

The power behind a net-zero Jersey

Annual Report and Accounts 2022



Jersey Electricity



Inspiring a zero-carbon future

Jersey Electricity plc is the sole supplier of electricity in Jersey, serving over 52,000 business and residential customers. The Company's operations include the transmission, distribution, generation and supply of electricity as well as a range of energy related services and solutions.



Directors, Officers and Professional Advisers

NON-EXECUTIVE DIRECTORS

Phil Austin
MBE, FCIB, FCM I (Chair)
Alan Bryce
MSc, CEng, FIET
Wendy Dorman
BA, ACA
Tony Taylor
BSc (Hons)
Amanda Icton
BA (Hons)
Kayte O'Neill
BA (Hons)

EXECUTIVE DIRECTORS

Christopher Ambler
BA, MEng, CDipAF,
CEng, MIMechE, MBA
(Chief Executive)
Martin Magee
CA (Finance)

SECRETARY

Andrew Welsby
BA, MA, FCIPD

REGISTERED OFFICE

Queen's Road, St. Helier, Jersey

PLACE OF INCORPORATION

Both Jersey Electricity plc ('the Company') and Jersey Deep Freeze Limited (together 'the Group') are incorporated in Jersey.

AUDITORS

PricewaterhouseCoopers CI LLP,
37 Esplanade, St. Helier, Jersey, JE1 4XA

BANKERS

Royal Bank of Scotland International Limited,
71 Bath Street, St. Helier, Jersey

BROKERS

Canaccord Genuity Wealth Management,
PO Box 3, 37 The Esplanade, St. Helier, Jersey

REGISTRAR

Computershare Investor
Services (Jersey) Limited,
13 Castle Street, St. Helier, Jersey



Contents

How we performed in 2022	5
STRATEGY	6
Our Purpose, Vision and Values	6
Strategy for achieving our Vision	8
Chair's Statement	10
Chief Executive's Review	12
Our Business and Business Model	14
Energy	16
Health, Safety and Environment	18
Other Businesses	20
Climate:	24
Sustainability Framework	24
Opportunity for Energy Growth	28
Electric Transport	30
Price Stability and Affordability	32
Technology	34
Stakeholders	36
Customers	36
Our people	42
Other stakeholders	48
Outlook	52
Financial Review	54
Group Risk Management	58
TCFD Disclosures	66
GOVERNANCE	74
Board of Directors	74
Directors' Report	78
Corporate Governance	79
Nominations Committee Report	81
Audit and Risk Committee Report	84
Remuneration Committee Report	87
Statement of Directors' Responsibilities	91
Independent Auditor's Report	92
FINANCIAL STATEMENTS	98

How we performed in 2022

Our **Key Performance Indicators** (KPIs) are quantifiable measurements which help gauge overall performance and help make informed decisions about our operations and strategy. Detail of why we view these items as key indicators of performance is contained in the relevant sections within this Annual Report.

Jersey Electricity KPIs	2022	2021	2020
Revenue (£m)	117.4	118.6	111.7
Profit before tax (£m)	10.6	19.1	14.8
Ordinary dividend paid per share (p)	17.8	16.9	16.1
Unit sales of electricity (m)	613	639	619
Lost Time Injuries	2	2	1
Return on energy assets (%)	4.2	5.9	6.8
Customer minutes lost	5	5	5
CO2 level (gCO2e/kWh)	22	23	24
Customer service score	77	78	77
Employee engagement score	7.8	8.1	8.3

Our Purpose, Vision and Values

Our Purpose

Our Purpose is to 'enable life's essentials' by providing the people of Jersey with secure, reliable, affordable and sustainable electricity today and long into the future.

Our Vision

Our Vision is to 'inspire a zero-carbon future' by being the energy partner of choice whilst working to the seven pillars of that Vision.



Customers

We put customers at the heart of our business, giving them choice, control and value for money in a transparent and trusted way.



Environment

We support the Government of Jersey's Carbon Neutral Roadmap by growing electricity's share of the energy market, reducing carbon emissions, helping to conserve resources and protecting the environment.



Lifestyle

We aim to enhance the lifestyle of Islanders and power the economy by providing innovative, low-carbon energy services and solutions.



Our People

We aim to be an employer of choice in Jersey, where employees are engaged, supported and developed.



Investors

We provide fair returns to our investors over the medium to long-term.



Technology

We aim to be leaders in the application of technology, enhancing efficiencies, unlocking new services and digitally enabling our employees and our customers.



Partnerships

We aim to be the partner of choice for the Government of Jersey and the Island's parishes, supporting all their energy needs.



Safety

We do everything safely and responsibly or not at all – nothing is more important than the safety of the public, our customers and our people.



Reliability

We are trustworthy, dependable and reliable, delivering on our commitments and always there when our customers need us.



Teamwork

We value diversity and respect and value our colleagues as individuals. We believe we are stronger as a team, leading to better solutions and a more enjoyable and rewarding work life.



Excellence

We continuously strive to work in a way that is both innovative and simple to deliver cost effective solutions.



Customer Focus

We listen to our customers and seek to understand and respond to their needs, treating them the way we would wish to be treated, with respect and honesty.



