



Tariff Revision to Take Effect 1st September 2025

Dear Customer

As many of you will be aware, Sark Electricity Limited (SEL) is currently in the process of challenging the variation of the Electricity Price Commissioner (The EPC) which took effect on 1st November 2024 and ended on 31st March 2025.

At the directions hearing on Friday there was a substantial question and answer session between the Court and the EPC on the subject of legitimate legal costs and how such, legitimate, costs should be recovered through the unit price to avoid a situation where the Director of the company may fall foul of being unable to settle bills as they fall due.

SEL is, after all, a utility and while it may be asset rich it becomes problematic for the company to simply sell a transformer or rip up cables to pay a bill if there is not sufficient cash on hand. As has been demonstrated recently, Chief Pleas itself, as the Government of Sark, cannot secure even the small sum of £1.5m for the first phase of works required for SEL's upgrade and renewal program. As a result, Chief Pleas will shortly be voting on whether it is going to have to sell its status as an autonomous Government with its own discretion over local Tax Rates to The States of Guernsey to secure what is an insignificant amount of funding. An amount that would not even cover the purchase of many Sark houses.

Such a visible lack of confidence in Sark's economic policy, by everyone from its own Bank to the Crown itself is simply shocking; those of us who have lived on Sark understand why these institutions exhibit such caution. As a result of the situation that Chief Pleas has recently created by pursuing the Compulsory Purchase of SEL **AFTER** it was publicly sold, thus interfering in the transaction, Alan Witney-Price is no longer willing to offer further credit lines to the Company.

As portrayed clearly to the EPC by the Judge, funding shortfalls can be highly problematic for a Director who must apply Guernsey Company law to the operation of the firm.

While the company is challenging the EPC's variation of November 2024 this appeal is being undertaken as a litigant in person.

However, as an entirely separate matter SEL is now forced into a situation where the Company must mount a legal challenge against Chief Pleas move to seize its assets and remove its income stream. In doing so, Chief Pleas will have a significant impact on the future viability and value of the Limited legal entity. Given that Chief Pleas has publicly stated that it expects to pay significantly less than the market value already agreed for the Company, this matter is both serious and urgent. Legal challenges cannot be delayed.

SEL has reached out on numerous occasions to negotiate with Chief Pleas on this matter, and the Government of Sark has rejected these proposals; preferring instead to pursue a lengthy and costly Court process. The Company is now in the position where it must hand

matters over to our legal representatives for them to manage this process through the Courts.

In the directions hearing of last Friday the EPC made the valid point that SEL has not raised its prices since the price control order expired in March 2025.

As the Court made clear, the Company is currently in a position whereby it can charge whatever it wishes for electricity. The Company made the point that the EPC has made previous determinations, and it anticipates that the EPC will simply repeat those determinations. The Court quite rightly reminded us that we should not take this view. The Company must set my prices as it sees fit. The EPC is not entitled to manage the business on The Companies behalf.

It was not discussed with the Court, although evidence will be submitted as we progress, that highlights a statement from a Conseiller where it was alleged that Chief Pleas are waiting for The Company to increase its prices at which point Chief Pleas will seek to use emergency powers to seize the assets of the firm in advance of completing the Compulsory Purchase. Only time will tell if this allegation proves true.

As considered in Court; The Company will take this approach. If there is yet another review process, then such significant review costs will simply be incurred again at yet more significant cost to the residents of Sark and yet another appeal.

We remind residents that Chief Pleas were advised not to have a price regulator for exactly this reason; they are a costly tool. Chief Pleas chose to ignore this advice. The costs for both sides are paid by residents and money that would be better invested into the grid and into local services such as improving tourism or providing healthcare subsidies, instead goes to expensive Advocates.

