

Consultation responses to Draft Determination of 1st October, 2019

18th October - 22nd October

30. Resident & Business Owner

" I have been following the Electricity issues with great interest.

In the very early days I must say that I believed that Sark had no business to interfere with a private company, but now feel that David Gordon-Brown (DGB) must be stopped, as soon as possible! He is a man only in business for his own greed and I also believe the way he is running the company should perhaps be investigated by financial authorities?

I do not want DGB involved, in any shape or form, with future electricity on Sark. I fully support the Exeter university propositions. I said we should start installing now, their plan of 3 x wind turbines on Les Laches, 2 or 3 x PV field sites, Battery storage and Diesel Backup Generators, complete with new installed Grid for approx. £3 million pounds. Let's go for it!!!!

Sark has £3 million in the bank today which could be used, on an interest payback scheme, at a higher interest than we are currently receiving now, and I would be happy to pay 50 or 60p per unit to speed up the payback time, safe in the knowledge that the price would come down even further in the future. That 'Loan' would probably be paid back in 4 or 5 years?

The current 4 SEL employees could all be offered employment in the 'Chief Pleas' Electricity company – we are still going to need electricians and office staff. I also believe we should stay self-sufficient and generate all we require on Island. Guernsey has had no end of problems with their subsea cable and this is fed from Nuclear Power (which I dislike). I would much prefer to use Wind and Sun. (possibly tidal in the future, but anything in the Sea is always expensive!!)

I believe we should stop negotiating with DGB and just set up in business against him. He said in one of the public meetings he didn't mind competition! DGB should also be forced to remove all his buried cable and transformers from land where the customers would prefer 'Chief Pleas' electric. He has, after all, never paid a penny (certainly as far as my family is concerned) for buried cables and transformers on our land, which also supply power to residents on other properties. Initially we even had to pay for the Poles when electricity was first installed on our property!

The exorbitant price of electricity can, for example, make the annual running cost of a freezer almost more than the purchase price of the Appliance! Unfortunately, the more economical appliances to run are the most expensive to purchase, putting more financial burden on to the residents of Sark.

Your documents state that you do not know the status of La Becquee - I believe, having chatted to Mr David Curtis, the landowner, that he was approached by DGB to change the current lease to the SEL/SEH Shareholders. Apparently, Mr Curtis declined to do that until he knew each of their names. I believe this still hasn't happened!

When I built my house, replacing a derelict building, the original mains cable was used as far as the meter. I had to purchase 16mm armoured to complete the installation to my Consumer unit.

It is common knowledge that some, if not all, of DGBs expenses are paid for by SEL. Even the boiler at La Becquee was converted to run on Diesel, which is supplied by the Power Station bowser. Tonne bags of Gardening shingle, for the house, all arrived with SEL address on it, and I bet even the food bills are paid for by SEL?

DGB is fleecing all of us! Taking a wage and having no personal expenses to pay. You would think that for such an alleged loss-making company DGB would be only too happy to sell to the Island! Perhaps in all reality it is DGBs Golden Goose!!!! Perhaps compulsory purchase is the way to go? I wish you well in your endeavours."

31. Two Residents

"We are writing in response to the specific questions that you have raised in your consultation document dated 1st October 2019. We are grateful to you for all the detail that you have provided.

We would like to make it clear that we believe that the proposed unit price of 85 p per unit is so high as to have the ability to inflict considerable damage on the Sark economy as well as causing distress to those who are less able to pay.

We will consider the granting of wayleaves for the distribution system, but we would like to see a system explored whereby the rights to lay cabling are universally assigned, by landowners, to Chief Pleas.

We use electricity sparingly, with low voltage equipment where that is available.

We are not in favour of wind turbines at the height suggested.

Where residents have paid for the installation of a cabled supply then we believe that the title to that equipment should vest in them.

5% is more than fair and exceeds the level expected by investors currently.

We would like to see more transparency in the pricing and more detailed information than you are permitted to disclose to us so far. Given the fact that the postulated price of 85 p per unit must be the highest in the world we are concerned to read what you have written about the sums charged by shareholders to the company and also the legal fees which they do not justify to you, but they expect the consumers to pay through the tariff.

32. Resident

“As a resident of Sark I appreciate being consulted on your draft determination.

