



Office of the Sark Electricity Price Control Commissioner

**Public Responses To Consultation Paper**

**On**

**Price Control Order Variation Request**

**By**

**Sark Electricity Limited**

06 November 2024

**Response 1**

Whom this May Concern,

I would be unable to afford such a price hike and would therefore be unable to heat my house. As an asthmatic this will be putting my health at risk, and could lead to pneumonia, which can be fatal. I'm an otherwise healthy, middle-aged woman. The elderly population on Sark will be at extreme risk.

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**Response 2**

Dear Mr Lynch,

Thank you very much for posting the summary on the Variation Request for The 2023-25 Price Control Order. And thanks for all the work you have done on this.

I'm afraid my response will probably be unhelpful to you, and uneducated, as I'm not qualified to judge this sort of financial matter. I'm mostly responding in order to encourage you and so that you know that we ordinary Sark people are invested and interested in the future of Sark electricity and how it affects us, and we do read your reports and are grateful for your support and control.

It is natural that SEL wants to recoup their costs before they are decommissioned, but is it the duty of the consumer to dig them out? Also, are their expenses and investment costs all completely justified? I expect you have investigated the latter.

If electricity prices become very high ordinary people won't be able to pay them and perhaps SEL will end up not recouping their costs because people might use less electricity, and some might even decide to go off grid. Furthermore, I believe it is not the responsibility of the consumer to pay over and above a decent fuel rate in order to rescue a company that perhaps has debts due to its own management practices.

Sorry I'm not more helpful, and thanks for all your efforts.

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**Response 3**

Great work! It all sounds very complicated....

My concern really was how much we are predicted to pay, and for how long. Things are really tight now, let alone with a high price hike!

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#### **Response 4**

Dear Commissioner.

Thank you for the opportunity to comment on your consultation.

Our comments are as follows:

There is no reason to assume that the remaining operating life of SEL is 2-3 years. The design commissioned by Chief Pleas is still awaited and there is no guarantee that this will be viable or that it can be financed. In addition SEL may choose to cease generation and supply if the new system commences in competition, but that is a management decision. The consumer should not be expected to pay for this.

Given that the decision to cease supply is a company decision there is no reason for the recovery of any investment.

The value attributed to the assets on a change of ownership of the company should not affect the cost attributed to the company when viewing its costs. It also appears as though the disadvantages of the company situation were reflected in the acquisition price and those same costs relating to the disadvantage are now to be visited on the consumer.

Many of these costs reflect neglect in the past conduct of the company and would have influenced the price paid in 2020. In addition there can be no justification for incurring some of the costs for such a short useable time span.

The decision to decommission is one for the management and is not imposed by the decisions of Chief Pleas. The underground grid has a value to a successor, and in any event it is not necessarily a requirement to remove it.

Some of the legal costs were paid by Chief Pleas and others were involved in legal arguments over subsequent disclosure of financial information, disputes as to the lack of wayleaves, in other words unrelated to the cost of supply.

Some time ago the Moerman dispute led to the disconnection of many homes in the North of the Island. Are there intentions to reconnect those homes so that they can then be decommissioned?

Clearly the proposal to triple the unit cost will be unaffordable to most, and expecting the consumer to pay in advance to proposed decommissioning costs when there is no guarantee that they will actually be spent is somewhat unreal.

Thank you for your efforts.

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## **Response 5**

Sir

It would appear that Sark Electricity Ltd. is expecting its Customers to meet its Shareholders expenses. Whilst an increase in unit cost is understandable in view of the inflationary period we have all just experienced; Legal expenses and Decommissioning costs, not to mention updating equipment are not expenses for the customer to fund. Shareholders need to take responsibility for capital expenses and it must be remembered that none of these expenses are unforeseen.

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## **Response 6**

Sir,

While accepting inevitable cost-of-living price rises, I think it quite wrong to expect customers to finance the upkeep and modernising of plant which has been earning monopoly profits for the shareholders for many years, and doubly wrong when the present owner clearly hopes soon to sell much of his installation back to Sark.

If the requested, unreasonable 150% unit price rise were to be implemented, it would bring the cost, to an average household, of buying SEL electricity close to the ever-reducing cost of going off-grid. Everyone who does go off-grid with rooftop pv panels and a battery pack further reduces SEL's customer base, forcing prices even higher for those obliged to stay on-grid.

SEL has to accept that the fundamental changes coming about by the global warming crisis and new technologies cannot be met simply by raising prices.

I very much appreciate your work in helping to keep Sark an affordable place to live.

With kind regards

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## **Response 7**

Dear Mr Lynch

Thank you for setting out the issues relating to SEL's request to vary the PCO.

I fully support the plans for a new electricity supply system for the island. However, this is only an ambition at this time and I believe it is overly optimistic to assume it will be operational in two or even three years. It seems premature to set a date for SEL to cease operations and to use that as the basis for pricing.

It appears the historic legal costs were incurred by SEL not in meeting their regulatory obligations but in challenging them. Consumers should not be expected to cover these.

Kind regards

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### **Response 8**

Dear Shane,

I object to the price of £1.53 per unit proposed by SEL.

SEL has been overcharging for years and nevertheless, has seemingly failed to plan financially for the end of the company's lease. The due date has been known to the Gordon Brown family and subsequently to Alan Witney Price, who must have secured a favourable price for company, given the imminent end of the lease and the requirement to clear the site. This is not a cost which should be passed onto the customer when weighed against the years of overpricing and profiteering.

The impact of such a price for electricity would pose an intolerable threat to our elderly and vulnerable not to mention our already floundering economy.

The legal costs incurred by SEL are a result of the owner's failure to accept reality and his choice to undertake. I therefore see no justification for the customer to carry this cost.

I do not object to you publishing my name.

sincerely

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### **Response 9**

Thank you for the letter setting out the reasoning behind the proposed price increase.

Based on all the information I believe this move has to happen to maintain an operable system within a workable price point.

Obviously no one wants to see these price rises but the alternative is much worse.

Your report is a highly detailed piece of work, something you should be very proud of.

There are some difficult decisions to be made over the next few years, all the while whilst the electricity markets globally are going through a massive change with increased demand, pressure to use renewables and a constant supply of every changing new technology.

My knowledge is purely at the interest level, I work in the events industry (technical production) so use generators, power distribution systems etc every week, I have a rough idea of the challenges ahead.

I wish you all the best with this process, if you need a second opinion I do have contacts in the generator / power distro world so do feel free to get in touch.

