maybe the Government subsidise it slightly,  
because clearly the energy company still has to make money. And maybe if it could be 70% paid  
by people who can prove that they are at a lower income, and maybe 30% – just chucking a  
number out there – by Government. Of course, it would not have to be a permanent thing. It could  
be maybe put in place for three, four or five years or something like that to get us through this  
hurricane that we are in, but there are definitely little things that the Government can do for sure,  
865 I would say, across the board.

**Q63. The Chair:** Thank you.

Do you think the Government engages well with groups like the ones that you have? Do you  
think –?

870

**Mr Murphy:** Yes, Government have engaged very well with my group. I cannot say about other  
groups.

My little group I do, I run, is all for free speech, but we do not tolerate any bad language – well,  
I do not. I do not tolerate any bad language and I do not tolerate any hate speech towards  
875 anybody, whether they be other members, whether they are politicians, whether it is the OFT,  
whether it is Manx Gas – I will not tolerate it. I have even got to the point now where something  
happened last week, and somebody was using language, I am not even going to tolerate bad  
language anymore.

So I think, because of the way I have run my group, that the Government have been very good  
880 and forthcoming and productive and advantageous. I am here today, this did not have to happen,  
it could have been just ignored. I have nothing but good things to say, really, overall. I am critical  
of how long it has taken, but that is not the fault of this Government. That is partly the fault of the  
previous negotiating team, who were told on many occasions – I have sat in Tynwald when they  
were told – I am not going to mention the name of who said it, but that MHK, who is now in the  
885 previous administration, said, ‘We’re not going to get a deal. Just forget it. Let’s just get this thing  
done because the only people losing are the gas customers.’ But that is not due to malice or that  
is not due to any kind of bad intent by the Government. It was just one of those things. But it does  
not mean it cannot be put right.

890 **Q64. The Chair:** The principle of fairness appears central to a lot of these issues. With gas now  
regulated, do you think the regulator, CURA, now offers consumers that fairness?

**Mr Murphy:** I think it is looking that way. It is looking like it is borne out of what NERA were  
saying. I am going to be focusing in some detail about what happens with the Government’s own  
895 gas bills. That was something that sounds a bit strange or a bit bizarre to say about ‘the  
Government’s gas bill’, but the Government is actually the biggest gas customer on the Isle of Man  
and they were getting gas at a phenomenally low rate for a very long time. I could never quite  
work out exactly why they were getting gas so low for such a very long time, but it seems like they  
were on some kind of a special variable rate. We go back to 2020, when gas was 13p a therm, I  
900 said on many occasions I think that domestic consumers were subsidising the Government’s own  
gas bill, because I could not, in all honesty, see how Manx Gas were making any money out of the

50-odd per cent of gas that they were selling to the Isle of Man Government at that time. I could not; I do not think anyone else could. There was a previous MHK who did some videos and some publicly available recordings on the matter and he would have known more than what I knew, because he was within the Government at that time.

905 So I will be keeping a little watchful eye on that. Certainly if we look at what the regulations say now, the idea is that the people who use the most should be not ... Let's put it this way: there should be no cross-subsidisation between different customers. Everyone should be paying a fair amount, and it is supposed to go on the idea that if the wholesale prices are high, the retail price 910 unfortunately will be high, but if the wholesale price hopefully comes down – it is a little bit bad timing all of this of course – the retail price comes down. The intercompany loans, which was one of the biggest worries of the NERA report, all that is gone. There is going to be much more accountability I think of how Manx Gas accounts are going to work in the future. We are also told that it is only the start of regulation, that there is more to come. I do not know when that is, but I 915 think it is looking good.

**Q65. The Chair:** Yes. On that note, do you believe in wider energy regulation? And in that aspect, what do you think we can take from lessons learnt with Manx Gas, if we move this out wider to MUA, etc.?

920 **Mr Murphy:** Yes, it is difficult again, because I am just the guy who runs the gas groups, but I think just to leave Manx Gas as the solely regulated party in town is going to seem a little bit unfair now. I think that may be they might be thinking, 'Well, hang on, if we're regulated, why is nobody else regulated?' It would not be a bad thing.

925 I know it would take a long time to get to that point, but even something that happened to me recently in Ireland – I have told you I have been in Ireland quite a lot recently, and I have problems over there with trying to get my phone to do certain things which are not important for the sake of this. But I do think that across the board there are improvements that could be made and if we had a regulator in place where customers could go back to that regulator and say, 'Well, this isn't 930 right and that's not right and we can improve this, this and this', overall, it is only advantageous if that were to happen. But it would have to be done right, and I do not know how much scope there would be for somebody like CURA to take on more, because I am guessing at the minute they are probably pretty busy up there.

935 But we have to be very mindful, of course, that the MUA is Government. The MUA, of course, cannot be seen to be getting special priority and treatment in all of this either, because that would not be fair. I am not going to comment on it, but something that Hon. Member Chris Thomas said last week, about the network cost had now been repaid, and that needed looking at. I would only be pretending if I fully understood it, but I think I understand enough to know that these kind of things need looking at and the only real way that all these things can be looked at properly in the 940 longer term is through a regulator. There needs to be fairness, and I worry sometimes that the poor old consumer has just been let down.

945 And with respect to Mr Wannenburg, and of course I fully understand he is new to the OFT, I think one thing, sadly, that the gas six years has done is people have lost faith in their good old consumer champion. 'Toothless' is the word I kept hearing, and it was very sad to hear it. It was not something I ever said but this is what people were calling it: toothless, powerless, weak. They were chucked into that position and they have a lot of coming back to do from that.

