



Responses to Consultation on Draft Price Control Order of 14th November 2019

As at 1st December 2019

Resident

1. My responses to your queries from your 14th November "Proposal to make a Price Control Order"

I can't see why a 2 year period cannot be set especially when, even with a price control order, electricity will always be expensive here. It should enable businesses to better plan their budgets.

I think there is a real danger of those that can afford it setting up their own supply systems unless the price is regulated at a reasonable level. Up until now it appears that residents have almost unanimously agreed not to go off grid for the community's sake but if we are going to continue to be charged excessive prices by SEL, far more than the cost of self generating, I cannot see this continuing.

I have no strong feelings about when adjustments should be made other than that customers are given plenty of notice.

if the electric supply system were owned by the island (like Sark shipping) could there be some means of setting a electricity charge that all properties pay then add, at a low rate, the cost of electricity actually used? This at least would mean than even if some people chose to go off grid, they would still have to pay the charge, hopefully encouraging them to keep buying from the grid.

I firmly believe that we would be much better off owning the electricity supply system (like Sark shipping) so we would never again be held to ransom like we are by a privately owned company whose sole purpose appears to be making a large profit for themselves. Their refusal to make public their profits from the last ten years speaks volumes.

I would love to see an island owned green power generated system.

I fully support a price control order to be implemented as soon as possible.

Resident

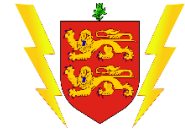
2. With reference to your recent price control order, I would like express my complete agreement with this order of 0.53p which I believe to be fair and reasonable. I do not have any intention of paying the extortionate price demanded of 0.85p.

Should our electricity be cut off, this will cause great hardship to my household, but I am willing to suffer this to get this awful and unfair situation sorted out once and for all.

I would just like to take this opportunity to thank Chief Pleas for implementing a Commissioner to regulate this vital utility and hope that they continue with their decision to use a Commissioner and support this Price Control Order.

Resident

3. in response to your Price Control Order, I am writing to confirm my support in fixing the price at 53p. Beyond that, I shall not be paying SEL's proposed charge of 85p per unit. I am prepared to suffer a power cut, if that is what it takes to establish a fair system of electricity provision that does not abuse and create fear in a majority of islanders who don't have the option of generating their own power.



Thank you for your hard work, expertise and perseverance in taking us this far. I hope that this time the PCO is not rescinded and that Chief Pleas are fully supportive, both of your proposal and the work of your Office.

Resident

4. In response to your Price Order - I find it to be extremely clear and fair. I think the price should be set for two years, commencing on 1st January 2020, that seem to me to be the obvious time. Without wishing to sound too dramatic, I believe Sark is doomed if this situation, of over priced electricity, isn't dealt with once and for all.

I am not in a position to go off grid as I am now living in rented property, otherwise I certainly would explore the possibility. You probably know that Stocks Hotel is poised, ready to disconnect from the SEL network. It is the largest consumer of electricity on the Island and without that consumption the situation would be even more disastrous than it is now.

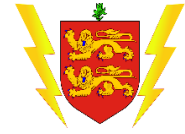
Resident

5. You've asked for SEL customers response to the following questions - please see below:
 - A) the maximum price should be set for one or two years; **2 years**
 - B) residents are likely to generate their own power and disconnect from the SEL network; **With the price of individual systems available to householders in the region of £7k as I understand it, although I couldn't take advantage of this myself, I think a large number of householders and businesses would see this sort of sum as a worthwhile investment.**
 - C) respondents' views on the timing of adjustments; **adjustments should be no sooner that stated in your document, if at all.**
 - D) how the loss of system consumption resulting from "own generation" should be treated when considering the maximum price; **Own generation by large users, and individuals who can afford their own home system would mean the remainder of customers falls to potentially double figures. These customers must not suffer because of their inability to self generate, electricity is an essential utility, and irrespective of the number of customers, should always be at a reasonable price to the customer and 53p/unit is reasonable in my view.**
 - E) there are any other matters relating to electricity pricing respondents would like to raise. **If I think of any before the deadline I shall email you again.**

Two Residents

6. As far as my wife and I are concerned, the draft Control Order should be implemented as soon as practically possible on condition that we should be allowed a peaceful Christmas without the threat of being cut off.

It is not only the increase in price that is making residents explore the option of going off grid but also the threat of losing our power/water/heating altogether. I understand that SEL will lose major customers in the next few months if this stand off continues - further devaluing the Company and making electricity increasingly unaffordable for the rest of us. More of us will then put in our own systems and so the downward spiral will continue.



It is up to SEL to break this log jam. Meanwhile you have our complete support and thanks,

Resident

7. You ask for comments having published your Draft Price Control Order.

Firstly let me thank you for setting out the case for the price of 53p/kWh so clearly.

I would support price being set for an initial term of two years. I am under no illusion that should SEL decide to embrace change it will take some time to figure out what has to be done and then start the implementation process. A two year period is enough time to undertake this task with a defined level of revenue. I would expect the price to fall after this period.