Kind regards

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## Response 10

Hi,

I read your Consultation On Proposed Variation To The Electricity Price Control Order paper with interest. It is certainly unusual to see a price commissioner engage so directly with the public but is welcome nonetheless. Thanks for offering to consult with the public in general, and thank you for your continued work. Apologies for the long email, it's a reasonable sized consultation paper.

On the points you raised from 3.0 - 9.4, I mostly nodded along to your assessments. I think you've set out SEL's position and your interpretations and views clearly and thoughtfully. One concern I raise surrounds the use of Guernsey RPI or RPI-X for pricing. It's a bugbear for me, but please allow me an indulgence.

As I'd expect you to be aware, RPI-X has its flaws, but especially so for Sark. RPI-X was built for a laissez-faire free market model with multiple players. It's not appropriate for Sark's mostly single-supplier energy market.

The ONS disavowed RPI as a national statistic in 2013, and Guernsey's continued adoption of RPI is flawed for Guernsey. Sark's adoption of Guernsey RPI is a fundamental error. The 5 largest components of Guernsey's RPI basket of goods (Mortgages, Hospital bills, flights and car payments) are not applicable on Sark, and our actual pricing for many goods elsewhere (including electricity) are completely different. It makes no difference if we use Guernsey or Afghanistan's RPI figures, neither bear any relation to Sark's actual economy.

I appreciate that this doesn't help you immediately. It's a more widespread issue than electricity pricing but I ask you consider alternatives for 2025 onwards and would be happy getting involved if it were to be helpful.

I remember when we met back in January we discussed several points, including your belief at the time that around circa 80p-ish would be a price allowing for reasonable investment. I'd be interested to read your views around whether you think that would still be reasonable and how, if at all the request or circumstances since then may have

affected. I also remember Jake Burnyeat mentioning that 80-90p would be the most likely price for any replacement. Again, he may have a view on whether that's still reasonable or if this has shifted. It would be good to see something published from the EPC (at some point) that would set expectations for the new systems and explain to the public why any replacement (or reinvestment by SEL, or both) would lead to higher prices. I suspect there's a desire not to discuss a new price regime prior to a vote on the build as paying significantly more for a much more complex grid could swing a vote against.

I'm concerned SEL's request may be part of an attempt to drag the island into court over market restrictions and anti-competition laws. I would be wary of attempts to fund a legal war chest for use against islanders using their own pockets.

On to the consultation questions:

1. I don't believe the remaining operating life of SEL is 2-3 years. I can still see a form of SEL operating in 5 to be honest, albeit at a reduced capacity. Even if Sark Power went live in two years inertia alone will make for a lengthy switchover.
2. I believe when it comes to the timescales for recovering it's outstanding investment that SEL should be diplomatically invited to go and shite. Had SEL not eaten theirs I have no doubt their figures would've been written with the finest crayons.
3. If a fair value assessment was conducted with SEL's agreement at the time, that should be the basis for future discussion. If there's a request to deviate from that the starting point for discussion should be an independent valuation.
4. I will refer you to my response on point 2 on this matter. Further to the above, the inability of a supplier to obtain credit due to it's owner's criminal past does not mean that the burden of up-front capital expenditure should fall on the customer. There are many ways for SEL to address this problem including a change of directors.
5. I too would like a million pounds to wipe my own arse clean please. I will once again refer you to my reply to points 2 and 4.
6. You would think a man who had time to reflect on his actions in jail would've understood moral hazard, but it appears not. A provision for reasonable legal costs is not a commitment to provide a blank cheque. Jackson's continuing poor legal choices are not the responsibility of the island.
7. The only addition I have is the point on investigating alternatives to Guernsey RPI at the next review. I'd be interested to read your thoughts around Prof Dieter Helm's views on the Systems Regulation Model, and separately the possibility of a feed-in tariff for Sark Power.

On that last point - I've recently been looking into a solar source fo a greenhouse and it looks like I can also build this into a backup sola source for home devices in the event of extended blackouts. My expected costs are around 67p/kwh. This should be lower as prices include VAT which of course I can reclaim - that would bring it to ~56p/kWh.

Cheers,

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## **Response 11**

Dear Shane,

Thank you for the summary of the PCO variation and the document - which I've read but feel out of my depth slightly. Not surprisingly. Your consultation questions were helpful as a basis for trying to reply.

I am very hopeful that the new electricity system will happen but will it be up and running in 3 years time? Things are changing fast in the alternative energy section but I imagine the sticking point (one of!) in Sark is the cabling for the supply.

Depreciated replacement costs - definitely this should be based on WSP consultants - we saw what happened when Alan Jackson wanted to 'dig up the Coupee' for the improvement of the cabling to Little Sark. The overground bit has been improved without the construction work.

What is he intending to 'invest in'? Is this the question of making the equipment safer eg the transformers? Why hasn't this been addressed before? How can anybody sanction the spending of nearly a million pounds on something that will be replaced in 3 years?

What is 'island reinstatement'? How is decommissioning usually paid for? It can't be the only power station to cease operating. When the lease finishes, he might have to clear up a lot of stuff.

I haven't answered any of the questions very thoroughly as I really don't know how things are usually paid for. What is clear to anybody seeing the Power Station is that it is horribly neglected. I'll be sending 2 photos this morning separately as examples of neglect.

Alan Jackson/Whitney Price is very rarely over here and the supply is kept operational by a few very loyal staff. Why haven't normal maintenance practices been followed over the years.

Why hasn't SEL taken any steps towards installing alternative energy generation in spite of publicly announcing that he would. I was promised an estimate for roofing solar panels from SEL but was never contacted by them).

The plan for a replacement system is not new and steps have been taken towards it for several years now.

I don't mind whether my name is published or not.

With best wishes and thanks for all your work.

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**Response 12**

Dear Commissioner,

I thank you for your letter in respect of the above-mentioned matter.

I do not feel the variation request should be approved. The Control Order should remain in place.

Yours sincerely,

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## Response 13

Dear Mr Lynch

Consultation on SEL Request for the 2023-2025 Electricity Price Control Order – Open Response

Thank you for both your both excellent summary and your 38 page Consultation Paper, both I believe, dated 3 September 2024.

I congratulate you in making your arguments clear, cogent and sound for the readers of the documents.

Thanks also for inviting the residents of Sark to comment, transparency is a fine feature of public office.

Others will disseminate your views and words, yet others will present alternate views and words; I believe you would expect this as it is absolutely the norm for such a process. It is not for me as a Sark resident and taxpayer to arbitrate for I am not privy to the necessary detail.

