



Sark Electricity Ltd

The Power Station
Harbour Hill
Sark
Channel Islands
GY10 1SB

5th April 2022

Dear Customer

I recognise that the repeated and often significant disagreements between SEL, Chief Pleas and The OPC are an irritation that none of us need.

My constant calls to sit down and resolve our disagreements through discussion rather than releases such as this has been consistently met with silence.

Today, The OPC has chosen to correct my notice of 2nd April. Regrettably, he did not accurately read my notice and as a result, his correction is simply wrong.

EXEMPTIONS

It is **not** the majority of exemptions that will cease on 1st May.

In the announcement I wrote that

*“A component of this tariff was the offer of **“off-season” exemptions for seasonal businesses, low consumption businesses and short term dispensations for properties under construction. These in addition to dispensation required by The OPC for bore-holes, low consumption residents and charities.**”*

Further,

*“.....it is reasonable to say that The Commissioner is not hugely supportive of my approach to **these additional dispensations**. He is correct in his assertion that my approach has introduced some minor upward pressure on the unit price of, I estimate, roughly less than $\frac{1}{3}$ of a penny per unit.*

The exemptions that are being stopped are those that are **not** supported by The OPC. It is those exemptions that cost roughly 1/3 of 1p. These being the off-season business exemptions, low consumption businesses and short term dispensations for properties under construction as stated in my announcement of 2nd April.

Those dispensations required by The OPC for bore-holes, low consumption residents and charities will continue as before. It is these OPC designated exemptions that make up the majority of the £3,500 per month, or around 3p per unit, and these will continue.

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The OPC dispensations are not funded from my pocket and I have never stated that they are. What is funded from my pocket are those high consumer discounts in the form of the SEL tiered tariff and non-approved dispensations, such as those now being removed.

MINIMUM USAGE CHARGE

The OPC then goes on to say:

“The letter also suggests that my office proposed the monthly ‘minimum usage charge’ in December 2017. This, too, is incorrect as may be found by reading the 2017 Consultation Paper.....”

It simply cannot be denied by The OPC that in the 2017 consultation he states in his appendix titled ‘Further Thoughts on Tariffs’ that:

“An alternative approach is to spread the fixed part of the tariff over all customers.”

Where a part of the tariff is fixed to recover the underlying fixed costs, then this will be charged regardless of consumption. It is by definition a minimum charge that a customer would see on their invoice. I do not believe it is unreasonable to qualify for Sark residents that this ‘*minimum price*’ approach was **proposed as an alternative approach** by Dr White given that is what he said.

The OPC then goes on to say that:

“I have made it clear to SEL that this form of tariff would not have been my preferred option”.

This is a brave position for The OPC to now hold given that in The OPC’ summary to its 1st January 2021 variation to the December 2019 Price Control Order to which he refers in yesterday’s ‘*correction*’ The OPC stated:

“After a thorough review and analysis of Sark Electricity Limited’s (SEL) data and relevant information from other sources, on 20th November 2020, I proposed setting a maximum price for sales of electricity in Sark for 2021 in the range of 48-55.5 p/kWh, together with a minimum monthly electricity usage charge in the range of £35 to £45 for the majority of customers. I received 25 responses from customers and interested parties, and one from Sark Electricity Limited (SEL).

Having considered these representations, I will use the power granted to my Office under section 15 of the Control of Electricity Prices (Sark) Law, 2016 (The “2016 Law”), to vary the Price Control Order of December 2019 (The “PCO”) (The “Variation”). The starting maximum unit price of electricity in Sark will be 50 p/kWh from 1st January 2021. The maximum unit price during 2021 may be adjusted by my Office, depending on the consumption of electricity in Sark, movements in diesel fuel prices and other factors.”

He raised the methodology as an 'alternative approach' in significant detail in his own expert consultation paper in 2017. Three years before I bought the company.

He then issued the November 2020 consultation within which he proposed setting a maximum price for sales of electricity in Sark for 2021 in the range of 48-55.5 p/kWh, together with a minimum monthly electricity usage charge in the range of £35 to £45 for the majority of customers.