Responsibility

We accept responsibility for everything we do, safeguarding the natural environment and the local community, as well as the interests of all our customers and people.

Strategy for achieving our Vision

Increase electricity's share of the energy market.



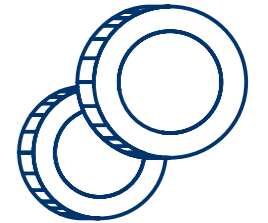
Enable customers to convert domestic and commercial premises to value-for-money, low-carbon electric heating and cooling solutions.



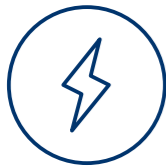
Lead in the application of technology to benefit customers by providing new and improved services and driving efficiency in our business.



Create value for all stakeholders, by providing fair pricing for customers and fair returns for shareholders.



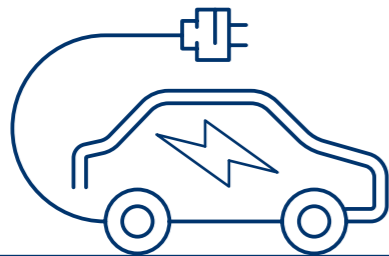
Develop local, affordable renewable energy for anyone who wants it.



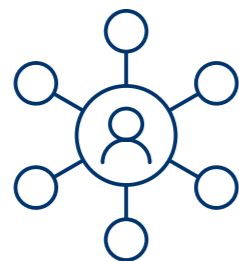
Deliver a well-invested network and a highly skilled, diverse and engaged workforce committed to a zero-carbon future.



Develop e-mobility and EV charging solutions to encourage cleaner, more efficient, electric transport.



Provide integrated services 'beyond the meter' that put customers at the heart of the energy system.



Our strategies and work streams will enable us to achieve our Vision. They are also aligned with, and are fully supportive of the Government of Jersey's net-zero carbon emissions ambitions.



Chair's Statement

Resilience in a turbulent year

Chair of the Board, **Phil Austin MBE**, leads a highly experienced team of Executive and independent Non-Executive directors providing strategic leadership and robust corporate governance to promote the long-term success of the Company.



The turmoil that beset international energy markets in late 2021 has intensified further due to the escalating conflict between Russia and Ukraine, leading to a previously unthinkable global energy crisis. This has presented major new challenges to energy companies post the pandemic, sending wholesale prices soaring and threatening supply security throughout Europe. Jersey Electricity is not immune to these challenges, but we have shown resilience, returning a strong Group performance and protecting our customers from the huge retail price rises seen elsewhere, without Government intervention.

Performance

Group revenue for the year at £117.4m was 1% lower than last year and profit before tax was £10.6m against £19.1m in 2021. If the non-cash upside from the revaluation of investment properties is excluded in both years, the underlying year-on-year profit before tax is £9.6m against £13.0m in 2021, a fall of 26%.

This year's financial performance reflects the effects of COVID-19 post the pandemic. Coupled with a mild winter, a return to more normal patterns of work and behaviour has reduced demand, with both unit volume sales in Energy, and

£117.4m

Group revenue 2022

Retail revenues, down on last year as electricity consumption and Powerhouse product sales returned to historical levels. The Board has recommended a final dividend for the year of 10.80p, a 6% rise on the previous year, payable on 23 March 2023. Our target return on assets continues to be 6%-7% over the long term and was 4.2% this year, but 6.2% on a rolling five-year basis.

Energy markets

Elsewhere, the scale of the energy crisis has prompted Governments across Europe to intervene, each in their own way, to mitigate the impact of the rising prices on their citizens. In the UK, such Government intervention averted a proposed 80% year-on-year increase in energy prices in October when Ofgem was due to raise the regulated price cap to £3,549. The new Energy Price Guarantee now limits this cap to £2,500 a year until April 2023 when the cap will be increased to £3,000, prompting a further 20% price rise.

Although our hedging and risk mitigation policies have so far sheltered Jersey customers from such material price increases, we are not immune to these market forces. We therefore implemented a 4% tariff rise from 1 January 2022 and a further 5% increase from 1 July 2022, at which time we announced a further 5% tariff increase effective from 1 January 2023 to give our customers some degree of certainty for the coming winter period.

Climate change

Despite the current challenges presented by the global energy crisis, climate change remains the biggest challenge we all face. We remain optimistic about the future, however, and the opportunities a net-zero Jersey will bring. Our low-carbon, Smart-enabled grid provides a strong platform to support the Government of Jersey's net-zero 2050 carbon ambitions. In addition, increased digitalisation of our systems is enabling us to map scenarios and calculate the investment needed in the network. Publication of the Government's Carbon Neutral Roadmap in May gives us confidence and certainty to make these

from where we imported 95% of our power this year, we have modelled various scenarios and evaluated our mitigations for technical failures to the submarine cables and other disruptions to supply. We have also established contingency plans to implement increased local emergency generation if required.

To increase energy sovereignty longer term, we are reviewing our energy sourcing strategies, with more detailed investigations into the viability of offshore wind generation which has fallen significantly in cost. Details on this work stream, and our solar PV progress, can be found on pages 16 and 28.

'Our standard domestic tariff rate (the rate by which we benchmark against the EU and other jurisdictions) continues to be less than half a UK consumer is paying'

investments and ensure we are well-placed to meet future challenges.