September 2025 Review

The 20th December 2019 Price Review by the EPC (shown in full in Appendix 1) determined allowable revenue and expenses which were in place when Alan Witney-Price acquired the company. This review included a revaluation of the company's assets following an independent investigation by third party company WSP*₁ and a review of the Audited accounts of the Companies*₂ going back many years.

| Income | 2016(A) | 2017(B) | <i>EPC for 2020</i> | <i>2024 Budget RPIX Adjusted*₄</i> | 2024 Actual | Sep 2025 Tariff Numbers |
|------------------|----------------|----------------|---------------------|---|----------------------|-------------------------|
| Sales | 859,766 | 909,183 | 795,000 | 990,030 | 787,565 | 742,360 |
| C.o.S | 206,397 | 242,893 | 278,600 | 346,946 | 305,485 | 250,578 |
| Gross Profit | 653,369 | 666,290 | 516,400 | 643,083 | 482,079 | 492,541 |
| Overheads | | | | | | |
| Salaries | 384,784 | 332,761 | 270,000 | 336,236 | 239,151 | 285,334 |
| Administration | 11,975 | 9,561 | 10,000 | 12,453 | 14,534 | 14,860 |
| Services | 110,548 | 60,446 | 30,000 | 37,359 | 40,321* ₃ | 44,506 |
| Operations | 17,558 | 26,176 | 40,000 | 49,812 | 42,258 | 43,272 |
| Sub Total | 524,865 | 428,944 | 350,000 | 435,860 | 336,264 | 387,973 |
| Depreciation | 15,070 | 13,688 | 64,063 | | 66,318 | 57,378 |
| Operating Profit | 113,434 | 223,658 | 102,337 | | 81,616* ₃ | 46,687 |

*1 - While there are matters from that investigation that remain as questions for the Court in the current appeal; for the purpose of this price review we are content to accept the Valuation from WSP pending such determination by Court.

*2 - Both SEL and SEHL were consolidated for the purpose of more accurately reflecting legitimate costs to be passed onto consumers.

*3 - Services excludes the £161,111 in OPC related legal expenses that we are seeking to recover from the EPC in the current Court proceeding. Net loss for the year 2024 was in fact -£81,616.

*4 - Inflation between 31st Dec 2020 and 31st December 2024 ran at 24.5% for RPIX see Appendix 2.

As can be seen when comparing the 2024 actual numbers against the RPIX adjusted budgets set by the EPC back in 2020, SEL continues to work hard to keep your unit costs well below where they reasonably could be. If Chief Pleas were operating the company during the same period, then based on their wage and expense approach of simply applying RPI plus, as they routinely do today, then SEL *run by Chief Pleas* would be looking at almost £100,000 (7p per unit) of additional costs passed onto consumers per annum.

Sales

Unit Sales in 2020 when the Appendix 1 budget was set were 1.15m units for the full year. Unit Sales for the same period in 2024 were 1.38m units. This was excellent news and a significant increase of 19.8% for the full year 2024 compared to 2020. Broadly this year, 2025, is on a par with 2024 and I have used 1,385,000 units for budgetary purposes.

Cost of Sales

Fuel and Fuel Shipping costs are passed on directly. At this point we would like to offer a genuine thank you to both Chief Pleas and to the team at Sark Shipping. Not only do Sark Shipping do an excellent job in ensuring that we are always stocked with fuel despite mother nature's best efforts; we have also not seen an increase in fuel transit costs since Alan Witney-Price acquired the business back in March 2020. This has a direct impact on your unit price, and we are grateful for the stability of forecasting that this provides.

Wages

Much is said about wage costs and respectfully we do not think that is fair. Responding to The EPC's determinations has placed significant pressure on the entire team and yes that includes Alan Witney-Price in his role as the only active Director.

In 2020 the Price Commissioner Determined that the company required 2 Directors and 1 should act as an executive lead (Chairman). The combined cost for these roles was set at £105,000 per annum. While it is true that we are a small firm, the Director is none the less expected to provide the very same levels of expertise and to perform the same functions as the entire board of Guernsey Electricity. As with Alderney Electricity, Guernsey Electricity have the further support of the States Trading advisory Board, as the major shareholder. SEL is only Mr Witney-Price, without any additional support.

The RPI adjusted value for this work and its related expenses for travel and training etc., in 2024 should have been £130,758. In the same period, the company was billed for only £91,700 for of Mr Witney-Prices work, almost £40,000 less. Being the only Director with the current workload is simply no longer feasible and we are bringing in another Director to relieve some of the day to pressure. While a minor increase will be reflected in the numbers to fund this support; the Directors' costs will still fall significantly below this shortfall.