You asked -

1. residents with sections of the distribution system running through their property would be willing to sell way-leaves to the company; NOT APPLICABLE TO ME.
2. the current price is limiting residents’ use of electricity; YES AND ITS NOT ONLY CAUSING FUEL POVERTY BUT INCREASED HARDSHIP IN OTHER AREAS OF DOMESTIC AND BUSINESS LIFE WHICH ARE BEING PUT AT RISK TO AFFORD THE ELECTRICITY THAT IS USED.
3. the installation of wind turbines of a hub height similar to the telecommunications tower is acceptable; YES THIS WOULD BE A GOOD SOLUTION PARTICULARLY AT THE LOCATION YOU SUGGEST.
4. residents paid for the connection to the electricity system directly, or through their builder; NOT APPLICABLE TO ME.
5. the level of return I am considering, 5% per annum plus inflation, is fair; and - YES THIS IS RIGHT IN MY VIEW, ITS GENEROUS THOUGH AS THERE IS NO CORPORATION TAX IN SARK.
6. there are any other matters relating to electricity pricing respondents would like to raise. SEE BELOW

I googled this yesterday - *The responsibilities and duties of a director of a Guernsey company are similar to those of a director under English Law. However, Guernsey has its own companies legislation - the Companies (Guernsey) Law, 2008 (as amended), (the “Companies Law”) - under which additional responsibilities arise -*

Exercising skill and care - There is a legal requirement on you to exercise your powers with reasonable skill and care. This means both (a) with the skill and care of a reasonable person acting as a director in the same situation as you, and (b) with the skill and care reasonably expected from a person with your knowledge and experience. For example

- *If you are appointed as (say) a finance director, you will be judged by the standards of a reasonable finance director (whether you possess the relevant skills and experience to hold the position or not).*

Para 2. I agree and wish you to keep under review the risks to less affluent customers. The last price control order included an amount in the price per unit for SEL to research other more environmentally friendly methods of generation and SEL appear to have done nothing to that effect, but collected the money anyway.

Para 3. SEL are wrong in this belief, the law is clear.

Para 4. SEL's contention is wrong, your work uses internationally recognised best practice, while SEL won't even provide basic information that any company should hold as a going concern.

Para 7. I agree, the planning application for a solar farm in 2018 was an example of this.

Para 9. I was really saddened that this occurred, however DGB has made public statements over the last few years that he is an unwilling seller, has demonstrated this consistently over a number of years, and has lead the government on a merry dance in the last year.

Para 10. I don't believe the government has improved it negotiating position, so residents can only rely on your work as independent commissioner.

Para 11. I look forward to seeing how SEL respond to this Annex and hope that their response does not fall within the NDA.

Para 13. Surely Directors of a Guernsey registered company exercising reasonable skill and care would be able to provide this information?

- i. In my opinion unnecessary duplication of some activities should not be funded through the price per unit or standing charge.
- ii. I don't agree this should be at the cost to the consumer.
- iii. I'd be interested to know what management activities require travel to the extent that has incurred such costs.
- iv. Surely Directors exercising reasonable skill and care, have a responsibility to take reasonable steps to reduce interest payments to ensure the company remains a going concern?

Para 14. I too conclude that such exploitation of a monopoly power is unfair, and SEL's continued misinformation and absence of information lead me to think they are continuing to mislead for their own personal ends.

Para 16. Sadly, the government has failed to act in the public interest by not having the necessary agreed rules, it had no other option but to defer, which in turn has hampered your work as commissioner.

Para 26. See previous comment related to duplication of costs by splitting the company and the Director being domiciled in Canada. I assume you mean 'attempting to stop the introduction of the law' by petitioning Privy Council, none of these costs should be passed onto the consumer in any way.

Para 29. I'm alarmed that Directors of a Guernsey registered company exercising reasonable skill and care, that intends to continue to be a going concern do not keep these records.

Para 30. If SEL's own witness has the same expert view why aren't SEL's Directors exercising reasonable skill and care in accepting this.

Para 31. I don't believe that SEL are genuine in wanting to negotiate and are leading the government a merry dance, in the meantime SEL consistently increases the price per unit.

Para 32. This is SEL again failing to demonstrate it has Directors exercising reasonable skill and care, and/or are being misleading in its dealings with you.