However, in responding to your thoughtful invitation, I should like to share with you what we have all witnessed over the preceding 12 years on the matter of Chief Pleas and Sark Electricity Ltd.

Trust and confidence was lost very early on in the conversation by all parties and has never been restored; yet we know this is a crucial human value in all relationships and discussion. What we may call "bad blood" ensued, threats were made by both organisations ranging from compulsory purchase to cutting off electric to end-users!

Considerable amounts of money was spent by both organisations procuring industry advice, reports, legal fees and the establishment of the Price Control Commissioners office. All of this, reportedly to be £'millions, was funded by Sark residents either through taxation or the purchase of electricity and most of it has been lost to islanders.

Throughout these years of uncertainty the small dedicated team at Sark Electric have continuously, apart for a few minor brief outages, supplied electricity to the homes and businesses of Sark, even finding the time and energy to dress the length and breadth of The Avenue with Christmas lights and decorations. The fact that the grid network is underground is a major contributor to this reliability of performance, a reliability that other jurisdictions strive to match.

The current proposal by a minority of Conseillers in Chief Pleas of installing a multi-million pound brand new second grid by an off-island funder and installer for a few hundred, mainly residential users, makes no business sense at all. It is the threat of this proposal that has meant the directors of Sark Electricity Ltd have exercised their good governance of the company and in addressing fiscal responsibility, which they are required to do under Guernsey Law, have prudently brought to your attention the effect of this disastrous situation.

This unseemly and costly endeavour, which often resembles the antics of a soap-opera should cease and a policy of common sense, good judgment and rigorous oversight of the spending of public money should be adopted.

This matter has gone on for far too long with nothing to show for the residents, families and children of Sark, the reserves of the island have been considerably depleted and we are paying higher than necessary for electricity, a double whammy indeed!

Do not misinterpret the lack of noisy media grabbing demonstrations within the community as acceptance, for it is nothing of the kind; we are emotionally exhausted with the subject and as a consequence respect for Chief Pleas is at an all-time low!

This is something all involved should reflect on and I would urge you to be a peacemaker whilst exercising your professional duties at all times and in all places.

With our love and every good wish,

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#### **Response 14**

Dear Commissioner,

Our monthly bill for August was £155. For that to almost treble, should you agree to Alan's requests, would ruin us financially!

Our household has a single wage income, as my husband cannot work due to stroke paralysis, and we do not have a monthly expendable income of that kind of money. I think you'll find a lot of others in Sark are in a similar position, and I just do not understand how we can be expected to find that kind of money. The prospect of our electric increasing to 150p/unit is truly frightening! If our costs do go up to that amount, I wouldn't be at all surprised if more people end up leaving the grid and turn to personal generators instead.

I don't profess to understand much of the intricate ins and outs of the consultation, but I've never understood why the consumer should be expected to pay the bill for a legal fight we were never even asked if we wanted. I also don't understand why the consumer should be expected to pay for SEL'S de-commissioning costs either!

I thank the Lord we have you and hope you do manage to keep our costs down to around 65p/unit!

Many thanks and kind regards,

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## **Response 15**

Hello,

The Isle of Sark Dairy has now been running for over 3 years, and in that time, has built up a small local customer base, and supplying products throughout the Baliwick.

It is most important that we have a reliable supply, as welfare of our cattle is top priority. Our cows get milked at 12 hour intervals and we need to know that when we press the button, the pumps will start!

Our current usage is between 2400 and 2500kw per month, with an average bill of around £1100.

An increase in this certainly puts even more pressure on our fragile business, and it is something we can afford.

Totally understand the reason for a price hike. As far as I can see it, Chief Pleas has commissioned an independent report of the electric supply. The report came back damning, so it is the duty of the current supplier to put it right. Whether he is supplying for 2 weeks or 2 years, the system must be safe for the people of Sark, and therefore the costs have to be passed on.

Many thanks for your continued help,

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## **Response 16**

Dear Commissioner,

I have read, with horror SEL's latest pricing suggestions.

Why does the company feel entitled to make its paying customers responsible for repair work that should have been done over many years of neglect and for its legal fees? This battle has gone on for a very long time. Customers are not responsible for the failings on a company.

If the prices went up so significantly many people on Sark just would not be able to continue living here. No matter how carefully we use our electricity we need it for water, lighting and heating - SEL would likely find that it has fewer and fewer customers.

Thank you very much for the work you do on our behalf - it's greatly appreciated.

Yours sincerely,

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## Response 17

General: in the medium to long term, it is entirely right that the Island should be looking towards a new system based wholly or partly on renewables. SEL have frequently made noises about working towards renewables but as yet there is no evidence that there are any plans by the company to do this therefore it is entirely reasonable that Sark's government should explore, and work towards this.

The short term is of more concern. Obviously Sark will always need electricity for both power and pumping water and will be expecting S.E.L to provide it safely for the time being. Optimistic views suggest that work may start on the new system in the summer of 2026. The Commissioner has the view that it is likely that the system may be in place within three years. There will though, almost inevitably, be both technical and financial glitches. Delays will happen for all sorts of reasons. The most pessimistic view might be that investors won't be found, because of the small customer base and because there is an existing company providing electricity. At the moment neither SEL, nor the government of Sark, nor the residents of Sark can assume with absolute certainty that SEL will cease to operate in two years. It may choose to, should there be an offer to purchase of course.

It is interesting to note that the retiring MD, of Alderney Electricity, which has been working towards a new renewable system for some time, told the local media, that it is hoped to provide at least a third of the island's power by renewables by May 2026. 'We have laid the foundations but the full journey may take decades.' Alderney has already laid the new grid.

Clarification on the time scale may come with the October update listed on the New Power system update on the government website.

More specifically:

Should the PCO be varied on the assumption that the remaining operating life of SEL is 2-3 years?:

This is difficult to comment on this as the design stage of the new plan is not yet completed. Is the Commissioner able to get an accurate timescale, possibly in confidence, from P and F or would it be better to delay any potential variation of the PCO on this basis until after the design stage update for residents scheduled for October 2024? At the moment we do not know what the life span might be, so it is not fair to consumers to allow variation and increased cost based on life span of 2-3 years.

Should SEL be allowed, over the next 2/3 years, to recover its outstanding investment?

No. Outstanding investment should have been covered by cost per unit over the years that improvements were made. It is unfair that consumers buying electricity over the next two/three years should make increased payments for work that has been done in the past.