The risk of SEL failing as a result of mismanagement remains very high. The current policy of demanding more and more for a product that has not demonstrably increased in production cost is unsustainable. Further to this it is widely accepted that burning fossil fuels to generate electricity is costly, inefficient and irresponsible. SEL have shown absolutely no desire to take any leadership in enabling the community to embrace renewable technologies, rather their policies are negative in this respect. Without leadership from the community's sole provider it becomes beholden upon the individual to take some responsibility. The only current viable economic option for utilisation of renewable technologies is to generate and store autonomously, even if the price is dropped to 53p/kWh. In short, on this aspect, individuals who wish to take part in the global need to reduce reliance on fossil fuels have little option but to take matters into their own hands.

The timing of 1st January 2020 is very reasonable.

There should be no alleviation to SEL in the event of lost revenue for customers going off grid. Firstly it is entirely due to SEL's irresponsible management practices that may lead customers to go off grid. Secondly SEL use the threat of going off grid causing an increase to everyone else as a form of social blackmail to ensure maximum profits for themselves. SEL's behaviour towards alternative supply and off grid solutions deserve no credit and no alleviation.

I hope these comments are helpful. Once again I thank you for the clarity in your Draft. Like you I hope bringing it into force proves unnecessary. I also hope SEL grasp this last opportunity to work with the community to enable a Green agenda for the future of Sark's energy requirements.

Jersey Resident

8. I'm a resident of Jersey, with a keen interest of the issues that face our Channel Islands as a whole.

I've followed the running saga of SEL with much interest, and must commend you on your focus and determination in looking to secure a fair deal for the islanders of Sark, and frankly, your patience with having to deal with an almost fantasy stance from SEL, it is staggering to see the position put forward from SEL in this day and age.



I'm a follower of politics in general, and am also following the UK elections that are currently underway.

My background is IT management, and specialising in Cyber Security. So have watched this morning about how Labour plans on renationalising BT - be this right or wrong is a whole other conversation and debate.

But, the topic of re-nationalisation came to mind, and how that could be applied to SEL.

Now for my question, does the islands law allow for compulsory nationalisation of a utility such as SEL? And given that typically the process, based on my limited understanding of the UK position, enforces a realistic payment to shareholders of the targeted service, rather than allowing the target to dictate silly numbers.

So would that be an option, bringing the company into government control, then possibly looking to partner with Guernsey Electricity, or other companies who could run the service, even then looking to capitalise on renewable greener power sources for the future, which could give the islanders of Sark a guarantee of a fair and reasonably costed service, which will look to provide the future needs of the island, which would also include a way to see investment in the infrastructure itself.

I will continue to watch with interest how things develop, and wish you all the best for the future - you're 100% on the right path, but dealing with a company who's morally wrong, and who applies questionable business ethics.

Resident

9. I read with excitement that you are planning, hopefully, to enforce a Price Control order on SEL.

I have one reservation that I wish to put to you.

You state that you intend the 'order' to start on 1st January 2020. My concern is that DGB will of course threaten to turn off again. While I hope he does pull the plug, it will not be easy for Sark to implement any backup plan in the middle of the 'festive season'. Any outside resources will just not be available then, or in the 2 weeks prior.

I am wondering if you would consider changing the start date, of the 'order' to the middle, or end of January?

Two Residents

10. I refer to your draft price control order. It is imperative that Sark exerts control over the pricing of power. The recent increase announced has been brought about by the supplier seeking to recover inappropriate costs from the consumer. The costs were incurred at the directors discretion and are unrelated to the cost of generation for a supply to the consumer. Recovery from the consumer should not be allowed. Given the willingness of the director to threaten to terminate the supply if baulked the future is to be viewed with concern.



Resident

11. Thank you for giving me the opportunity to contribute my thoughts to the draft price control order proposal.

I would prefer the maximum price to be set for two years as people have had much uncertainty about both the supply and the price of it over the last couple of years and would like the security of being able to budget for this vital utility for the next two years at least. I also believe that there is provision in the 2016 law for the Commissioner to vary a price control order should there be and sudden and unexpected event, for example a cataclysmic change in the price of oil.

A number of large consumers are ready to self generate and planning applications suggest that there are several more working towards it. The falling price of units also means that self generation is a realistic possibility for people of moderate means who are, I suspect, the largest number (though not necessarily to largest consumers) of SEL customers. There is also a Sark culture of 'looking after yourself' for example paying for health care, secondary education etc which could come into play here. 85 p a unit will promote self generation. 53 p probably won't.

January 1st seems an obvious date for the PCO to come into force. However, it has been suggested to me by a member of Sark's emergency services whose opinions I value that, should Mr GB decide to switch off, it would be very difficult to get the necessary kit on to the island for a continuity plan to be commissioned. Perhaps it would be worth considering mid January, though it would be very galling to be billed at the 85 p level for any longer than needed.