Para 35. Directors exercising reasonable skill and care would have made it clear to customers what the payments were for, I believe those customers would disagree with SEL about who owns what.

Para 36. Again this brings SEL into disrepute, Directors exercising reasonable skill and care would keep records, or at least would be able to calculate them from employee and equipment costs records etc.

Para 37. To calculate in such a way would be Directors not exercising reasonable skill and care.

Para 39. This lack of cooperation, and non standard practice in comparison to any jurisdiction leads me to further question the Directors lack of reasonable skill and care.

Para 40. See previous questions regarding Directors exercising reasonable skill and care.

Para 47. See previous comments regarding Directors exercising reasonable skill and care.

Para 49. How can the Directors be deemed to be exercising reasonable skill and care if they cannot provide this information?

Para 54. See previous comments regarding Directors exercising reasonable skill and care.

Para 55. I agree, SEL has insulated itself from the economy of Sark by consistently increasing the price per unit, without looking to reduce costs, make efficiencies or research other more environmentally friendly generating options, not the actions of a company with Directors exercising reasonable skill and care to my mind.

Para 58. See previous comments and questions regarding Directors exercising reasonable skill and care.

Para 60. See previous comments regarding Directors exercising reasonable skill and care.

Para 61. An example of either potentially misleading the court or misleading the commissioner, again I question Directors exercise of skill and care.

Para 62. See previous comments regarding Directors exercising reasonable skill and care.

Para 63. Irrespective of the lack of cooperation from SEL, the unavailable records, lack of information and conflicting accounts from SEL, Directors exercising reasonable skill and care would have no other alternative but to agree with the 53p per unit charge.

Para 64. See previous comments regarding Directors exercising reasonable skill and care.

Para 65. However much it pains me to accept that the practice of reasonable costs to respond to determinations could be recovered from customers, it would be reasonable, as it is compliance with the law. However in my view it is completely unreasonable (with or without descriptions or receipts) for the maximum price to be increased from what you have already determined this October.”

33. Resident & Business Owner

“This letter concerns my personal experience as a householder of 20 years, having also set up the Isle of Sark Brewing Company. At the current price of electricity the brewing is just

about viable. We considered and rejected the use of a tractor-derived generator as environmentally retrograde.

For the past two years I have been working on plans for Sark Community Dairy, a publicly funded charitable project that will provide infrastructure for a tenant dairy farmer. The prospective couple will be in Sark next week. They plan to begin milking in April 2020. In the business plan the cost of lighting, hot water, pasteurising and refrigeration is a substantial proportion of running expenses. The building plans include provision of up to 50k solar panels. a small remote dairy in UK would almost certainly choose to be self sufficient, and would certainly need an emergency diesel generator.

Like most of Sark's residents. I am frustrated at the time and money that has been wasted over the past 5 years, particularly in litigation, and at the almost exclusive focus on establishing a 'fair price' rather than addressing head-on the question of supply.

In the current climate it should be obvious to all thinking people that Sark must sooner or later 'go green' and that the sooner the better, for the sake of Sark's attraction as a holiday destination. It seems equally obvious that Sark's power company ought to welcome the investment of individuals in generating solar or wind power that can contribute to the supply available through a grid. There must be some price (even if it is nominal) at which it is worth the company's while to buy from these individuals. (These privately-funded sources might be just a few a or a great many - I leave the economics to experts.)

I believe it would raise the whole tone of the debate and the spirits of the Sarkese if discussion could be focussed on the urgency of alternative sources of supply.

Some aspects of Sark Electricity's operation have received little recognition and little scrutiny - in particular its maintenance and public services. I believe that a combination of philanthropy and negligence (a blind eye to moonlighting) has deprived the company of revenues, though these may not be large factors in overall economy of its operations. But their existence points to a need for a radical shake-up of the status quo and an entirely new kind of contract between the power provider(s) and the inhabitants as represented through Chief Pleas."

34. Two Residents

"I am very concerned about the cost of electricity in Sark. My family has owned a house here since 1981 and although we do not live in it all the time our electricity remains connected. I fear that this new price rise will cripple Sark. Both young families and the elderly are the most vulnerable

Sark has a thriving tourist trade both residential and day visitors that it relies on for its existence. This is in danger.

Altogether, the healthy future of Sark is dependent on a solution of this very important situation."