Should SEL's outstanding investment be made based on its 2020 asset acquisition cost or estimates by consultants WSP of the depreciated replacement cost of its assets?

Given that the Commissioner has information from SEL of the 2020 acquisition costs it would seem reasonable to use these.

Should SEL be allowed to spend and recover up to £512,426 on asset replacements over the next two years?

It is interesting to note that the letter from Mr Witney Price to The Commissioner dated 1st June 2024 (appendix c) includes a long list of asset replacements, very few of which have been done. There is no time scale of when they might be done.

It has been mentioned several times that it is possible that some SEL equipment might be usable in the proposed new island scheme. It seems possible that the HV cables may be used and the LV ones perhaps used initially. These need to be maintained, it would appear, rather than be removed but an estimate of £900,000 is listed for removal. The possible use of existing cables may be clearer at the October meeting, or the Commissioner may be able to have this information, in confidence, from P and A.

It would appear that the amount suggested on asset replacement may be exaggerated.

Safety of equipment, however long it is to be in operation, is always an issue. It is a shame that Sark has no licensing law that could impose conditions on providers.

Should SEL be allowed to build a provision of £930,370 for decommissioning and island reinstatement shortly after it ceases to operate?

I agree with the Commissioner's 'mind to' position that it is reasonable to allow £7,960 for dilapidation for each of the next three years.

The stipulations of SEL's lease would also be relevant. Does the lease stipulate that a power station is returned to the landowner or land as it was leased in the original lease? I would assume that the original lease, probably circa 1949, will be registered at The Greffe Office and likely any amendments will also be registered. Anything registered at The Greffe Office is in the public domain.

Should SEL be allowed to recover an agreed percentage figure of its historic legal costs of £315,165?

There is evidence to suggest that the present owner of SEL is somewhat litigious and I take the Commissioner's point that the company has tended to employ lawyers when professional advice from, for example, an engineer, would have sufficed and been cheaper.

I agree that SEL could reasonably employ lawyers to contest determinations, PCO's and variations, but not to contest the law. (Am I right in remembering that the Privy Council was petitioned by The Gordon Brown family before the law gained assent but the petition failed?) If this is the case it would suggest a sound law.

I do not feel that present electricity consumers should be penalised by paying for historic legal costs at all and feel that the Commissioner is being reasonable in suggesting that SEL may require additional legal expenses if/when the island moves from one system to another and consideration should be given on a case by case basis, not exceeding £30,000 p.a. over the next three years.

Other issues: There will be difficulties for all concerned changing from one system to another, if it happens. There will be costs over this period to the Island's Government and SEL and most of these, inevitably, will hit residents either by cost per unit or through direct taxation.

It is also likely that, at least initially, any new system will result in an increased cost per unit so we, the residents, are going to have to get used to increased costs for a while. It is fortunate that we have price control legislation.

If The Commissioner goes forward with his 'minded to' positions, which are helpful and clear, it may well be that we will have to accept a unit price of around 65p kwh over the next two or three years. This will also be fair to the provider.

If, however, all SEL's suggestions to the variations are all accepted and the price per unit is £1.50 per unit this could result in those who can afford it going off grid or buying generators and make it virtually impossible for people of average means to remain on the Island. Tourism, our main source of income, will cease to function. I do not think that I am sensationalising to suggest that it would be the death of this community.

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## **Response 18**

It is likely, but not absolutely certain, that SEL will cease to supply electricity to Sark in the future. The timescale for possible change is not certain as yet so it is important that SEL should be able to supply safe electricity to residents until changes take place and during changeover from old to new system.

It is not surprising that the managing director of the company should attempt to maximise profits, realising that the company's days are probably numbered.

The Control of Electricity Prices (Sark) Law 2016 requires The Commissioner to determine whether the price which is charged by a regulated electricity supplier for the supply of electricity is, or is not, fair and reasonable (section 3 b) so I am assuming that a PCO needs to be in place that allows a price per unit that is fair to the customer and is sufficient for the supplier to make a reasonable profit.

Some of the requests for variation made by SEL seem unreasonable and excessive. I agree with Commissioner's 'minded to' positions on requests 4, 5, 6, and 7 on the consultation document. These appear to be fair and reasonable to both customer and supplier.

I do not think that SEL should be allowed to add historic legal costs to the price per unit to its present customers. The Managing Director seems to be litigious and has, perhaps, on occasions employed lawyers when other options might have been available. However, I do think that it is likely that there may be more legal issues over the next three or four years should the new Island wide system happen and it is fair to the supplier to allow some addition to the allowed amount for legal costs. As it is difficult to anticipate what these costs may be, the suggestion of viewing them case by case and capping costs to be passed on to consumers to a maximum of £30,000 per year seems fair to the supplier while discouraging him, perhaps, from employing unnecessary legal assistance.

Price increases related to possible options to alterations of the PCO are listed. It is likely that the price per unit with the new system may be more expensive than around 54p/kwh initially so we may have to get used to slightly more expensive electricity though I am glad that we have legislation related to price control. I would suggest that 56p/kwh or even 65p/kwh would be affordable by most people. (We have been there before!) but few people of average means would be able to afford 150p/kwh. Most householders are already very economical with electricity so would find it difficult to use less, I suspect many businesses would cease to trade, a move to more electrical vehicles would lessen, richer people would go off grid thus diminishing the number of SEL's clients, and noisy generators would appear all over the place, unpleasant for both residents and visitors.

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### **Response 19**

Dear Shane,

Thanks for your consultation paper, which we have downloaded and read. In answer to your specific questions at the end of your paper we respond as below.

In principle, we agree with your analysis and minded to positions.

As one of the 19 houses cut off from the SEL system after their altercation with Mr Moerman we have significant doubt about SEL actually taking action, given the time since we were cut off and their apparent decision to take no action to re-connect us. Therefore any allowances made to SEL for investment should be retrospective, contingent on them actually doing whatever work and within a timescale that is agreed with you. It should also be contingent on an independent technical assessment as you have discussed in your paper.

Should the PCO be varied on the assumption that the remaining operating life of SEL is -3 years? We agree that it likely to be a good 3 years for any new system to come on stream; in our view it would be better to make any variation on the PCO for de-commissioning and similar costs once the project time frame, funding, chosen contractor(s) and costs are determined and agreed for the new system as only then would there be a clear idea of the likely remaining life-span of SEL. In the meantime, there should be an annual review of the requirement for renewal/ repair/maintenance to maintain SEL as a going concern on the basis of a rolling programme based on a 3 year life for SEL.