The team have consistently seen the RPI adjustment applied in all but one year since the change in ownership. However, the RPI adjustment does not accommodate improvements in skills and training. These are matters that we intend to better address within this coming period for the team.

Administration, Services and Operational Costs

All of the above costs are external, and we have no control over them. These are passed directly onto customers as they arise. We do, however, maintain a constant watching brief and where costs can be reduced, or removed entirely then we do so.

The only real difference is in relation to legal expenses. These are responsive costs and are incurred as we need to respond from external events such as land access disputes, EPC reviews and Chief Pleas related matters such as the current Compulsory Purchase. We will attend to these legal costs separately below.

Depreciation

This expense is a contingent of the GAAP rules which are applied to the company by Law. We have no control over the General Accounting principles, and these are applied accordingly at bookkeeping and accounting level.

Within this price review the additional Capital spent by the firm in the period 2020 to 2025 has been included within this figure. The Price Commissioner has consistently failed to accommodate CAPEX since Mr Witney-Price acquired the firm with the sole exception of an engine purchased in 2024. However, we have not retrospectively captured the Capital Expense that has been ignored previously by the EPC for the period 2020 to 2024.

Operating Profit (or Rate of Return)

The operating profit is essentially the balance used by the company for paying for its use of the shareholder's capital; a loan repayment for want of a simpler phrase. While Mr Witney-Price had provided additional cash loans to the company, unlike the previous owners, these are all provided **free of interest charges**. Unlike the £1.5m loan from The States of Guernsey to Chief Pleas.

The matter of Rate of Return is a matter currently before the Court and at this time the rate of return reflects the actual Regulated Asset Base at a discount of 50% to the RAB return rate.

Key Issues This Review Seeks to Address

This review is focused on several matters that are of significant importance at this time. These are

- transparency;
- true reflection of the situation on the ground that cannot be twisted;
- accurate expense recovery;
- funding the legal challenge to Chief Pleas attempt to seize the company's assets.

Transparency

Customers struggle to appreciate just how good a job is being done by SEL because it has no means to make a legitimate comparison. Too much nonsense is spread by those with an agenda that does not rely on fact but is more interested in personality.

Moving forwards, we will be aligning our tariff structure with Alderney. As the smallest Channel Island, they are the closest that we have to a reasonable direct comparison. It provides greater transparency for you the customer so that you can more easily compare what you pay in Sark to what you pay on our sister isle.

True Reflection of the Situation on the Ground in Real Terms

Although we have increased our costs to correct previous shortfalls, for this review period, when we exclude the legal expense capture, the cost to produce and distribute power on Sark **is less** per unit than Alderney. This is both in terms of fuel costs and expenses. Even though they have a customer base that is 4 times larger.

When you are told that Alderney has invested in its grid and we have not; we would remind you that the CAPEX submission for the works that we believe must be immediately undertaken over the next two years comes in at £573,898 and impacts on the unit price by only 3.3p per unit. Alderney does not pay a finance charge to its shareholder and when our CAPEX program is funded, and when modelled against Alderney, we are still cheaper per unit after our capex program.

If anyone tells you that prices on Sark are too high; given that a direct comparison to Alderney makes it clear that we are cheaper per unit, we respectfully disagree. We work hard for our customers, and we will continue to do so.

Accurate Expense Recovery

While we have increased a number of recovery rates for this price review period we are still cheaper than Alderney, even after you allow for the differential on CAPEX.

Funding the Legal Challenge Against Chief Pleas move to seize the Companies' Assets.

The Company has done everything that it could to avoid increasing the cost of electricity at this time. However, it must fund its defense against Chief Pleas move to seize its assets against its will. Seizing the company's assets will reduce its value significantly and the Company has a right to defend itself against this assault and it will do so.

As customers will appreciate, Company revenue comes from the unit price and therefore a legal levy will be applied while this matter progresses through Court to cover this exceptional expense. Given that the costs involved will be significant, we will be managing this process via a third party to ensure complete transparency.

