



## Notice

### Energypeople report

My main role as Price Commissioner is to ensure that prices charged for electricity in Sark are fair and reasonable. To enable me to make a fact-based judgement on this, both now and in the future, in February this year I commissioned an independent engineering and operational report to determine the range of costs a reasonably efficient and competent company would incur in providing electricity in Sark. SEL received a copy of this report on 6th May and I have not received any detailed comments. It is now available at [www.epc.sark.gg](http://www.epc.sark.gg)

At present, SEL, the sole electricity supplier, is operating equipment that the company accepts is in a poor condition. Major updating is necessary if supplies are to be both secure and safe. My Office has therefore been requesting a detailed and costed capital expenditure programme from SEL for the last eighteen months or so. To date, SEL has not provided any detailed proposals which is why the independent appraisal was necessary.

There are two major conclusions in the resultant report:

- Wind and solar power, with back up diesels, could provide power from around 43p/kWh in Sark at current levels of consumption, equipment and fuel prices.
- There is no value in retaining any of the existing system operated by SEL as it would be cheaper, and more reliable, to build a completely new system.

It appears that SEL's failure to invest over recent years has caused the cost of electricity in Sark to be unnecessarily high and volatile. It has also exposed residents to high risks of blackouts.

To address this, an electricity supply company in Sark would need to commit funds to deliver a new generation and distribution system. The investment would need to, and could be, repaid with a return, through the tariff over the lives of the assets. No investment of that type has been made or committed to, by the current owner of SEL and SEHL since the companies were acquired in March 2020. SEL has given several reasons over the last two years as to why it is not willing to invest. The reasons do not, in my view, justify the failure to invest.

It is not for my Office to decide how the electricity supply in Sark is owned and operated. However, the energypeople report clearly demonstrates that a new system of electricity generation and distribution, as described in the report, would not only ensure a more reliable supply but could also bring cost and environmental benefits to customers and the economy of Sark generally. The report also raises an issue that I believe is important in determining whether, or not, prices charged for electricity in Sark are currently fair and reasonable.

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