Should SEL be allowed, over the next 2-3 years, to recover its outstanding investment? We think that the recovery on outstanding investment should continue for the present at the rate you have already determined and should only be reviewed once the new system is given the go-ahead per item 1 above.

Should SEL's outstanding investment be based on its 2020 asset acquisition cost, or on estimates by consultants WSP of the depreciated replacement cost of its assets? As it appears that the 2020 asset acquisition cost is significantly lower than the WSP estimate then the 2020 acquisition cost should be used.

Should SEL be allowed to spend and recover up to £512,426 on asset replacements over the next two years? No, just those items that are needed on a rolling 3 year forward assessment per item 1 above.

Should SEL be allowed to build a provision of £980,370 for de-commissioning and island re-instatement shortly after it ceases to operate? No. We agree with your minded to position on this.

Should SEL be allowed to recover an “agreed percentage figure” of its historic legal costs of £315,156? Absolutely not; we agree with your minded to position on this.

Are there any other issues you want to raise in response to this consultation? No thanks

Best regards

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## **Response 20**

Dear commissioner,

In reply to your consultation request I would like to make the following comments although I do not fully understand all the financial and business issues involved.

Question 1. I don't think it should.

Question 2. No I don't think it should.

Question 3. I think the consultants estimates should be used.

Question 4. I understand that some of the existing equipment, cabling etc is unsafe and should have been upgraded a long time ago. Instead of us having to pay SEL to install new equipment and then, as I understand it, buy it from SEL once the Sark owned company is started, is it possible for the island to pay for it and own it?

Question 5. When Mr Jackson brought the company he must have been aware that the power station lease was limited and that the landlord would want the area left clean. Surely this would have been reflected in the value of the company? Why should Sark residents pay for the decommissioning?

Question 6. I think Sark customers should only pay for unavoidable, reasonable legal costs and not for expensive lawyers fees Mr Jackson incurred fighting things like a price control system.

I would rather you did not disclose my name.

Thank you

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## **Response 21**

Dear Mr Lynch,



I have reviewed your consultation paper of 3 September and the letter from Sark Electricity which you attached in an Appendix. Thank you for inviting the public to comment. Whilst I strongly believe that the proposals to build a new grid are in the best interests of the Island, it is also right that you should take reasonable steps to ensure that Sark Electricity continues in being, generating a sufficient rate of return to its owner, until the new grid is ready. If you agree, this will require careful judgment on your part. I have the following comments:

I believe that progress on the Sark Community Power project is sufficiently advanced to constitute proper grounds for a new PCO.

Inflation linking of the cost base of £325,000 is reasonable.

I believe that a three-year time limit before a new system is up and running is more realistic than two years. I was interested to see that you independently arrived at the same view.

I am concerned that Sark Electricity is not prepared to enter into meaningful negotiations with Sark Community Power to sell its existing grid. That is the obvious approach for Sark Electricity to mitigate its loss.

I am sympathetic to the concept of Mr Witney-Price being able to recover his personal cost of acquisition in 2020. I note that you include computations to achieve this.

Necessary new capital expenditure should be recoverable with a modest rate of return.

I am fundamentally opposed to Sark Electricity being able to recover its historic legal costs. Consumers have paid for these already when unit prices exceeded 80p per unit. Sark Electricity would therefore recover them twice over if their proposal was accepted.

No adjustment seems to have been made by Sark Electricity for the scrap value of copper. At £5,000 per tonne this broadly equates to £250,000 gross.

Sark Electricity could obviously achieve a higher sum by selling the grid "as is" including defects to Sark Community Power and I urge it to consider doing so.

I am grateful for putting such care into your workings; it is right to strike a balance between the interests of the consumer and the interests of Sark Electricity, as you manifestly seek to do. I am content for my name and the content of this email to be disclosed.

Yours sincerely

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## Response 22

Dear Commissioner,

Thank you for publishing this consultation and giving consumers the opportunity to respond. Here's mine attached.

I have read the consultation document carefully several times.

My overarching opinion remains pretty much what it was when I first heard about the issues between SEL and the island some years back.

Any company that buys another company should do proper due diligence on the proposed purchase. That includes the cost of assets, the state of those assets and the need for investment to replace as required, the state of the site, the length and requirements of the lease, and the particular situation of operating in and for such a small island community.

While there may not have been any specific Regulator or Operating Licence on the island at the time, any utility company should be well aware that similar utilities are regulated in many countries. Regulations are brought in, broadly, to set expectations, set standards, and address issues when they arise. Anyone who buys a utility would know this and should expect such a regime to be brought in if issues arise – as they have here on safety, price etc.

In other words, in my opinion they knew what they were getting into and what the likely expectations were. The situation they find themselves in is of their own making, largely. And their consumers should not, as with the dreadful state of the UK Water utilities and the need to fix the sewage release situation, be forced into paying the bill. That's down to their shareholders / investors.

I note with interest the following story on UK Water utilities which has just popped up <https://www.theguardian.com/environment/2024/sep/23/six-water-firms-in-england-overcharged-customers-by-up-to-15bn> of which the gist is utilities accused of hiding the scale of the issue so that they can levy higher prices on the consumer.

I think you can tell I'm used to going to the wire for consultations which close at 12 noon!  
Summary

I have reviewed the consultation document and the included correspondence from SEL with great care and using my professional experience in dealing with regulators, tender and network builders (albeit in a different country and industry). The premise of the request is flawed. The context claimed as justification is that of new circumstances (the announcement of new electricity system) since the 2023-2025 Price Control Order and that this will result in the closure of SEL in two years' time.

1. The Chief Pleas vote to commission a new system was in Oct 2022. There were public discussions prior to that and, no doubt, discussions in Chief Pleas on the record. It is hard to see why this is a "new" circumstance in Jun 24 (the date of the variation request letter). Or, if it had not been possible to account for this in the 23-25 PCO, why a variation request was not made as soon after Oct 22 as possible.

2. The public position of SEL in 2022 and earlier 2024 was “we’re not going anywhere” and forecasting a competitive market between the two systems. There has been no previous public statement by SEL that they would cease operations. If closure is now the SEL position, that’s entirely a matter for them within their own business plan and the Sark consumer should not be liable for it.

3. In any case, a more realistic timescale for any new system coming into operation would be up to 3 years from contract signature (which hasn’t happened yet) rather than in two years from now.

