



## **Summary Of Consultation On Variation Request For The 2023-25 Electricity Price Control Order**

Sark Electricity Limited (“SEL”) has requested a variation to the current Price Control Order (“PCO”), which sets the maximum unit price for electricity. If I fail or refuse to vary the PCO, the legislation allows for SEL to appeal to the Court of the Seneschal.

The context for SEL’s request is the public announcement by Chief Pleas to set up a replacement electricity system in Sark, and its working assumption is that SEL will cease to operate in two years’ time.

SEL has requested that the PCO is varied such that: new capital expenditure of up to £512,426 is either approved or disapproved (in whole or in part) and paid for by consumers over the next two years; a provision of £980,370 is accumulated and paid for by consumers over the next two years for de-commissioning and island re-instatement shortly after SEL ceases to operate; an “agreed proportion” of £315,156 of historic legal costs is paid for by consumers over the next two years and the allowance for legal costs over the next two years is increased by £43,000 per year; the dilapidation provision for the power station is increased by £11,941 per year for two years; and the treatment of inflation is changed for fixed operating costs and the Regulatory Asset Base (“RAB”).

I estimate that, if I were to accept SEL’s request in full, the maximum unit price for electricity would increase to 150 p/kwh over the next two years. This compares to the current maximum unit price of 54 p/kwh.

Under the legislation, I must consult with SEL and I may consult with such other persons as I see fit. The matters arising from this variation request relate to the price, reliability and safety of electricity supply in Sark. Accordingly, before I decide on any variation to the price control order, I consider it appropriate to consult with electricity consumers in Sark.

The full consultation paper can be found at [epc.sark.gg](http://epc.sark.gg). In this consultation paper, I have analysed and discussed each part of SEL’s variation request in some detail and set out my

minded-to positions. This would result in the maximum unit price increasing marginally to around 56 p/kwh, or increasing to around 65 p/kwh over the next two years. The difference arises from the treatment of the acquisition cost of SEL's assets in 2020.

Given the significance of the issues which arise from this request by SEL, I am very interested in hearing the views of electricity consumers in Sark, before I reach my final decision. I would therefore welcome responses to this consultation from electricity consumers in Sark as well as from SEL. Please send your response by e-mail to [commissioner@epc.sark.gg](mailto:commissioner@epc.sark.gg) by 5 pm on Tuesday the 24th of September 2024. I am required by legislation to give SEL the opportunity to make representations on any consultation response. I also intend to publish an overall summary of the points made in consultation responses on the office website. Please make it clear in your response if you wish that your name, or the name of your organisation, is not disclosed.

Any variation to the PCO would take effect from 1<sup>st</sup> October 2024 or as soon as possible thereafter.