



6th February, 2019

Dear Residents of Sark,

Electricity Prices

As you are aware, the out of court settlement agreed with Sark Electricity Limited (SEL) last November stipulated that SEL would charge 66p/kWh for electricity until the end of February 2019. I have had several enquiries from residents who are, justifiably, wondering about the price of their electricity from 1 March onwards.

Given the enquiries that I have received, I have asked SEL to let me have an indication of what price it is proposing to charge from 1 March and I will publish details of any response when I receive it.

My office has recently appointed engineers, WSP, to carry out a valuation of SEL and Sark Electricity Holdings' assets. Their representative has visited Sark in order to familiarise himself with the electrical generating and distribution system used by SEL. The resulting valuation report, along with the information I already hold and other information my office has requested from SEL, will provide me with suitable material upon which I may base any determination concerning the electricity price which it may be appropriate to make going forward. .

When carrying out an analysis of whether a price is fair and reasonable, it is normal practice amongst other things to take into account a return on asset formula, as I explained in my Consultation paper of December, 2017. When my office requested SEL's asset register last year in order to perform this analysis, I was informed that the information does not exist and that SEL had no record of the age of its assets or the purchase price paid for them. This is why, in part, it has been necessary for my Office to appoint WSP.

For the record, although the economic arguments for my office's previous Determination were never tested in court, I believe that they were both valid and robust.

Anthony White

Commissioner