4. Certain elements of this variation request appear to re-open previous determinations for earlier PCOs previously accepted without appeal. Given this, the variation request does not appear to be completely allowable. There are some elements, as cited in the document, on which a variation is reasonable. Having considered the detailed analysis in the consultation document together with the supplied SEL letters, the “Minded-To Positions” seem reasonable to me and I support them. While the current PCO expires 31 March 2025 (along with any variation), the analysis and determination for the 2023-2025 would be part of any investigation and consultation for any future PCO that may become necessary and, therefore, I think it’s important to get the principles settled now as part of this consultation.

Responses to consultation questions:

1. Should the PCO be varied on the assumption that the remaining operating life of SEL is

2-3 years?

2. Should SEL be allowed, over the next 2-3 years, to recover its outstanding investment?

There was a presentation given by SEL in the Island Hall 20 Sep 22 at which I believe statements were made by SEL to the effect that “we’re not going anywhere” and that because they already had an operating infrastructure for generation and distribution, SEL would be able to undercut any new system. That would need either a contemporary recording / account or the presentation slides to evidence. However, public statements by SEL in Oct 2022 Sark to build new renewable electricity system -BBC News “SEL isn't going anywhere” and Jan 2024 New grid plan branded 'nonsense' by Sark power boss - BBC News “We'll have a competitor in the market which wants to charge more for electricity than I do, which is going to make my life easier” and “Having a competitor which will charge more than you is never a bad place to be.” seem to indicate that SEL did not see an end date for operations and existence on Sark.

SEL’s 2022 and 2024 statements make it hard to justify any variation that is based on a later claim of a limited time period for SEL’s operating life; whether that be any PCO variation or investment recovery.

3. Should SEL’s outstanding investment be based on its 2020 asset acquisition cost, or on estimates by consultants WSP of the depreciated replacement cost of its assets?

The Law states in 13.2 “... the Commissioner shall take all material considerations...” and “the cost of generating and distributing... , including the cost of ...acquisition and maintenance of any plant and equipment.”

That’s very clear: “the cost”, not “the estimated cost”. In any test of materiality, the actual cost must take precedence over any estimate. Any company should have been able to provide this information when requested in 2019. The new owner should also have discovered the asset acquisition cost in the due diligence process of acquisition on 2020 so it should have been notified to the EPCC in time for the 2021 PCO.

The fact that previous PCOs had to use an estimate from consulting engineers is entirely due to SEL (and predecessor) not providing the required information to the EPPC. Now that the correct information is available, it is this that should be used in any variation /PCO.

There is a case to say that the use of a higher-cost-than-actual RAB has allowed SEL to claim a higher price than that which would have justifiable with the actual, lower acquisition cost RAB.

I concur with the Minded-To Position in 7.3. This should be based on the Minimum 2020 acquisition cost as no business would acquire assets for the Maximum cost, they would always seek to acquire assets at the lowest possible cost.

4. Should SEL be allowed to spend and recover up to £512,426 on asset replacements over the next two years?

No. In S5, New Capital Expenditure, there are odd and conflicting statements from SEL. Having been involved in tenders both private and public for many years, I do not accept that an indicative program would not be available. Such an indicative program would normally be included as part of the Invitation to Tender prior to the process starting. It’s part of the requirements for which companies are being invited to tender – or suggest variations on.

Confidence that the replacement works program can be completed within 2 years is either based on an existing indicative program (which should be part of the variation request) or it is wishful thinking (and thus meaningless).

A regulated business should have no issue with any independent technical review of proposals put forward to a regulator.

Under UK (and EU) public procurement rules (at least for those tenders with which I have been involved) a bid must have a capex plan in the Tender response. The successful tenderer then evidences actual capex after it’s happened before claiming this capex to a maximum of what was in the successful tender bid for that particular item. To do otherwise is not good practice. But what that means is a full capex plan must be submitted prior to any approval.

I concur with the information in 5.2 and 5.3 and the proposed actions in 5.4.

I have experience in network projects and therefore concur with the estimate that a new system would be 3 years away – especially since contracts for the build have not yet been negotiated,

approved or signed – rather than two years from now.

5.4 indicates that capex approved by an independent report may be granted. Such capex would be funded by the consumer and end up as assets of SEL. If consumers are paying for the assets through increased prices, why does SEL own them? Who owns them should SEL decommission? If consumers are paying for them, then why not create a community-based entity to receive the agreed extra charges (if necessary, via SEL) and invest in / own those new assets which would be usable in any new system. Attracting investment against a guaranteed existing asset-based income stream would be less onerous than for a new startup. This could be the precursor of whatever entities are set up to run the new distribution and generation systems.

5. Should SEL be allowed to build a provision of £980,370 for de-commissioning and island re-instatement shortly after it ceases to operate?

No. SEL's previous public stance was that they're not going away and intend to remain in operation. If they now choose to cease operations, that's their own choice and should be funded out of their own resource from existing investors / shareholders.

The need for remediation and the length of lease were known – or should have been with proper due diligence – before SEL was acquired in March 2020 so should have been built-in to their business plan from beginning. The risk and cost of this lies with the company, not the consumer.

I further note the information in the consultation that no decommissioning or re-instatement has been requested by landowners and is not in any legislation. SEL should therefore not ask Sark customers to pay for it.

I concur with the Minded-To Position in 6.3.

6. Should SEL be allowed to recover an “agreed percentage figure” of its historic legal costs of £315,156?

No. If a company chooses to spend money on legal costs when the existing management is competent to deal with correspondence and make submissions to various determinations (as has been done before) then that's their choice and they must fund it.

The point that costs in challenging government policy should not be funded by the consumer is well made – particularly as that policy was made by representatives elected by the community.

I concur with the Minded-To Position in 8.3.

7. Are there any other issues you want to raise in response to this consultation?

7.1: SEL's variation request letter 26 June 2024 Annex A says in 1.3 that the PCO [made 1 April 2023] was “made in globally unprecedented circumstances ... specifically ... a market comprising approximately 500 customers only... proposals have been made to set up a second electricity grid.”

In 2015, the then President of Sark’s Chamber of Commerce, Alan Jackson, said “... the problem for Sark is that its small size, now less than 500 residents and falling ...”. Sark Chamber of Commerce president Alan Jackson resigns - BBC News

The issues between SEL and Sark were known before the March 2020 purchase of SEL including problems with the pricing model and threats [Nov 18] made over continuity of supply. Sark electricity: The Channel Island that could lose its power - BBC News

The Chief Pleas vote to buy SEL either through negotiation or compulsorily was in June 2021. Sark government to buy island electricity company - BBC News

The Chief Pleas vote to cease the compulsory purchase order and commission a new system due to health and safety concerns was in Oct 2022 Sark to build new renewable electricity system - BBC News

It is difficult to see, therefore, how the 2023-2025 PCO could be claimed to have been made under “unprecedented” circumstances which were on the public record in 2015, 2018, 2021, and 2022.

