



Responses to Proposed Variation of 15th October 2020

My Office has received eleven responses to the Proposed Variation of 15th October 2020 by the closing date of 30th October. SEL has requested a seven-day extension to this time frame, which I have granted. SEL now has until 6th November to respond to the Variation and until 13th November to respond to the representations below, should it wish to do so.

Anthony White

Commissioner
1st November 2020

1. Resident

Thank you for these communications. I congratulate you on laying out the facts and problems with such clarity and balance.

As you say, much depends on trust. This concerns me in relation to the project for Sark Community Dairy. First, AJ's confirmation (email) of SEL's willingness to provide cable and install power to the shell building (provided they can use the trench that we provide for the borehole). Second and less urgent, a specific as well as general offer by AJ to put solar generation on the dairy roof.

It is going to take some time to develop the trust.

Meanwhile, thank you for your patient work.

2. Resident

Thank you very much for this update, which is appreciated.
I fully support your views.

3. Business

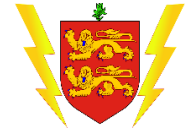
Many thanks for the copy of this. It is certainly an interesting document.

I would like to take the chance again to reiterate that it is not our intention at Stocks to go "off-grid".

- We would like to be able to feed into the grid any excess power that we produce, as otherwise it would seem a terrible waste of green energy, and it would presumably be cheaper for SEL to buy that than produce their own, non green, power and hence I presume they could make a bit more profit on those units when they resell them.
- We would also like to remain connected so that we can use the power from the grid at times.

Our intention, as it would be for any business or household, is simply to try to:

- Reduce costs
- Guarantee security of supply



- Be as environmentally friendly as possible

Clearly the ridiculous historic proposed system for self-producers to have to sell everything produced to SEL at one price and then buy back everything we use at almost 4 times that would force us to go off grid, but hopefully that is old news and eventually we will find out what the new proposals are and this will encourage us to remain connected and work with the company.

I should also say that we have had a couple of people suggest that our going off grid will cause the whole island to have an issue. I am not sure of the validity of that specifically, but I can confirm that if we were to do nothing, and had to continue to suffer an annual electricity cost of over £75,000 pa, we would have effectively ended up off grid as we would have had little choice but to close the hotel anyway.

Finally my only other comment would be that whilst I am not fully aware of what has occurred in the north of the island and how the situation of houses being cut off etc has occurred, I am now even more pleased that we have taken precautions and steps to hopefully guarantee that we will not be left completely without power or totally reliant on the whims and reactions of other individuals. This “insurance” factor was always a part of our considerations of this project, but it seems that it is now increasingly important.

4. Resident

Thank you for inviting comments on the proposed variation to the PCO.

The suggested return for the supplier seems entirely adequate in the present uncertain climate.

This same world-wide uncertainty suggests to me that reviewing the PCO every four months would be allow both supplier and customers to be aware at regular intervals of any changes. There would be no surprises and both supplier and customers would be able to fine tune financial requirements.

I understand the need to increase the PCO to 58p for one year. Your evidence for proposing this is clear.

Basing price adjustment on ‘island wide’ consumption might be difficult. Is it possible to accurately discover how many units those who are off grid are using and, although the bigger players are known, it may be that there are other smaller users who are producing most of their electricity independent of the SEL grid?

The proposal, initially from Mr Jackson, of a higher connection charge and a lower unit price would mean that charges would increase for those houses where little electricity was used and there would be a charge for those choosing to use their own renewable sources but remain part of the central grid. The balance of overall cost to some, perhaps poorer, consumers would have to be very carefully monitored as many on Sark are already minimising unit use. It is also possible though that higher connection charge but significantly lower unit price may result in an



increase in units as some people elect electric alternatives to other forms of energy. It would be good if Mr Jackson took on board though that it is extremely unlikely that anyone will increase their number of electrical appliances/vehicles while there is any uncertainty of supply.

It would appear that you, as Commissioner, are still have difficulty obtaining information promptly from SEL to enable you to carry out your work. This is unhelpful to planning for the future by customers and, I would have thought, supplier.

I find it difficult to understand whether or not the SEL grid is able to manage self generated electricity going into the grid. Mr Jackson seems to have made some rather conflicting statements on this. Your understanding seems to be that the grid could withstand excess production going into the grid. If it is technically possible for the central grid to accommodate energy produced by individual producers surely it would make economic as well as environmental sense for SEL to promote a fairer buy back tariff? This would also mean that the ever increasing number of home producers would have a less detrimental effect on the customer numbers of SEL?

Having looked at historic wayleaves drawn up by Mr Malcolm Robson which are available at The Greffe Office I see little reason why similar wayleaves could not be drawn up by the majority of land owners, most of whom I believe, would be open to negotiation provided that SEL's approaches to them are reasonable. I am surprised that Mr Jackson did not see wayleaves as a potential issue when he purchased the business.

