



Notice

20th November 2020

Proposed Change to Electricity Prices

Further to my Notice of 11th November 2020, I explained that SEL's response to the Proposed Variation of the Electricity Price Control Order of December 2019 included a proposal to change the way in which electricity is priced in Sark. Today, I am publishing the results of my preliminary investigation of this new pricing arrangement in a Proposed Variation. This document may be found at www.epc.sark.gg as well as Chief Pleas' web-site.

My analysis indicates that SEL's proposal is better suited to the economic conditions in Sark than the current arrangement whereby electricity is sold on the basis of a price per unit of electricity. This has meant that the many properties in Sark which are not frequently occupied, such as "2nd Homes" or "summer lets", have not been making a fair contribution to the fixed costs of electricity supply. The burden has fallen on the full-time residents of Sark.

SEL is proposing that every property will pay a minimum monthly charge for its electricity supply, no matter how much electricity is consumed and is, for example, proposing £40 for a residential customer. Therefore, if a customer used 100 units in a month, the bill would be £54 if the unit charge remained at 54 p/kWh. If the customer only used 30 units, the bill would be the minimum rate of £40. From my initial analysis, it appears that the bills to very few full-time residents would increase under this arrangement. Moreover, due to the additional payments by the infrequently occupied dwellings, my calculations suggest that with a unit price in the range of 48-56 p/kWh, SEL would still be able to enjoy a reasonable return and recover all the "under-recovery" of 2020 to which it is entitled as a result of the lower than predicted consumption levels during 2020.

SEL is also proposing to require deposits of £250 for each supply but this may be collected over a period of time. This is common practice for the utility sector. Under The Control of Electricity Prices (Sark) Law, 2016, I have no powers to regulate the size of deposits.

I should be interested to receive views from SEL, its customers and any other interested parties on the new arrangements and any other issues they may wish to raise concerning electricity supplies in Sark. Responses should reach my Office by noon on Monday 7th December at the latest but I would be grateful to receive responses as early as possible.

My preference would have been to have come to Sark to present this review in person but, unfortunately, this is currently impossible due to the coronavirus restrictions which remain in place. I look forward to visiting again as soon as possible.

Anthony White

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