



Policy Statement

1. The Commissioner interprets the Control of Electricity Prices (Sark) Law, 2016 as permitting an investigation of the relationship between the prices currently charged for electricity and the costs of such provision by a reasonably efficient operator, including a reasonable return on assets. In this regard, the Commissioner confirms his understanding that a Price Control Order will only be made in cases where it is clear that the prices charged are not fair and reasonable, relative to those that would be appropriate for a reasonably efficient operator.
2. The Commissioner notes that there is no provision within the 2016 Law to require any regulated electricity provider to supply electricity or any associated good or service. Nevertheless, the Commissioner considers that the potential impact of customers' decisions to self-generate their own electricity supplies is of interest to him, given recent experience in other small island power systems. As such, the Commissioner considers that the avoidance of fuel poverty, as prompted by some customers generating their own supply, may become a material consideration within the meaning of section 13 of the 2016 Law.
3. The Commissioner will not make a Price Control Order which sets a price below the price which the Commissioner determines represents a reasonably efficient electricity provider's reasonable costs of supply, including a reasonable return on the electricity provider's assets.
4. For the avoidance of doubt, nothing herein is intended to affect the obligation of the Commissioner to consider the economy and efficiency with which the supply of electricity is generated and distributed within the meaning of section 13(2)(c) of the 2016 Law.
5. In assessing the economy and efficiency with which the regulated electricity provider generates and distributes their supply, the Commissioner acknowledges that the regulated electricity provider's reasonable costs of responding to an investigation pursuant to section 3(1)(a) of the 2016 Law or any consultations under sections 14 and 16 of the 2016 Law, are costs which the regulated electricity provider will fairly and reasonably be able to recover through the electricity price. For the avoidance of doubt, this does not include legal costs which may be incurred by a regulated supplier considering the sale of the company nor those that may reasonably be considered as incurred attempting to obstruct the Commissioner, or his agents, from carrying out their duties.

Anthony White
Commissioner

6th November, 2019