5. Resident

Thank you for your email with information about the power supply and for having notices displayed in Sark for the public to respond to.

In response to para 54:

- (a) Given the prevailing economic situation everywhere due to covid-19, it is quite clear that companies and investors will have to accept a lower return than previously – SEL is surely no different.
- (b) Given the low interest rate of the banks, borrowing money for investment in utilities should be easy.
- (c) The price per unit has to be based on consumption in order to make financial sense for SEL. However, if the figures given to Mr Jackson by the Gordan Brown family were incorrect, why was this not picked up by Mr Jackson when looking at the buying of the company?
- (d) I don't want to pay 58p/kWh but I'm afraid that is unavoidable and will be happening all over the UK, perhaps not in the price of electricity but in general living costs one way or another.
- (e) I don't feel qualified to comment on this
- (f) Four month adjustment seems fine to me but I don't know how the annual forecast should be allocated
- (g) Why did Mr Jackson propose this standing charge tariff change and then abandon it? It seemed a good idea, he presented it well at the public meeting showing how many properties were unoccupied for much of the year. Similarly, his suggestion that he 'rent' roof



space for solar panels seemed excellent (I contacted him myself) but he now says the cabling could not take this. You have shown otherwise.

- (h) Wayleaves: Most people on Sark knew that the wayleaves had expired; why didn't Mr Jackson find this out when he was spending '6 years trying to buy the company'? I would have thought that the price for a wayleave agreement might be less now since the cables are underground and therefore not unsightly.

His constant overstatement of costs is increasingly irritating and were it not for the Commissioner's own diligence in disproving these claims, we, the consumers would be unaware of Mr Jackson's exaggerations. Likewise reconnections charges and the cost of rerouting the power supply to consumers at the North end. Like many people on Sark, I have come to the conclusion that Mr Jackson is not a fit person to provide what is an essential service to the community. He appears to have made no investment in either current or green technology and I cannot understand how he intends to run the company from Alderney.

Of course he is entitled to make money but not to take Sark residents for such a ride. If I could afford it, I too would go off-grid, but I know it's not the best thing for Sark as a whole. Why doesn't he make a reasonable buy-back arrangement?

6. Resident

- a. This level of return seems a bit generous considering how the next 2 years are likely to play out, and in light of SEL's reluctance to include own generators who wish to contribute to island wide generation for island wide consumption.
- b. No comment.
- c. No comment.
- d. I think a change in standing charge to each consumer/property/bore hole would be more acceptable to islanders to cover this shortfall. It would also be one of the building blocks needed for the sustainability of the equipment which SEL seem reluctant to manage. I'd like to see it explicit in SEL's records/accounts that these sums are ring fenced for the purpose of repair and replacement of equipment.
- e. Yes I agree, island wide consumption in the price adjustments is reasonable, again this is one of the building blocks needed for security of supply 24/7 365 for all islanders.
- f. I think 6 monthly adjustments could be more acceptable to consumers, but whatever timeframe is decided leaving it as annual is undesirable while the future is uncertain due to COVID-19.
- g. I totally agree with this, it would be helpful to see some worked examples of how this would affect different types of households and incomes, so as to reassure those on low incomes that it is affordable compared to what they currently pay. With the increased standing charge SEL would need to contractually assure customers of 24/7 365 supply.



h. Any other matters -

- I would like to see what can be done under the 2016 law to compel SEL to make more of own generators contributing to island wide generation that is attractive to them; this is common practice in other jurisdictions and Sark is no different.
- If the buy back model could be changed to make it attractive enough for own generators to feed into the grid this would benefit the whole island.
- Using IOSS figures for fuel oil delivery is a reliable way forward.

7. Consulting Engineer

The only issue I can possibly shed some light on is the transformers and the ability to accept reverse powerflow. In theory a transformer should be able to take energy in either direction, however some grid transformers can suffer a localised build up of heat around the lower voltage side of the transformer windings. This means a lot of UK distribution transformers are limited to 50% reverse powerflow as a precaution. The other issue you can get with transformers is that the AVC's (Automatic Voltage Controllers) can be integral and these may not be set up for any reverse powerflow. I doubt there are any of this type on Sark however as they are normally found in Grid Primary sites.

8. Resident

I have now had time to go through the document carefully a second time. Given the lack, to which you refer, of some information, your reasoning and conclusions strike me as entirely reasonable.

#54 d) e) f) and g) in particular I support.

Under h) It seems to me that the price at which SEL can buy solar or other power is a consideration that falls within your purview. Anything that can be done at this point to encourage engagement between residents and SEL is to be encouraged; those investing in private generation need to be given every incentive to remain connected to the grid. More favourable terms in the short term may be needed (as in UK) to encourage confidence in change.

If this appears a rather timid and neutral response it is because I think that given the complexity of the situation and of projections, and the fragility of trust between interested parties, you are steering a very sensible course.

9. Resident

This is a mess - and as I read your document one of SEL's making. This owner is not being open and honest in his dealings with either yourself or the islanders.