In April 2022, the UK became the first G20 country to introduce legislation making it mandatory for large businesses to disclose climate-related financial information in line with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. Jersey Electricity supports these recommendations and is working towards full compliance. Details of our progress and how we are supporting the Government's Carbon Neutral Roadmap for net-zero 2050 are set out on pages 24-27, 66-73 and throughout this report.

Energy security

Although last year's French fishing dispute, which raised questions about energy sovereignty and the security of imported power supplies, has been resolved, the global energy crisis has kept us focused on the issue. To mitigate the supply security threats the energy crisis is causing in Europe,

Corporate Governance

In line with the UK Corporate Governance Code 2018, the Board sets out areas of focus for the year which in 2022 included:

- Progressing stakeholder engagement
- Extending workforce diversity
- Developing our culture and employee engagement, and
- Exploring energy sourcing strategies to facilitate Jersey's net-zero carbon 2050 aims and increase energy sovereignty.

I am pleased to report substantial progress in all these areas and detailed commentaries on each are presented later in this report. Stakeholder engagement, p48-49; workforce diversity, p42-45; culture and engagement, p46-47; and energy sourcing strategies, p16.

Furthermore, in accordance with the Code's principles and provisions, details of the activities of the Nominations

Committee, Audit & Risk Committee and the Remuneration Committee are contained in their respective reports on pages, 81, 84, and 87.

The Board has determined its key areas of focus for 2023 to be as follows:

- Progressing stakeholder engagement.
- Building on our cultural values of employee engagement, diversity, and inclusion.
- Addressing affordability by helping customers use energy efficiently, and deploying smart technology to drive our own efficiency.
- Investing in a resilient network and developing energy sourcing options, to facilitate Jersey's net-zero goal and to increase energy sovereignty.

The Board welcomed Kayte O'Neill as a Non-Executive Director in March. Kayte brings a wealth of experience to our team as Executive Director of the National Grid Electricity System Operator (ESO), where she designs and facilitates markets to enable future operation of the UK's electricity system on the path to net-zero.

In conclusion

I would like to thank our entire 'JE family' for their hard work, commitment and dedication this past year which has presented renewed challenges post COVID-19. I am immensely proud of what we have achieved together and the progress we have made on the course we have set.

I also thank my fellow Board members for their hard work and commitment, and our shareholders for their support. I remain confident the Company and its people can take advantage of the opportunities the future holds and meet the challenges it will demand of us all.

20 December 2022

Chief Executive's Review

Optimism on the road to net-zero

Chief Executive **Chris Ambler** leads the development of Jersey Electricity's strategy, as agreed by the Board, as well as its implementation. In a turbulent year for energy markets, he remains confident that strategy continues to deliver for the business, Jersey Electricity's customers and Jersey's net-zero carbon ambitions.



Having weathered the storm of the COVID-19 pandemic over the previous two years, the global energy crisis, precipitated by the prolonged war with Russia in Ukraine, has this year presented significant new challenges to energy companies and Jersey Electricity is no exception. As well as the tragic humanitarian cost of the conflict in Ukraine, global energy prices have soared, and security of supplies has come under threat. As a stark illustration of this, at 30 September 2022, the forward baseload electricity prices for the calendar year 2023 were around €500/MWh,

approximately 10 times historical levels.

Our strategy

Despite this, Jersey Electricity has shown great resilience in these turbulent times and we remain confident in our strategy for achieving our Vision which aims to help the Government of Jersey and the Island itself achieve its net-zero carbon target of 2050. Our key strategic initiatives are outlined on pages 8-9 and our progress on each, along with the value we create for the community and our shareholders, is detailed throughout this report.

Pricing

Providing affordable, secure and sustainable supplies of electricity now and into the future, is our primary objective. Our strategy and our integrated business model have served the Island well. We have been able to maintain stable and competitive energy prices over this period without the need for Government subsidies seen in the UK. This is substantially due to our forward hedging and risk management policies in both power procurement and foreign exchange purchases. We import 95% of Jersey's electricity requirements from EDF in France and our hedging has delivered enormous value to the households and businesses, protecting the local economy and our customers from what would otherwise have been much higher price rises.

We implemented a 4% tariff rise from 1 January 2022 and further 5% increase from 1 July 2022 at which time we announced a further 5% tariff increase effective from 1 January 2023, to give our customers some degree of certainty for the coming winter period. Even with these price increases, our standard domestic tariff is less than half that of the UK. Noting that UK prices are already enjoying the benefit of UK Government subsidies, we estimate Jersey's prices are around a third of UK pre-subsidised prices (based on previously determined Ofgem estimates).

Financial performance

The result is Energy revenues at £89.7m were marginally lower than the £89.8m achieved in 2021. Lower unit sales of electricity (613m this year v 639m in 2021) were attributed to a mild winter, slower cannabis industry sales and reduction in home working as the Island came out of the worst of the pandemic. An easing of consumer spending also saw revenue in our Powerhouse retail business decrease 6% from £19.8m in 2021 to £18.7m and profits decrease 23% from £1.5m to £1.2m, remaining at a resilient level and still higher than pre-pandemic

£89.7m

Energy revenues 2022

levels. Revenue in the Property business at £2.3m was the same as last year. JEBS, our building services business, maintained revenues at £3.4m and profitability at £0.3m, while revenue in our other businesses at £3.3m, was also in line with last year.