7.2: I concur with 3.0 that “A variation request cannot be used to simply revisit issues already determined and accepted ...”.

7.3 I accept the inflation issue is a “manifest error” for the reasons given in 4.0 and the conclusions in 4.4 Minded-To Position.

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**Response 23**

Dear Commissioner,

Thank you for inviting us to comment on Sark Electricity.

An increase to £1:50 per unit would be crippling, surely it should be the business company that pay the decommissioning and lawyers fees not the customers.

Having been threatened in the past that the Islands power supply would be cut off also the issue of the 19 homes in the north of Sark not being reconnected, how can we be sure where the increase amount will go to.

Regards  
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## Response 24

Dear Commissioner,

Thank you for the opportunity to comment.

1. Should the PCO be varied on the assumption that the remaining operating life of SEL is 2-3 years?

No - There is no credible or definite plan that guarantees that SEL will not be the electricity provider for the foreseeable future.

2. Should SEL be allowed, over the next 2 years to recover its outstanding investment?

No - as above - though an acknowledgement of a Chief Pleas liability in the event that it forces SEL to cease to be the supplier might be appropriate.

3. Should SEL's outstanding investment be based on its 2020 asset acquisition cost, or on estimates by consultants WSP of the depreciated cost of its assets?

I'm not sure !

4. Should SEL be allowed to spend and recover up to £512,426 on asset replacements over the next two years?

Yes - Chief Pleas have identified that there are safety concerns with the current system, and appear to expect SEL to continue to supply electricity to the residents of Sark. Unless Chief Pleas is able to indemnify SEL for any issues caused by the identified safety concerns, then it is essential that SEL resolves those issues. The fact that Chief Pleas have stated their intension to build a new system as soon as practical that will take over from SEL (though it appears not to have identified how it will effect this takeover) suggests that SEL has to recoup these costs over the time it can guarantee it has left to operate.

5. Should SEL be allowed to build a provision of £980,370 for de-commissioning and island re-instatement shortly after it ceases to operate?

No - as far as I know there is no requirement for SEL to decommission should it cease to operate (and presumably at that point the company would cease to exist anyway, so who would decommission?)

6. Should SEL be allowed to recover an "agreed percentage figure" of its historic legal costs of £315,156?

I would say no - though whether it is reasonable to say that Chief Pleas policy has directly caused extra cost might be a consideration.

7. Are there any other issues you want to raise in response to this consultation

Assumption - that SEL brings its electricity supply system up to the standard required to be considered safe by Chief Pleas (ie addresses all the safety issues identified by the Chief pleas report and considered necessary to meet the safety requirement) and those upgrades are fully paid over the 2 year period.

SEL will be in a position to supply electricity that is deemed perfectly safe at a price controlled by the EPC legislation. As all the capital cost involved (apparently £512,426) will have been paid by consumers then there will be no requirement for a return on this capital going forward.

The price that SEL will be able to provide electricity for will be dramatically cheaper than the price required to justify the investment in a new grid - will the EPC Commissioner be able to justify the higher price - and will Sark residents be prepared to pay it if they have the choice?

Chief Pleas need to clearly communicate how it will implement its declared policy to build a new electricity supply infrastructure, and how the new supply system will replace the SEL system.

If there is an existing agreement between Chief Pleas and SEL regarding this changeover then that would be exciting good news. If not might we expect more legal action?

Would the adoption of Guernsey Electricity Supply legislation ( with our Price Control legislation inserted at the appropriate place) ensure a safe and sustainable electricity supply for Sark – whoever the supplier might be?

With many thanks for your continued endeavours on our behalf

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## **Response 25**

Dear Shane

I apologise for missing your consultation deadline by either a few hours days, depending on which of the published dates (20 Sep or 24 Sep) was correct! I had misread the later date as 25 Sep, and only realised my mistake when I read the papers in detail again this evening.

I hope the attached is not too late to be considered, and I will be very happy to elaborate on any of the points if that would be helpful.

By way of background, I am a retired consulting electrical and systems engineer with a lifelong association with Sark. Various members of my family have lived there over the last 70 years and we currently have a house on the island which is wholly reliant on SEL for electricity. Thus I have what I think is termed 'skin in the game'!

I commend the rigour of your analysis, the clarity of the presentation and, in particular, the balance



you strike in recognising the interests of both supplier and consumer. I recognise the challenge you face in establishing the underlying data on which to base your price regulation recommendations and I have no difficulty in agreeing your conclusions.

I have observed the breakdown in the relationship between SEL and Chief Pleas with some dismay, and I am sceptical about the scale, affordability and practical implementation of the proposed replacement system. With a co-operative incumbent the transition could be relatively straightforward technically and some elements of the existing system could be integrated to reduce cost and risk, at least in the short term. As it is, in the face of determined opposition and obfuscation from SEL, I anticipate a very difficult few years and a pricing nightmare!

Best wishes,

1. Should the PCO be varied on the assumption that the remaining operating life of SEL is 2-3 years?

In the absence of an approved and funded programme to contract for a new power generation and distribution system on Sark, it is extremely difficult to anticipate either when such a system might be commissioned or, in particular, how the transition from the present monopoly. Supplier might be managed. Given this, and noting that dates within the proposed replacement programme have consistently slipped against forecasts, even 3 years as the remaining operating life of SEL seems unrealistically short. Further, while probably not economically viable in the long term, it is conceivable that the two systems might operate in tandem for a period if SEL were to retain some of its customer base through choosing to undercut the tariffs on the new system. Against the background of this level of uncertainty, the PCO should only be varied once there is an approved programme for the new system and SEL has published its commercial response to this, including any transitional arrangements. Until then, a more reasonable assumption is that SEL will continue in operation in some shape or form for at least 5 years.

2. Should SEL be allowed, over the next 2-3 years, to recover its outstanding investment?

Absolutely not! The PCO has been established with commendable rigour, despite the best efforts of SEL to obstruct and confuse the process. Without sight of whatever due diligence was undertaken by the present owner on acquiring the business in 2020, it is extremely difficult to assess the balance between the values attributed to the asset base and the revenue stream.