The legal levy will be applied to customers' bills and this component of the unit price will be paid away directly to Collas Crill to be held on a client monies account. As legal expenses are incurred, they will be deducted from this fund. The Company will not hold these funds. A full reconciliation of levies paid, and deductions made will be provided to the EPC on a rolling basis.

Once the legal matter has been concluded, if there are any funds remaining these will be returned to customers on a FIFO basis. This will ensure that the legal levy is not conflated with day-to-day Company funds. For absolute clarity, given these monies are significant they will not be held by the Company.

New Invoices

The new Invoice format will include several changes. An example invoice is shown in Appendix 3 below.

- Your meter reading (Example Meter) will continue to show but will now show the expense cost for the supply only excluding fuel cost or legal levy.
- You will now see a new Fuel Charge line which will detail the fuel cost per unit.
- You will also see a new Legal Levy line which will show the legal levy per unit.
- Your connection fee will continue to show at the new connection fee rate.

New Tarriff Structure

The new Tariff Structure will now include:

1. flat rate for expense per unit
2. fuel cost component;
3. legal levy – *Until Further Notice*;
4. monthly meter rental of either;
 - a. A single-phase meter;
 - b. A three-phase meter depending on your supply;
5. buy back rate (If Applicable);
6. standby charge (If Applicable).

The tariff for the Month of September is shown in Appendix 4 below.

Conclusion

While changing the tariff is a major change, it is vital for the Company to be able to clearly demonstrate that much of the noise and misinformation that has been used to justify the seizure of the Companies assets simply does not stand up to basic scrutiny. Like you, we look forward to the day when the legal levy can be removed once again and Sark residents can enjoy the cheapest electricity available for the jurisdiction.



Table 1
Sark Electricity Limited as a combined entity with SEHL

| Income (£) | | 2016(A) | 2017(D) | | 2020 (EPC) |
|-----------------------|-------------------------|----------------|----------------|---|----------------|
| | Sales | 859,766 | 909,183 | | 795,000 |
| | Cost of Sales | 206,397 | 242,893 | | 278,600 |
| | Gross Profit | 653,369 | 666,290 | | 516,400 |
| Overheads (£) | | | | | |
| Salaries | Chairman | | | | 20,000 |
| | Finance Director | | | | 25,000 |
| | Director | 81,044 | 78,520 | } | 51,000 |
| | Director Holding | 30,000 | 30,109 | | |
| | Mgmt expenses | 37,542 | 27,649 | } | 9,000 |
| | Mgmt Holdings | 34,079 | 29,024 | | |
| | Wages & SI | 161,561 | 128,901 | } | |
| | Wages & SI non d | 22,080 | 22,160 | | |
| | Pensions | 17,153 | 15,068 | | |
| | Pensions non direct | 1,325 | 1,330 | | |
| | Staff total | 384,784 | 332,761 | | 270,000 |
| Administration | Telephone | 820 | 930 | | |
| | Adv. Post, Stationery | 4,265 | 2,504 | | |
| | Computer | 5,607 | 4,587 | | |
| | Sundries | 1,283 | 1,540 | | |
| | Admin total | 11,975 | 9,561 | | 10,000 |
| Services | Insurance | 8,647 | 8,732 | | |
| | Rent & Rates | 9,017 | 9,141 | | |
| | Heat light water | 749 | 1,259 | | |
| | Audit fees | 12,000 | 10,875 | | |
| | Audit Holding | 12,000 | 10,000 | | |
| | Legal & Prof | 4,115 | 5,449 | | |
| | Prof fees Holding | 16,351 | 14,832 | | |
| | Dealing with regulation | 38,016 | 24,000 | | |
| | Bank charges | 669 | 647 | | |
| | Bank charges Holding | 686 | 417 | | |
| | Bad debts | 8,298 | - 24,906 | | |
| | Services total | 110,548 | 60,446 | | 30,000 |
| Operations | Motor expenses | 660 | 671 | | |
| | Repairs & Renewals | 16,898 | 25,505 | | |
| | Tools & Equipment | - | - | | |
| | Ops total | 17,558 | 26,176 | | 40,000 |
| | Depreciation | 15,070 | 13,688 | | 64,063 |
| | Operating Profit | 113,434 | 223,658 | | 102,337 |

Note: EPC revenue based on 1,500,000 kWh at 53 p/kWh. If £15,000 allowance for regulatory & legal costs are included, Services would rise to £45,000 and the price would be 54 p/kWh
Source: SEHL and SEL Accounts for 2016 (Final) and 2017 (Draft), EPC.