Climate change

Despite the turbulence created by the pandemic and the energy crisis, Jersey Electricity and the Island have good reason to be optimistic about the future. The recent trauma in energy markets further emphasises the importance of clean energy in the energy trilemma that includes affordability and supply security, and we are even more confident of the important role we play in the Island's fight against climate change.

The publication of the Government's Carbon Neutral Roadmap in May 2022 sets out the milestone and policies for delivering net-zero by 2050. This presents huge opportunities for growth for the Company, particularly in the high-emitting sectors of heating and road transport, which together represent more than 80% of overall Island carbon emissions. We expect this growth to also bring benefits to consumers in the form of even better, more cost-effective services and a more efficient energy system.

Our electricity system is very well invested for the future, and we are making great progress in innovating new products but we also know that additional investment is needed in the network to meet the increase in both peak demand and annual consumption, and to replace certain aged assets. New technologies and the digitalisation of our business will have a critical role in the future to help direct and optimise its capital investments and create efficiencies throughout the business and we have greatly increased our resources in this area.

'Jersey Electricity has shown great resilience in these turbulent times and we remain confident in our strategy for achieving our Vision and helping the Government of Jersey achieve its net-zero carbon target of 2050.'

Customer focus

New technologies are also helping us to put customers at the heart of the energy system by providing new services and helping customers make decisions to save energy and costs. Our energy saving app MyJE was recognised Island-wide by winning the Digital Jersey Technology Award for Sustainability. We have presented it on an international stage at the World Utilities Congress in Abu Dhabi this year and we have continued its development with important upgrades. We are developing similar tools targeted at business customers and have made good progress with these this year.

A new cloud-based Customer Relationship Management tool provides the latest in customer service technology enabling us to improve our engagement through various channels to understand and better meet customer needs. A new digital asset management system has also been implemented and is helping us materially improve performance.

Renewables

The global energy crisis has kept us focused on the issue of energy sovereignty. The Carbon Neutral Roadmap and the Bridging Island Plan support more on-Island renewables and we have continued to progress utility and commercial scale solar PV while also continuing our research into offshore wind, which we are confident could have an important role in Jersey's energy system, benefiting from reducing costs of installation and higher yields.

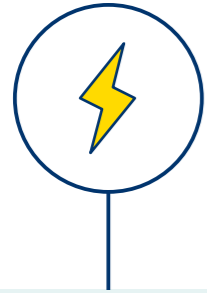
One 4MWp solar PV site in the Parish of St Clement is in Planning and we have reached landowner agreement for a further 3MWp site on the North coast at Sorel. These and two other ground based sites, could bring on-Island solar generation to around 15MWp. We are hopeful these will receive good support from the community and authorities particularly in the current challenging energy climate. On offshore wind, we have held constructive discussions with the new Minister for the Environment and, as a consequence, we are continuing our research and assessments.

Our people and culture

Our people are key to our success and to the delivery of our Vision. We need the right talent in the right place at the right time to enable Jersey to achieve its net-zero ambitions. We must recruit and retain the very best by being an Employer of Choice in Jersey and that means having a diverse workforce and an inclusive culture where everyone feels valued and supported. I am therefore delighted that our work in this area has been recognised by our Diversity and Inclusion (D&I) partners, Inclusive Employers, 'promoting' us from 'Programmatic' to 'Established' following this year's D&I maturity audit.

Along with a strong underlying performance, this is one of many achievements of which I am very proud in this turbulent year and believe that with the continued commitment of our people, we will make better decisions, innovate strongly and execute our strategies for achieving a zero-carbon future and a better Island for all.

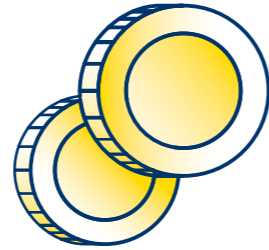
Our Business and Business Model



Our core operations include the transmission, distribution, generation and supply of electricity and the provision of energy related services for which we operate several other complementary businesses. We build, operate and invest in low-carbon electricity infrastructure, including a smart-enabled grid.



We seek to create value for customers and our Island community by providing high quality affordable services, and create value for shareholders by providing a fair return on assets consistent with the rate of return of typical regulated entities in the UK over the long-term.



The more units of energy we distribute across the network, the more efficient it becomes to operate due to economies of scale and the unitisation of fixed costs. This helps us to maintain lower and more competitive prices and will, we believe, enable Jersey to transition to net-zero by 2050 more cost effectively.

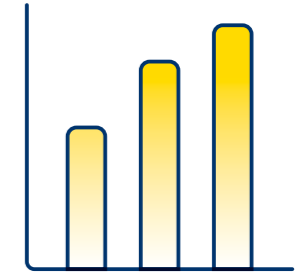


We take a long-term view of our business and the services we provide, focusing on being cost effective and efficient whilst managing risk. Our risk management framework* helps us to meet our strategic, financial and operational objectives whilst enabling us to take measured risks that incentivise innovation and growth.