In answer to your specific questions.



a return of investment you offered is reasonable. I would go for the lower value of 2%

Some open and honest values as to the actual amount of electricity generated and consumed would be useful from SEL. There is a complete lack of trust on the Island. This would assist both yourself and the island to understand the need for price increases - or decreases.

I would question the need to increase price - rather the company should look into the remuneration structure of the employees. Most businesses that sold less of a product would have to look at pay for the owners of the company. The owner might have to take a pay cut.

I am very keen to see how a "Standing charge" could be introduced that is a progressive charge, whereas the current system costs the poorer in society relatively more.

I personally would consider solar power for a proportion of my energy use. Simple water heating, or even some assistance to space heating might be feasible while staying connected to the grid.

10. Resident

Response to consultation questions as per the proposed variation issue on 15th Oct 2020.

- a) The level of return you are considering is carefully explained in the variation proposal document and seems perfectly reasonable.
- b) As above, carefully reasoned and sensible.
- c) Assuming that the forecast includes off grid consumption then it is a reasonable basis.
- d) Assuming the figures used, and the reasons for the requirement to recover the £65k are correct, then it is reasonable to accept this increase - though it might prove counter productive for SEL to utilise this new price ceiling if it results in more off-grid generation.
- e) Whilst I agree that consumption of electricity needs to be considered on an Island wide basis and to do otherwise disincentives SEL from ensuring its business model includes and allows for self generation there might ultimately be a limiting point. Sark is a small community with a limited number of consumers to share infrastructure costs. Careful planning and policies to safeguard the community supply are also needed. Confidence in the future planning and investment policies to safeguard and future proof this supply are essential to prevent further fragmentation.
- f) Whilst I would suggest annually should be sufficient, I would be perfectly content with 6 monthly adjustments. Every 4 months seems excessively complicated.
- g) I would agree that the tariff structure could be used to spread the costs more fairly and widely. Perhaps this should be part of an overall plan?
- h) Electricity should be seen as the energy supply for the future with 'renewables' (whether self generated, community generated or supplied via subsea cable) ultimately taking over from



diesel generation, heating oil and lpg. It is vitally important that the supplier of electricity for Sark has the confidence of the community and rapidly exhibits the ability to develop suitable realistic, costed and funded policies, short, medium and longer term, that both achieve these aims and are supported by the community. Without this trust and support it is difficult to see how SEL will be able to progress its business from the current disputes in which it finds itself embroiled.

11. Resident

Very many thanks for giving us the chance of submitting our views on your proposal to raise the price of electricity.

I am sure you will not be surprised, but I do not believe a price rise is required -

Your judgment is based on the figures, supposedly given by DGB as being incorrect. How can this be? It is a given fact that a supplier of electricity will know exactly how much power has been billed for, and for anybody purchasing the company this would be the first figure looked at, and if found to be incorrect would be seeking recompense from the original owner!

Not the customers problem if Mr Jackson has been conned.

Recent events with the disconnection of the residents around La Tour, has proved that Mr Jackson does not value his customers and is only in Business to 'turn a quick buck'.

When originally approached by Mr Moerman it would have been a reasonably easy operation to move the Surface Junction Pillar in the garden, but due to SEL inaction we have the situation we are now in!

There is still a reasonably easy solution for SEL to provide a power supply to these residents, but SEL chooses not to and these residents continue to be supplied with power from 2 'Sark' generators.

SEL could easily attach another transformer to the HT Ring Main, in the field 100mtrs up the road from La Tour, and run 'temporary' supplies to replace these 2 generators.

Permission has been granted for this from the Landowner, Mr Jordan DeCarteret, but Alan Jackson told him he would not do anything until Wayleaves were formally sorted.

(I do not believe many landowners would give unlimited wayleaves to SEL now anyway!)

SEL terminating the supply around La Tour was, according to Alan Jackson, an urgent necessity due to a court order to remove the offending Pillar, transformer and cabling, but to date - 3 Weeks later - NOTHING has been done!

Sark Chief Pleas were forced to provide Emergency Power to these residents, which must have incurred costs over £20K (initially and costs still ongoing).

If your proposed price increase was to be implemented, to replenish a supposed SEL reduction in profits, the residents of Sark would be paying twice, as Tax payers and electricity consumers, for this debacle!



Alan Jackson even said to the media that SEL would be providing generators to the residents, but come the day of his switch off - provided nothing for his customers!

It is rumoured that Siemens offered £1.2 million to purchase SEL but this was turned down flat. Obviously Alan Jackson still sees the company as a very profitable enterprise.

I am sorry for my ramble, and late response, but I've been keeping a close eye on events around La Tour, and as of today the last 'emergency' cable has been removed by SEL, but with their cables still being powered by 'Sark' Generators.

I hope this information assists you in your determination and I certainly hope Chief Pleas are recompensed for monies spent, that should have all been covered by SEL.