



**The Office of the Electricity
Price Control Commissioner**

Preliminary Conclusion On 114% Price Increase By Sark Electricity Limited (“SEL”)

I have reached a preliminary conclusion that the 114% price increase announced by SEL last week is, very clearly, neither fair nor reasonable. This is because of the introduction of two new levies: a “Legal Levy” of 40 p/unit and a “2025 EPC Price Consultation Levy” of 20 p/unit.

SEL has stated that the “Legal Levy” is to build up a fund so that it can legally challenge a recent decision of Chief Pleas to compulsory purchase its assets. I cannot allow this cost to be recovered in electricity prices because it is not a cost which must be incurred to generate and distribute electricity. My office already made this clear in a published policy statement in November 2019.

SEL has also stated that the “2025 EPC Price Consultation Levy” is for the purpose of recovering costs incurred responding to investigations and consultations. My office has always recognised that this is a reasonable cost that should be recoverable in electricity prices. However, my office has previously determined that £20,000 per year (2025 prices) would be a reasonable amount, and this has been built into the fixed cost allowance in previous price control orders which SEL has accepted. In 2025, £20,000 would amount to about 1.4 p/unit.

I have also reached a preliminary conclusion that SEL’s method for recovering these costs is neither fair nor reasonable. Under this method, SEL would recover all its costs incurred from funds held by its legal advisors and paid for by consumers in advance. This is inconsistent with the ex-ante allowance approach which has been used in previous price controls accepted by SEL. It is also inconsistent with my legal requirement and accepted good regulatory practice to encourage efficiency.

Taken together, at this stage I do not have a material concern with the other price elements in SEL’s revised tariff.

Due to the statutory process, it is likely to be October before I can introduce a new price control order to cap the price that SEL can charge. I appreciate that many consumers will find it very difficult to pay this increased bill in September. In light of my preliminary conclusions, consumers may wish to ask SEL not to include the levies in the September bills. If this is not accepted, consumers may wish to seek robust assurance from SEL that any funds collected are not used to pay for any historical legal bills which SEL has previously highlighted and sought to recover in electricity prices.

Shane Lynch on the 02nd of September 2025