*More information on our Group Risk Management is detailed on page 58-65



We seek to deliver a sustainable 'return on assets' to our shareholders that is consistent with the rate of return of typical regulated entities in the UK, and a return that enables the Company to continue to borrow and invest for the future. Our target return on assets employed continues to be 6%-7% over the long term and was 4.2% in 2022 but 6.2% on a rolling five-year basis.



Our pricing model aims to provide stable risk-adjusted returns for our investors, who we aim to compensate for that risk. This confidence of investors – both shareholders and lenders – enables us to make long-term strategic decisions and large investments in infrastructure and services. This, in turn, ensures we can deliver a robust, reliable network, now and for the future.



4.2%

Actual return on assets 2022
(5.9% in 2021)

'We take a long-term view of our business and the services we provide, focusing on being cost effective and efficient whilst managing risk.'

Energy

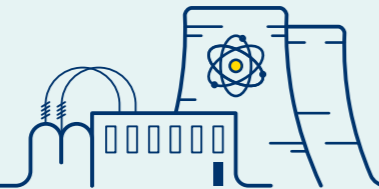
Electricity transmission, distribution and generation forms our core business. Operations Director **Mark Preece** reviews the activities of our Energy Division.



Demand

COVID-19 continued to affect energy consumption this year. A return to more normal patterns of work and behaviour, coupled with a mild winter, reduced demand. Unit sales fell 4% from 639m to 613m kilowatt hours. Similarly, peak demand, recorded on 22 December 2021, 'normalised' at 145MW, well below last year's 170MW and our record of 178MW set in March 2018.

We imported 95.3% of our requirements from France (2021: 95.2%) and generated 0.3% of our electricity on-Island from our solar PV arrays and diesel plant (2021: 0.4%). We purchased the remaining 4.4% (2021: 4.4%) of our electricity from the local Energy from Waste plant.



613m

Kilowatt hours

145MW

Peak demand

95.3%

Energy imported from France

Renewables

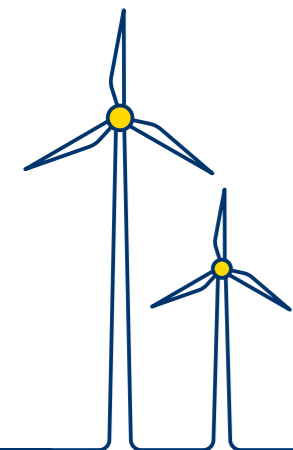
Last year's French fishing dispute raised the issue of energy sovereignty and the security of imported power supplies. Although this dispute has been resolved, the global energy crisis has kept us focused on the matter.

One of our strategic work streams has been to develop an energy sourcing

strategy, including further research into offshore wind feasibility, to meet the Island's net-zero carbon agenda and increase energy sovereignty.

While we continue to expand our on-Island solar PV generation capabilities (details p28), we now view offshore wind generation as increasingly viable due to falling costs. The Government's Carbon Neutral Roadmap and the Bridging Island Plan both identify

an offshore wind farm as being of potential strategic value to the Island. Not only would such a project provide greater energy independence, but the scale of local resources would also provide several times the Island's need, providing a commercial opportunity for Jersey to become a net exporter of energy. We have therefore renewed our research efforts this year and held discussions with the new Minister for the Environment.



Generation

Maintaining our generation assets at La Collette Power Station and Queen's Road is essential to mitigate the 'low probability' but 'high impact' risk of disruption to imported power supplies. Due to the new threats to European supplies caused by Russia's invasion of Ukraine we have stepped

up our preparedness with an infrastructure project that increases our on-Island generation capability by 40MW by allowing us to connect multiple, mobile diesel generation sets, sourced from the UK, to our system, enabling us to meet all but the severest winter demands.



Transmission

The completion of the new 75MVA 90/33 kV transformer at La Collette last year meant we could commence work on a project that will see a new 90/11kV transformer installed at Queen's Road as part of the long-term development plan for our 90kV network.

This work will also allow the eventual decommissioning of the ageing 33kV cable interconnectors between Queen's Road and La Collette and provide further options to enhance supply security and facilitate the

load growth net-zero will bring by allowing us to install more generation plant at La Collette.

Service Delivery

Our Service Delivery team is already feeling the positive impact net-zero will bring. Workload has continued to increase in the general construction industry across the Island and to meet the demands of carbon reduction. This has included supporting the ongoing growth in the connection of solar PV feeding into our network.

Our planning team are already working with clients on 54 future larger schemes and have 44 active construction schemes in progress. This has resulted in the installation over 27km of cable, the completion of over 1,900 joints, the installation of seven new distribution substations and a further 11 substations upgraded to support ongoing load growth.

Distribution

The ArcGIS project is key to enabling JE to meet the demands of the Government's Carbon Neutral Roadmap for the journey to net-zero by assessing the investments needed over the next 10 to 15 years to meet the demand of the conversion of 20,000 premises to electric heating and large-scale overnight EV charging.

Our new Work and Asset Management System (WAMS) is now gathering data and trends to yield optimum operational efficiencies from our industrial workforce and move forward our maintenance programmes on the distribution network and production plant located at La Collette. (Further details, p35)

Electricity sources 2021/2022

	JE	EfW	Import
2021	0.3%	4.4%	95.3%
2022	-0.1%	0.0%	+0.1%

Health, Safety and Environment

As one of our core Values, the safety of our customers, the public and our people is paramount. The nature of our activities can be hazardous if not properly managed.