Appendix 2

AutoSave Off Inflation_Calculator_Q2_2025

File Home Insert Draw Page Layout Formulas Data Review View Automate Help Acrobat

Clipboard Font Alignment Number Styles

E8 2024

Inflation Calculator

States of Guernsey
Data and Analysis

This spreadsheet will calculate cumulative inflation between any two quarters up to and including **30th June 2025**

Click on the white boxes below to choose your selected dates from the dropdowns:

| From | | To | |
|---------------|------|---------------|------|
| 31st December | 2020 | 31st December | 2024 |

And then enter the amount of money you wish to inflate (if known) in the white box below here:

| Original amount |
|-----------------|
| £1.00 |

| RPIX (excluding mortgage interest) | RPI (all items) |
|------------------------------------|-----------------|
| Inflation in % | Inflation in % |
| 24.5 | 26.0 |
| Available from 1999 | |
| Inflated value | Inflated value |
| £1.25 | £1.26 |

NB - these values may vary slightly from figures calculated using rounded index figures.

InflationCalculator

Ready Accessibility: Investigate

Appendix 3



Sark Electricity Limited
Harbour Hill, Sark
GY10 1SB
01481 832053
VAT Registration No.: 123456789
Company Registration No. 57127

INVOICE TO

Customer Example
Example Avenue
Sark
GY10 1AA

INVOICE NO. Example 1

DATE 30/09/2025

DUE DATE 15/10/2025

| PROPERTY NAME / FEE | METER / CHARGES | EFF. / READ DATE | QTY | RATE | EST. / ACT. | AMOUNT |
|-----------------------------|--|------------------|-----|-------|-------------|---------------|
| Test House | Example Meter Test Meter P 0 R 100 | 30/09/2025 | 100 | 0.353 | N/A | 35.30 |
| Current Fuel Price Per Unit | Fuel Charge Current Fuel Price Per Unit | 30/09/2025 | 100 | 0.183 | N/A | 18.30 |
| Legal Levy | Legal levy Legal Levy to Challenge Seizure of Company Assets | 30/09/2025 | 100 | 0.40 | N/A | 40.00 |
| | Connection Fee | 30/09/2025 | 1 | 3.43 | N/A | 3.43 |
| ----- | | | | | | |
| SUBTOTAL | | | | | | 97.03 |
| VAT TOTAL | | | | | | 0.00 |
| TOTAL | | | | | | 97.03 |
| BALANCE DUE | | | | | | £97.03 |

EST / ACT Est. = Estimated Read, Act. = Actual Read, N/A = Not Applicable METER DETAILS - R = Current Read, P = Previous Read

Payment is due on the 16th of the Month (7 Days after issue). Accounts not settled to terms will be disconnected.

Bank Details: Account Name - Sark Electricity Limited, Sort Code - 23 18 84, Account Number - 52829139

email - accounting@sarkutility.com



Sark Electricity Ltd

The Power Station

Harbour Hill

Sark

Channel Islands

GY10 1SB

25th August 2025

Dear Customer

Please find below the Sark Electricity Tariff effective 1st September 2025.

| | | |
|--|--------------------|-------|
| Flat rate for expense per unit | All Units | 35.3p |
| Fuel Cost Component | All Units | 18.3p |
| Legal Levy – <i>Until Further Notice</i> | All Units | 40p |
| Monthly Meter Rental of 81p plus a minimum charge of 8 units per separate service. | Single Phase Meter | £3.43 |
| Monthly Meter Rental of £1.83 plus a minimum charge of 8 units per separate service. | Three Phase Meter | £4.65 |
| Buy back rate | All units | 9.9p |
| Own Generators at Standby Charge per kW of installed capacity per month. | | £5.00 |

The latest tariff can also be found online at www.sarkutility.com.

Regards

Alan

Tel: 0044 1481 832053 Email: accounting@sarkutility.com

Guernsey Co. Registration No.57127