950 So I think that is something that can ever happen again. The OFT can ever be put into a position where it should be becoming a regulator for a gas utility company or any other kind of regulator. They need to be put back into the original thing that I used them for, way back in probably 1997 when I bought a dodgy car and I needed to get my money back. I rang the OFT and they were very good. I think that is what the OFT is about. It is the consumer champion when things go wrong. I am not sure they were ever put there to be regulating a utility company, but that is my opinion.

955 **Q66. The Chair:** Do you think that Manx Gas could repair the consumer relationship by affording the rebate? Do you think that would help?

960 **Mr Murphy:** I think, from my perspective, it is all they really need to do, (**The Chair:** And they –) because I said to you, Chair, I have never been the person to shout and scream and say bad things about Manx Gas or anyone. Yes, I led protests down there and marched up and down outside the building and had cars honking and hooting, and I did all that. Yes, I did; and it is not something I am proud of, it is just something I did because something needed doing. But I think that it is what I said earlier on, I would be letting myself down, I would be letting the group down, I would be letting the Committee down, if I was to just say for some reason that Manx Gas are solely to blame. They have done nothing wrong. They signed a deal in 2015 which was a very good deal, and it allowed them to make millions and millions and millions and millions of pounds. They tried to hang on to that deal, and do you know what? Good for them. Why not? They have done nothing wrong.

970 Why did the OFT jump off the ship in 2020, though? Why did they just say, ‘Ah, do you know what, we’re not having any more to do with that?’ That is a better question. Why were the accounts not audited at the end of 2020? That is a better question. Why were the customers paying regulatory payments in January 2021, February 2021 and March 2021? Why were we paying that, until I rang the OFT and said, ‘Don’t charge it’? That is a better question. Did they make excessive profits in 2020? That is a better question. If they did, where is the money? That is a better question. Should they pay back the money? Well, I believe they should.

975 Was there an agreement between the Government and Manx Gas that said that if it is voluntary or if its regulatory, whichever route we are going to go down – because clearly it was going to go one of two ways, that option was always there – was there something agreed legally, lawfully binding, that said that that money would have to be paid back? I do not know. Somebody does know. Somebody was in their meetings and somebody knows exactly what was said, how it was said and when it was said. Was it verbal? Was it written? What was agreed? There is paperwork, discussions, recordings somewhere of a whole lot of stuff that I have absolutely no knowledge or party to.

980 But you only have to go back and look at that letter that Manx Gas sent out and they were very clear: they were talking about refunds. They did not turn around to say, ‘Oh, do you know what? We realise that you customers are a little bit annoyed with us over the last four or five years, so what we’re going to do is we’re going to, out of the goodness of our heart, wrap up a lovely Christmas present and give it to you’. They used refunds. Why did they use that word? That is the better question. (**The Chair:** Thank you.)

990 I have no problem whatsoever with Manx Gas, I really have not, and they know that. They have invited me down there three times. I have spoken to, apart from the first CEO, Mr Nicolls, Mr Plenderleith, I have spoken to Mr Cruddas, I have spoken to Miss Cox, I have spoken to – I cannot think of her surname – Sarah. I have spoken to them all and they are all as good as gold with me because they know I am not the person who has ever given them hassle. I have never given them any trouble. I have always said, look, you have done what you have done, and good on you, but that does not make it right.

1000 **Q67. The Chair:** Mr Murphy, we have obviously asked you a set of questions here today, and I just wanted to ask you, or the Committee would like to ask you, is there anything as a final statement that you would like to make for the Committee to hear?

**Mr Murphy:** It is just to say again, thank you, but there is a lot of information and I have a lot of paperwork, and I have also got my laptop here as well. There is a whole lot of information that I would like to try to summarise and turn it into a six-year story, but maybe have it only in two, three or four pages, because I am very aware, and as I said to you, I am fully in agreement with

1005 what Hon. Chris Thomas said here last week, I am not sure that bombarding the Committee with massive amounts of paperwork is going to be beneficial.

I think that I have said what I believe to be true and I have also mentioned what I believe are the questions that need to be asked. I do not know who or which parties the Committee intended to bring in, but I do think, in all honesty, that, as I said to you, the OFT, Manx Gas and possibly one or two representatives from the original Gas Committee; although you have had Mr Thomas in already, but maybe from the Cabinet Office. Somebody who was involved in discussions at the end of 2019, into 2020, who can answer those questions and just say what was said, what was promised, is the money due and also then move on to what happened with the 2020 accounts and why was there no money paid back, and if there was no money paid back, where on earth has that money gone to?

1015 So I would just try to get maybe three, four or five pages maximum and break it down, bullet point it, dates, 2015, 2016, 2017, all the way up to 2022 and, of course, at that point in time, there is no more really I can say, because now it is really over to CURA. So if you can let me do that, I would appreciate it.

1020 **Q68. The Chair:** Just on that, we would absolutely welcome that piece of evidence, (**Mr Murphy:** Thank you.) in whichever format and we will pass that to the Clerk.

1025 On behalf of the Committee, we would like to thank you (**Mr Murphy:** Thank you.) for your coming down here today, but also clearly you have given up personally a lot of time, a lot of effort, financially and a great deal of passion, and that has to be on record: that you will have been speaking for a lot of people, the Isle of Man gas consumers, and that is a really big deal. So we would like to, on behalf of the Committee, say thank you for giving this evidence today –

1030 **Mr Murphy:** It has been an absolute pleasure and I thank you.

**The Chair:** – and going forward, obviously we will be reviewing all the evidence. We have further meetings set up, which will become apparent going forward, and we look forward to presenting in the future.

1035 **Mr Murphy:** And I thank you so much. Thank you to all of you. I really appreciate your help and time, I really do, sincerely. So thank you.

**The Chair:** Thank you, Mr Murphy.

*The Committee sat in private at 4.01 p.m.*