Following a return to more normal working patterns after the challenges presented at the height of the pandemic, we have remained vigilant, amending measures to ensure the safety of employees, visitors and contractors as positive COVID-19 cases have risen and fallen throughout the year.

Our participation in Government Strategic Coordination Group meetings ensured we had the most up-to-date information to make quick decisions to ensure business continuity and the best service for our customers.

Approach to risk

We ensure all employees are fully competent in the work we ask them to do and that they recognise their own limits of competency.

We have a 'risk-based' approach to HSE with employees proactively identifying hazards through regular risk assessments.



Contractor Management

The Procurement department and HSE Team implemented a contractor management tool called SafeContractor, to ensure the highest standards of contractor management are practised throughout our supply chain. Contractors are vetted in areas such as health and safety performance, training and sustainability. Uptake has been positive, with more work to be done to ensure comprehensive accreditation.



Incident Management

The next step in incident management will be our introduction of a safety software tool, EcoOnline. This platform will manage all incident and accident data across the organisation, displaying data in real time, over a fixed period or by type, ensuring flexibility and efficiencies for departments. An auditing module within the platform will also simplify the process of recording and tracking actions created from site visits.

The winning employee submission in a competition to mark World Day for Safety and Health at Work was a 'root cause analysis' model for accident investigation. The HSE team is now exploring how this might be incorporated into business operations.

Accident performance remains similar to the previous financial year, which saw two lost time incidents (LTIs) reported. These two LTIs represent 32 lost working days due to injury.

Year	Lost Time Injuries	Days Lost
2018	3	9
2019	1	4
2020	1	7
2021	2	10
2022	2	32

Other Businesses

Our other commercial businesses, complement our core Energy business, and their activities are aligned with our Group purpose, strategies and Vision.

Powerhouse.je

Despite a challenging year, with supply chain issues and a shift in consumer confidence, our retail business has performed well and delivered a £1.2m profit on a decreased turnover of £18.7m as consumer spending returned to pre-pandemic levels. Resilience was also shown among the Retail team which displayed great flexibility to maintain levels of customer service, having been impacted by higher than usual employee turnover as more members chose to progress their careers in other parts of the Company.

We have continued to invest in enhancing the in-store customer experience by this year expanding and improving the entrance to the store and thereby, increasing usable floor space by 730 square feet. We have used this additional space to develop our emobility proposition by introducing several new electric bike brands which are proving very popular with consumers conscious of rising

fuel prices. These include electric cargo/family bikes, which we believe will play an increasingly important role in decarbonising the transport network in Jersey. As a result of these investments, our revenue in the emobility category grew by 23%.

We have also invested in our Service Department and are looking to recruitment three new technicians to support the introduction of further new product lines. We are now the on-Island service agent for Sony and have other service contracts in the pipeline.



23%
Increase in emobility category revenue

JEBS

JEBS, our building services division, has been instrumental in helping our Energy Solutions team achieve a record 325 domestic fuel switches this year and the successful launch of the all-inclusive, home EV charging solution Easycharge as well as continuing to help us expand the public EV charging network. Although recruitment continues to be an issue in this field, revenues were maintained at £3.4m (and £4.1m including internal revenue from within the Group) and profits were marginally ahead of 2021 at £0.3m.

The quality and value of the service JEBS provide was reflected in the award of a three-year Amenity Lighting Maintenance contract for both the Infrastructure, Housing and Environment Department and the Parish of St Helier.

As part of the Group's climate strategy, JEBS have replaced eight of its ageing fleet of diesel vehicles with fully electric alternatives, with a further four expected in service by March 2023.



'JEBS have replaced eight of its ageing fleet of diesel vehicles with fully electric alternatives'



Other Businesses continued



Jersey Energy

Jersey Energy and Guernsey-based, Channel Design Consultants, provide premium environmental and building services advisory, design and site administration services to architects, the Government of Jersey and States of Guernsey, Parish Halls and private developers. Established in 1994 to promote energy and environmental solutions in building design and energy related services, the team's expertise is in much demand today as the islands look to transition to net-zero.

Recruitment continues to be a challenge in this specialised industry but the team, under a new director following a retirement, completed a number of notable projects this year. These included the refurbishment of St Helier Marina, completed in time for the Jersey Boat Show in June, a new Channel Islands Co-operative Society retail outlet at Five Oaks and the final phase of a seven-year project to redevelop housing at Grand Vaux Court was completed in May.

The order book remains full with the building services design for Les Ozouets, a new higher education campus in Guernsey, the refurbishment of Maison de Landes Hotel, a variety of Andium projects, including refurbishment and upgrade works to all high-rise residential blocks, the new-build development of 140 apartments at The Limes, and the commercial kitchen replacement at the prestigious Atlantic Hotel.

Working closely with the Energy Solutions team, Jersey Energy has also designed, developed and trialled various EV charging schemes for a multitude of scenarios, including the design of the first ultra-rapid charger in the Channel Islands at the Powerhouse.



'the team's expertise is in much demand today as the islands look to transition to net-zero.'

