



Sark Electricity Ltd

The Power Station
Harbour Hill
Sark
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1st March 2022

Dear Customer

Both SEL and The OPC find ourselves once again at the month end in the position of no engagement from P&F on their long term plans for energy security on Sark. Our hands remain tied as a business while we remain faced with a wall of silence.

For our customers, your key consideration here and now is in respect of price, and I will address that in a moment. For SEL, our key consideration is the ongoing security of supply.

SECURITY OF SUPPLY

Questions have remained unanswered and fundamental policy direction from P&F has not been forthcoming. Our concerns over the security of supply remain significant and as a result we have recently reached out to The Civil Contingencies Authority to meet for guidance on the risk management measures that they would like to see undertaken in accordance with SEL's and Chief Pleas obligations under the Civil Contingencies Law and we await their response.

While I continue to fundamentally disagree with the ambition of Chief Pleas in respect of the ownership of SEL, their position is clear, and I have committed to negotiating reasonably and have been doing so. The publicly stated intention of Chief Pleas to swiftly acquire SEL by any means necessary in June 2021 would, I had hoped, trigger a period of engagement on matters to secure the safe transition of ownership. This has not transpired, and an already difficult situation is becoming more complex by the day.

As our customers this situation is unsettling for you, and I recognise that fact. Beyond writing over and over and begging for a dialogue with Sark's Government there is little I can do, in the face of silence.

Some of you blame me personally for the situation we are currently in. I would remind you that this conflict between SEL and P&F started over a decade ago, long before my ownership of this key utility. During that time we have seen numerous battles, with debatable need, between Government and almost every aspect of our economy from Shipping to Tourism. There is, with respect to Chief Pleas, a fundamental lack of appreciation that Government requires robust and well considered policies that address issues such as tourism, transport, energy and population to name a few. They also have an obligation to meaningfully engage.

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When you are a key service provider of a commodity such as electricity with investment plans measured in decades and capital sums in the millions, you simply cannot guess at investment priorities and direction. SEL must be guided by meaningful policy from Sark's government if we are ever to contain and reduce our price of electricity. Financial waste is simply not an option in a market as small as ours.

My frustration at the failure of some to accept this reality as the common sense position that it fundamentally is does at times spill over into the public realm and it certainly affects my relationship with P&F and The OPC both of whom I consider to be major stakeholders and fundamental to any solution ever being found to our current impasse. I am genuinely sorry that my frustration is so public but in the face of silence the calls must simply get louder when the topic at hand is so fundamental to every single resident and business. I would be doing you a disservice as a fundamental utility by simply trying to "muddle through". Solutions must be found, and a compromise must be reached.

For reasons escaping understanding I continue to believe that dialogue is the best way forward. Alas I am alone in this ambition as the continued silence from P&F demonstrates. I cannot be clearer, regardless of what happens with the ownership of SEL there are matters to be resolved that simply cannot wait and government must swiftly engage.

I asked, back in November 2021, for a working group to be created from within the Super Committee The Policy Development Group (PDG) which contains every Conseiller. My request was politely declined. I was assured by the Chairman of The PDG that engagement with SEL would be led by P&F. This has not materialised, a fact that I have subsequently raised with Chief Pleas, Government House and The MoJ in their respective oversight capacity. I await a meaningful response.

I was recently advised by the MoJ that they need to see that SEL has exhausted every means at its disposal before they will engage. I respect the sentiment, but in the face of silence from P&F how exactly is SEL supposed to exhaust any means at all? Given the key nature of our service I would have hoped for a slightly more nuanced response to the issue.

SEL is not seeking conflict, we are seeking solutions to the problems that Sark faces in securing its vital energy needs. We are seeking these solutions from the key stakeholders of Chief Pleas and The OPC. We are seeking mutual understanding and genuine co-operation. We have asked P&F for policy guidance which we have not received. We have asked The OPC for an independent third party assessment of its determinations that validates its approach. Every expert that SEL has spoken to has found significant flaws; it is not unreasonable that SEL is able to ask for comfort given the significant and unmonitored nature of the role of The OPC. Our request remains answered.

I continue to personally fund this lifeline service, as I have committed to do. My position has not changed, and I introduced further capital in the last few

weeks. Covid and the recent conflict in Ukraine have been sought by none of us, but the impact on a service such as ours is self-evident; denying our calls for reason in the face of a financial tsunami resulting from two years of economic pain from Covid and now significant fuel cost hikes resulting from the conflict in the Ukraine is simply illogical and potentially self-destructive for our community.

I urge, once again, the key stakeholders and those around us that we call friends to engage meaningfully with SEL and seek a solution to our problems before this situation morphs into something entirely less manageable in the face of further disruption to global supply chains of key distribution equipment that needs to be replaced.

PRICE UPDATE

As you will be aware I have been maintaining, throughout January and February of this year, the final 2021 OPC unit price of 56p. Since the beginning of this year the price for a litre of fuel has gone from .4985 to .6096. An increase of 22.3%. I fully expect that this price will increase yet further and may well skyrocket if Russia chooses to militarise its oil and gas reserves.

Through 2022, I have been personally funding the increase in fuel costs to maintain the price of 56p per unit. I intend to continue to do so for the foreseeable future and will not be seeking to recover this personal financial contribution to SEL's costs at any point, through any means, in the future.

Many of you are going through your second winter of Covid and we are only now looking forward to a "normal" season; whatever that may look like. Sark's economy does not need the major inflationary impact of a significant electricity price hike at this time and I am concerned that some of you simply could not afford what may yet be ahead of us for energy prices.

I encourage you to plan your season ahead on the basis of a 56p per unit price throughout Q1 and Q2. I will look to review the price again in June but in the meantime I commit to personally insulating Sark residents and businesses from any increase that would have arisen on the back of fuel costs throughout the first half of this year.

For the same inflationary concerns, I will also continue to personally fund the existing discount tariff available to business and larger consumers that The OPC refused to allow in 2021.

Sark's economy requires certainty, and its residents should be looking forward to a financially beneficial season. Especially those of you that have seen your reserves dwindle to nil. While SEL cannot magic up a social security safety net for those residents of Sark in need, we will none the less do what we can, where we can, to support our fragile economy.

With the best wishes for 2022

Alan Witney-Price