Own generation has the potential to be catastrophic for a central grid. I believe that as much as 30 to 40 percent of consumers could be off grid during the course of 2020 leaving SEL no longer a viable business and those less able to afford in general terms in very dire straits indeed, quite probably ending up in them leaving the island. The way to lessen self generation is to make electricity cheaper, not more expensive, encouraging people to use more and in different ways. The PCO will do that. Also the majority of consumers will be long leaseholders so paying capital for self-generation kit would have to be justified (by a very high and escalating price) to make it worth spending on what is a depreciating asset and on a limited time lease. Cheaper electricity would make self generation less attractive so the PCO would help here. The use of back up diesel generators would be noisy, smelly and not in keeping with the image the island wishes to promote.

The Control of Electricity Prices (Sark) Law 2016 and the work of the Commissioner is the only safeguard for the ordinary people of Sark and the most important tool in moving forward.

Two Residents

12. Our views regarding the specific points mentioned
 - a) We would suggest a price set for 2 years would be both reasonable and preferable



- b) Some residents have already started putting in self generation systems. These systems are becoming simpler and cheaper (wind and sun website for example). The ability to go off grid effectively puts a ceiling on the price that can be charged for electricity from a central system. To our mind this price is between 50p and 60p. Due to the proportionately higher fixed costs relative to fuel cost per kWh, the loss of income (a good proportion of which goes to those fixed costs) from people off grid will have a marked effect on the price per kWh needed from those remaining in order to make up the difference. Offsetting this by inputting for free, or at a very low price, surplus power from those self generating will not be nearly enough to compensate for the shortfall. We would certainly self generate if prices are not contained and a realistic proposal is not forthcoming from the Sark government.
- c) We would like to see the PCO in place as soon as possible. January 1st might give some logistical problems, but only if the current supplier decides to act unreasonably.
- d) Loss of system consumption through self generation is evidence that the price charged is too high. As stated above the move from the system to self generation will continue if the price charged is too much. This leaves the commissioner and the government with something of a dilemma. If the commissioner allows the price to rise as system demand drops in order to preserve the return on the value of the assets, then more people will self generate. However the commissioner is bound to allow the supplier a 'reasonable return'. We would contend that, should the supplier look to charge more than the acceptable price, so encouraging more self generation, then the supplier would effectively be devaluing its assets. It could conceivably reach the point where the return turns negative (surely the assets are worthless if they cannot be used to generate enough income to cover the fixed costs). Therefore it seems reasonable to us for the commissioner to contemplate a much lower return in order to maintain a supply system that at least covers costs and maintains some asset value. We would also argue that the government has a role to play in deciding how to ensure that a system supply is maintained (without which the island has a doubtful economic and social future). The government could evolve a policy that discourages self generation and ensures stable demand and pricing. It could discourage self generation either through its planning policy, or by way of a subsidy on the price of electricity (or a combination of both). Such a policy, used in conjunction with the control offered by the Office of the Price Control Commissioner should result in stabilised demand at an affordable price whilst removing the incentive to self generate (anyone self generating would be contributing to the system costs through their taxes as well, whilst all those using the system would pay a reasonable, stable price controlled by the commissioner - most of which would be directly to the supplier and a small part through their taxes).
- e) We would suggest that stabilising the system, the demand and the price would bring back the confidence of the consumer and create a platform on which to build a more sustainable, greener and cheaper future supply for the benefit of all. However until there is this stability and confidence all talk of green energy, renewables etc. is a distraction.

We believe that a price control order now is an essential part of the process needed to evolve an accessible, affordable electricity supply without which Sark has an uncertain future.



Resident

13. Thank you for providing a framework to make my views known in para 21 Next Steps – otherwise you might receive some lengthy and bitter responses.

- A) I think 1 year would be a better time to set the maximum price per unit - I assume that could be extended if there were good reason but by that time one could expect some of the necessary efficiency savings measures to be put in place by SEL.
- B) I think residents are highly likely to generate their own electricity, some have started already and more say they intend to. The island does not want lots of small, noisy generators burning fossil fuel but I know that some residents feel they are fed up of being exploited by SEL. If I were richer I would certainly consider a small generator and the installation of PV roof tiles to generate electricity. I am 74 so perhaps would not personally benefit much but it would add value to the house for my heirs.
- C) I feel unqualified to comment on this.
- D) Increasingly there is appetite for alternative energy sources and I would imagine planning permission for windmills or solar panels will be readily given. Also, I imagine there may well be an increase in small generating units of one sort or another coming on the market – I think this is already happening. All this would make it easier for households to install their own power supply, or get together with neighbours. (I share a borehole with 4 others, we shared the initial cost and we share maintenance costs)
- E) I am interested to know why SEL appears to have no real interest in alternative forms of energy supply. (I am discounting the Southampton University suggestion of hydroelectric power created by water being pumped up to Les Laches and let down. Likewise the Exeter University project last year. Interesting both of them but they always feel like a 'project' for the students and not real solutions.) And, furthermore, I feel exceedingly angry about the possibility of having to pay for SEL's legal advice in order to fight a law passed by Chief Pleas. It is similar to being told by a mugger, "I'm going to steal your money so I need your knife to threaten you with". I also feel that we have been paying too high a cost for electricity for quite a number of years.

One further point; we now have a law allowing electric bikes. This might increase consumption. We also are on track to have a new slaughterhouse with increased usage and a dairy in the near future.

AAL White

1st December 2019