JENDEV

Jendev provides digital Enterprise Resource Planning (ERP) solutions for all business areas (including external clients), delivering a mix of standard and bespoke systems. It specialises in Microsoft Dynamics business applications but has the implementation expertise required to deliver projects across a wide range of technologies.

The small team provides the Group with easy access to the required digital skills, including business analysis, consulting, design, development, training and project management and has been instrumental in the integration and delivery of modern cloud-based solutions, such as the new Customer Relationship Management

(CRM) platform and Work and Asset Management (WAMS) solution into Jersey Electricity's core ERP solution. It has also been at the heart of the development of the award-winning My JE app.

The Jendev team continues to expand its digital know-how, focused on strategic and relevant technologies. This will ensure that it can deliver the latest innovations in the utilities industry.

'It has also been at the heart of the development of the award-winning My JE app.'



Property

Our Property portfolio includes a B&Q store and Medical Centre situated on our Powerhouse retail and administration office site at Queen's Road as well as 29 private houses and flats that are rented on the open market. The £1.4m profit in our Property division, excluding the impact of investment property revaluation, was at the same level as last year. Our investment property portfolio moved up in value by £1.0m to £28.8m, based on advice from our external consultants, who review the position annually. This increase compared to £6.1m in the 2020/21 financial year due primarily to a restructuring of the lease arrangement for our largest tenant, whereby the existing break clause was moved to a later date, post commercial discussions, which materially increased the valuation, due to continued buoyant market conditions in Jersey.

£1.0m

Increase in value of property portfolio



Climate: Sustainability Framework

Jersey Electricity has long been a key driver of Jersey's reduction in carbon emissions by providing the community with low-carbon power. **Chief Executive Chris Ambler** sets out the Company's strategy for further climate action, including a Sustainability Framework for achieving the Company's net-zero carbon goals.



In May this year we welcomed the publication of the Government of Jersey's Carbon Neutral Roadmap which sets a course for Jersey to achieve net-zero emissions by 2050. We were actively involved in the Citizen's Assembly on Climate Change which preceded the report and were pleased that many of our recommendations on the draft were included in the final report. We are now engaged with Government as it develops the Policies to achieve the Roadmap's targets.

Jersey Electricity's Vision is to 'inspire a zero-carbon future', and several of our strategic work streams are aligned with Government ambitions. The Roadmap has given us some

certainty on the Government's intentions and our on-going dialogue with Government and other key stakeholders help to mitigate the risk associated with the transition, in particular, around further infrastructure investment required to meet the increase in peak demand and annual consumption that net-zero would bring.

We are well-placed to help the Island achieve net-zero and in doing so fulfil Company objectives. We have already reduced emissions from the supply of electricity in Jersey by over 90% since 1990, driving a 36% reduction in the Island's overall carbon emissions despite a 60% increase in electricity consumption.

Our strategy to import low-carbon nuclear and hydro power from France has helped us to virtually completely decarbonise the electricity system, calculated at just 22gCO₂/kWh for 2021/22. This, coupled with our smart-enabled grid has given us a platform with spare capacity for further decarbonisation. Increased digitalisation of our systems to leverage Smart Meter data has enabled us to map various scenarios for our network and focus the investment needed in a more efficient and targeted way. The long-term Government strategy the Roadmap provides gives us more confidence to make these investments.



We set out (below) our Sustainability Framework mapped to the United Nations Sustainable Development Goals* and we are developing a suite of targets that deliver on our ambitions, including our Scope 1,2 and 3 emissions targets.

TCFD disclosures in full, p66-73.

*The United Nations Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a 'shared blueprint for peace and prosperity for people and the planet, now and into the future'.

SUSTAINABLE DEVELOPMENT GOALS



Our Island

We will be leaders, working collaboratively with others in the drive to Jersey's net-zero future.

- We will seek to deliver an affordable, secure and sustainable energy supply for all islanders.
- We will drive Jersey's energy transition to net-zero.
- We will provide solutions and services to enable customer and community transitions to net-zero.



Our Footprint

We will achieve net-zero emissions by 2050 and inspire excellence in environmental stewardship.

- We will reduce emissions from our operations.
- We will reduce waste and drive sustainability across our business wherever we can.
- We will contribute to regeneration of the Island's ecosystem.



Our People

We will build a sustainable, diverse and inclusive culture, equipping our people to thrive into the future.

- We will create champions of sustainability through our culture and values.
- We will celebrate diversity and inclusivity in our organisation.
- We will embed health, safety and wellbeing in all we do and develop our people to be the best they can be.



Climate: Sustainability Framework continued

We are well-placed to help the Island achieve net-zero and fulfil our Company's objectives. We have already reduced emissions from the supply of electricity by over 90% since 1990, driving a 36% reduction in the Island's overall emissions despite a 60% increase in electricity consumption.



To assist with the development of our Sustainability Framework and fully embed it in our culture we have created an Environmental Sustainability Committee made up of 14 employees, including senior managers, and sponsored by our Operations Director.

The Committee meets monthly and aims to:

Develop and manage sustainability programmes and practices.

Identify opportunities to improve the wellbeing of our people, their families and communities.

Oversee the completion of recommendations from environmental audits, focusing on continual improvement.