And after consultation, using the powers of his office under section 15 of the Law he set a variation effective 1st January 2021 which implemented his proposal.

http://www.epc.sark.gg/assets/210101_final_variation.pdf

And apparently, he does not support it!

How exactly am I supposed to engage with that?

WORKING FOR THE BENEFIT OF SARK

In a circular sent by a representative of Sark's Government on 2nd April I was accused, amongst other things, of failing in my stated aim. Being to work for the benefit of Sark residents.

It is entirely reasonable for the community and government to challenge me on matters of investment commitments that have been made but not executed by me. I will discuss the company's investment plans with anyone willing to have a genuine conversation and consider both sides of the disagreement.

I am seeking security that my investments into Sark will be repaid, this is not an unreasonable position for an investor to hold. Chief Pleas are seeking to balance the legitimate needs of the community with the understandable concerns of landowners; this is also a reasonable position for Chief Pleas to hold.

P&F firstly proposed a change to legislation which SEL engaged with. Later P&F suggested an acceptable wayleave be drafted by the Law Officers and used by SEL for all landowners utilising the fee structure proposed by The OPC. SEL then agreed to this alternative and we are still waiting for the final signed of wayleave from Chief Pleas well over a year later. Without the security, investment by SEL is stalled.

I am extremely keen to progress the investment programme, but P&F needs to fulfil its previous commitments or propose yet another alternative approach.

In June 2021 Chief Pleas did decide on another path which is the acquisition of SEL, by compulsory purchase if we cannot mutually agree terms.

Again, SEL met its commitments to this process back in 2021, and we sit and wait. Meanwhile the days tick by, the investment into infrastructure is not made and grid security is left at risk by P&F's inaction.

I, in the meanwhile am constantly slammed for not investing in a business that Chief Pleas declared, now 10 months ago, was going to be wrested from my control whether I wanted it to be or not.

Given that I do not have a huge amount of trust in P&F I wrote, many months ago, to Chief Pleas and asked for a commitment to ensure that any capital investment made by SEL in the interim will be repaid, such as replacement transformers, switchgear, engines and a new cable to Little Sark.

I further proposed that we discuss these significant investments, before they are made, to ensure that they are in accordance with Chief Pleas long term vision. I have again been met with silence.

Would you put money into something that you are likely not going to get back?

The accusation that I am not working to support Sark is as laughable as it is insulting. But it is what I have come to expect.

The above aside for a moment, I would point out that in addition to honestly engaging with, although not supporting, Chief Pleas stated aims to wrest my company from my control I am also supporting the wider community everyday.

I have made significant and repeated charitable donations to local good causes. I continue to support local residents that are struggling with the effects of Covid after nearly two years of lock-downs.

At the moment, almost 1 in 4 Sark residents are months behind on their electricity bills with many tens of thousands of pounds owing to SEL. When did you last see SEL actually take a Sark resident to Court? When customers reach out, I support them, without fail and without favour. I have no interest in what they may or may not have said about me or SEL. If they are in honest need, I will help.

And at the moment I am supporting the entire economy without any offers of assistance from government, or indeed any thanks at all. I am currently holding the variable cost component of the electricity bill, fuel, in place at 51.64p per litre. Anything over that, I am funding personally.

The price for 5,000 litres last week was 88.41 per litre. I covered the cost of the additional £1,838.13 as I have covered any increase on deliveries for many months and I have committed to doing so until end of June 2022. Thus far this year, SEL has used roughly 85,000 litres of fuel.

I did not declare it until someone noticed in March and I have not asked for any thanks. The offer is across every customer regardless of your publicly or privately held views about me. Given that I have not been to Sark for months it has certainly not benefited me or earned me any brownie points with the local population.

It has been done because I believe that business should support the communities in which it operates. If P&F ever sit down to resolve our

differences, that support would be extended to investing in the local grid but until I have the comfort that the seven figure investment necessary will ever be repaid, that investment is on hold.

That is not me being difficult, it is me making sure that when Sark is hit with the next crises, that SEL has the finances to support both the business and the community where necessary. It is good financial sense and it is in Sark's interest for SEL to be wise with its resources given that it's you residents that ultimately pay the price.

Regards

Alan