However, all the evidence from recent independent studies suggests that there has been very significant capital under investment historically, both before and since 2020, and associated excessive profit. Consumers should not have to reimburse the present owner if an over-inflated price was paid on acquisition, particularly since the vast majority of the assets at that stage had already gone well past their reasonable economic life. The business case for the replacement system is predicated on the assumption that the present system is worthless so, by implication, there is no residual value in any historic investment. Consumers should also not be liable if, in pricing the acquisition, the present owner (or its advisers), failed to take proper account of the risk of an alternative supplier emerging.

3. Should SEL's outstanding investment be based on its 2020 asset acquisition cost, or on estimates by consultants WSP of the depreciated replacement cost of its assets?

Addressed under 2. above. The acquisition cost is largely irrelevant - that was a business decision, perhaps based on a flawed analysis of the value and longevity of the business, for which consumers should not be responsible.

4. Should SEL be allowed to spend and recover up to £512,426 on asset replacements over the next two years?

The SEL proposals represent an unacceptable risk of nugatory expenditure. Any capital expenditure for which recovery is approved must be subject to independent scrutiny to confirm that the cost is reasonable, necessary and appropriate in the context of the programme for a new system. Further, given the typical operating life of equipment and infrastructure in the sector, there must be an agreed plan by which recognisable assets paid for by consumers are transferred to the new operating company. In the absence of such an agreement, SEL alone should bear the cost of essential replacements.

5. Should SEL be allowed to build a provision of £980,370 for de-commissioning and island re-instatement shortly after it ceases to operate?

SEL has accumulated disposal and decommissioning liabilities over the years for which a responsible operator would already have made provision, evidenced in published accounts. To expect these costs to be charged to consumers over the final few years of operation is both unreasonable and against normal commercial accounting principles.

6. Should SEL be allowed to recover an "agreed percentage figure" of its historic legal costs of £315,156?

No! Consumers are already faced with an extraordinary situation whereby as consumers and taxpayers they are paying the outrageous costs of both sides of a grudge match that is not of their making.

As you rightly observe in your analysis, SEL seems all too ready to incur the cost of legal support where technical or operational advice would be more appropriate, and in most cases the costs seem associated with optimising the owner's commercial position rather than benefitting consumers.

7. Are there any other issues you want to raise in response to this consultation?

Many, but I have run out of time! In particular, the role of the PCO will become increasingly challenging as and when the way forward on an alternative provider to SEL becomes clearer. I have yet to see any coherent proposals for managing what promises to be an extremely fractious and technically complex transition and price regulation will only be one factor to be considered. Is there a competent authority who will take charge of this?

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## **Response 26:**

Dear Mr Lynch

Thank you very much for asking us to give our views, so that you can reach a decision on your next PCO.

The debacle of SEL and its operating procedures has been going on for so long now and I personally can't wait for Sark to have its own Independent Supply.

We were threatened with the shutdown of SEL for 30th November 2018 (which was finally averted at the last minute with the agreement of 66p per unit so that SEL was profitable) and again informed that the Company would cease trading on 19th June 2021 and yet to this day they say they can't make the company profitable and we are always held to ransom!

I believe that part of the agreement of the November 2018 deal was that Sark would purchase SEL. Then we find in March 2020 that Mr Jackson (Alan Witney-Price) has purchased that supposedly failing company. It was later revealed that the undisclosed purchase price was significantly reduced due to debts and Investment required.

No Significant investment has since been apparent.

At a Meeting between Conseiller Karen Adams and Mr David Gordon- Brown, on 7th October 2018, Mr Gordon-Brown stated that very little had been invested in the company in the last 2 years and in fact the last big spend had been in 2009/10.

In a Letter from the Policy and Finance Committee on October 1st 2019, it was stated that SEL were investigating more Efficient Equipment.

These investigations have obviously taken over 5 years!

I believe that other than the recent, absolutely necessity, purchase of a second hand Generator no other significant investment has occurred since 2010 and now all of a sudden SEL wants to invest heavily in the business!

This investment request is just way too late now and we can't be asked to finance what should have happened over the last 15years.

SEL states that their request for investment is necessary to ensure a safe reliable supply, but they've been supplying power all this time even though the Independent Report by EIS found 'failings' in October 2021, and other reports previously. I feel confident that with general maintenance and a few safety upgrades the infrastructure can be 'nursed' along for a few more years, until hopefully the New Sark Grid is up and running..

The EIS report suggested that the investment to replace Switchgear and Transformers would cost £1.1 million. Now is not the time for SEL to be investing and if they want to come out looking good, and save the residents from paying twice for its electricity supply, it should sell its assets to Sark so that anything of any use can be incorporated into the new system.

Why would SEL want to trench huge stretches just so it can remove an old transformer and convert the leg to LV? Surely it's cheaper just to install a new transformer and save the trenching? SEL's proposals make no sense to me other than to squeeze a few more pounds out of the residents.

SEL's proposals that they would complete all necessary work in the next 2 years, also doesn't stand up to scrutiny. In October 2020 SEL disconnected the supply to the North of the Island and to date no further work has been done to reconnect. I believe Chief Pleas has granted permission for the public road to be trenched and the owner of La Genetiere Tenement has given permission for his hedges to be breached and the necessary 2 mtrs of cabling to be installed on his land – but hasn't granted 'Carte Blanche' Wayleaves, which is ultimately what SEL is trying to obtain.

If SEL can't resolve trenching, (with just 2 parties involved), in the last 4 years, they're never going to achieve their proposal in the next 2 years.

In a brief response to your appointed questions –

1: nothing should be varied on the assumption that SEL only has 2-3years remaining. While I hope this is the case Chief Pleas are only currently fact finding.

2: SEL shouldn't be allowed to recover its outstanding investment. Nothing has been invested in the company for 15 years and it's only been by sheer luck, and the skills of the Power Station Engineers, that the power has remained on. Mr Jackson's purchase of the company basically gazumped the sale to the Island, prolonging our misery for a further many years.

3: If any calculations have to be made it should certainly be for a company that has seen no investment for 15 years and is struggling on by a 'wing and a prayer'.

4: SEL should not be significantly investing further into the company

5: To allow nearly 1 million pounds to be accrued, would be total madness to inflict on the 500 residents. We may as well spend that money on Compulsory purchase at least have some assets and grid to reuse.

6: No recovery of Legal costs. SEL wasted money on Lawyers, from their own choice.

7: The only thing I'm happy to concede is RPI inflation. Unfortunately this is something we all have to endure.

I'm sorry for my ramblings, but I hope there is something of use in here that assists you.

Kind regards.