



Office of the Sark Electricity Price Control Commissioner

Press Release

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DRAFT DETERMINATION SUGGESTS SARK'S ELECTRICITY PRICE MAY BE "NEITHER FAIR NOR REASONABLE"

An in-depth investigation by Sark's Electricity Price Control Commissioner suggests that Sark Electricity Limited would be able to enjoy a reasonable return if the price were 53 pence per unit. Islanders had been paying 66p per unit, the highest known electricity price in the world, but Sark Electricity Limited raised the price to 85 pence per unit on 1st October.

The Commissioner, Dr Anthony White, today made public his analysis in an official document called a Draft Determination¹.

Dr White suggested that if SEL's assets and business were operated efficiently and economically, a price of 53p/kWh "may be sufficient to allow its investors to enjoy a reasonable profit.

"SEL has an unrealistic view of the level of returns it is fair to expect customers to bear and it also assumes that *all* costs it incurs operating the business, whether they are reasonable or not, may be passed on to customers."

This may be "neither fair nor reasonable", says Dr White.

The investigation into SEL's business and operations included the use of WSP, an internationally recognised engineering company, to assess the company's network and power generators on Sark. The Commissioner's analysis took into account the cost of replacing the whole system, its age, the fixed and variable costs, and calculated a "fair and reasonable" return for SEL's shareholders.

The Electricity Commissioner will now seek representations from SEL, residents and other interested parties. He will then decide whether there is a need to make a formal Determination¹ that the current price is not fair and reasonable. This might lead to a legally enforceable Price Control Order on SEL.

Note: The Commissioner is available at commissioner@epc.sark.gg

¹ Available on the Electricity Commissioner's official website www.epc.sark.gg