Implement education and communication programmes across all aspects of sustainability.

Report on environmental performance across the Company to prioritise goals and action plans.

Oversee public relations and external communications efforts.

Monitor the reduction of waste, including hazardous chemical use.

Implement programmes/solutions to increase recycling.

Institute environmentally sustainable purchasing strategies, including reusable materials and equipment.

Promote and report on energy and water conservation.



Climate: Opportunity for Energy Growth

Two important strands of our strategy to achieve our Vision and support the Island in achieving net-zero by 2050 in line with our TCFD commitments, are to put JE at the forefront of solar PV and the electric vehicle charging market, and to grow energy market share. Director of Commercial Services **Peter Cadiou**, who oversees the Energy Solutions team responsible for these areas, reports on progress.



The Government of Jersey's Carbon Neutral Roadmap published in May sets a course for achieving net-zero by 2050. While not without risks, the recommendations within the report, particularly around the high-emitting sectors of heating and transport, provide huge opportunity for increasing electricity's share of the energy market from its current 39%*. As we plan and invest to meet such challenges as converting c.20,000 fossil fuel boilers bring, we are reassured that the first £23m of Government funding from the Climate Emergency Fund is secure for the first four years of the Roadmap. We are also actively involved supporting Government and developing workable initiatives in the heating and transport sectors.

Fuel Switches

Our Energy Solutions team, formed seven years ago specifically to develop customer propositions to deliver growth through fuel switching, has continued to grow and strengthen its organisational capability. The New Product and Proposition team, created last year, has recruited two Product Managers and a Product Development Analyst, while upskilling existing staff in programme management, business analysis, and product management.

Although unit sales volumes fell slightly this year from 639m to 613m kilowatt hours, the team exceeded its internal target of domestic fuel switches for the third year running, converting 325 premises from fossil fuels and reducing their carbon

emissions by around 90% per premise. Operational efficiencies that streamline the customer journey from initial enquiry to installations have made the fuel switch process faster and smoother than ever.

613m

Unit sales

We have also made progress in the commercial and public sectors by making it easier for businesses and public sector consumers such as the Parishes, which own community buildings and housing stock, to convert from fossil fuels to low-carbon electricity. This included fuel switching our first church from oil to Quartz ray heaters. By building relationships with these stakeholders and devising bespoke funding models we have been able to further reduce their carbon footprint by incorporating EV charging and solar PV installations to complement the fuel switch.

Solar PV

Utility and Commercial scale solar PV continues to be an important focus. The Carbon Neutral Roadmap and the Bridging Island Plan support more on-Island renewables to increase energy sovereignty and we have made much progress in this area.

In March, we signed an agreement to install our fifth commercial -scale solar array on the roof of the Albert

Bartlett potato processing plant. At 612kWp, and with over 1,500 solar panels installed, the Albert Bartlett array is the largest in the Channel Islands, surpassing those already commissioned at Woodside Farm and Jersey Dairy and will generate over half a million kWhs a year when commissioned in 2023.

During the year, we also progressed plans for a utility -scale ground-mounted solar array . One 4MWp site in the Parish of St Clement is already at formal planning stage. We have reached landowner agreement for a further 3MWp site on the North coast at Sorel, and two other sites are in the development pipeline which could bring on-Island solar generation to around 15MWp.

“...the team exceeded its internal target of domestic fuel switches for the third year running, converting 325 premises from fossil fuels and reducing their carbon emissions by around 90% per premise.”



Total customers

52,473

+561

Total customers on discounted heating tariffs

21,918

+983

Total customers on E20

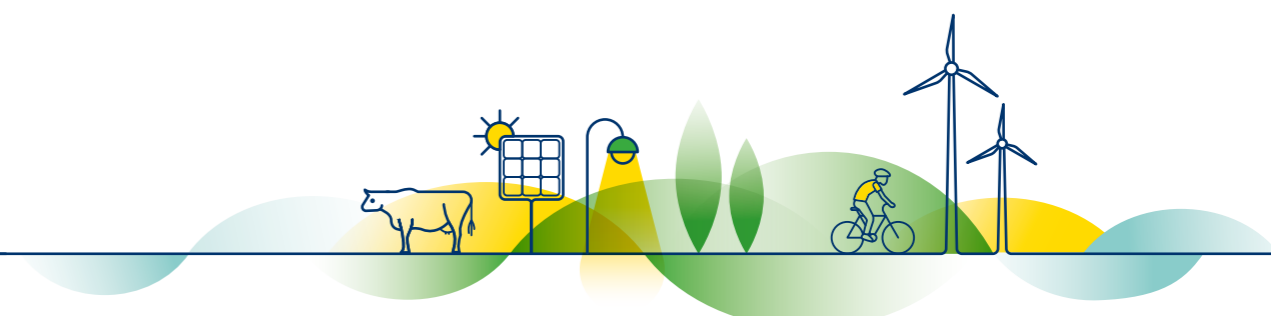
4,520

+956

Highest ever total fuel switches

325

*Source: Government of Jersey Energy Trends Report 2021



Climate: Electric Transport

Decarbonising transport, particularly road transport as an emitter of 44% of Jersey's emissions, is critical to the Island's net-zero ambitions. The Carbon Neutral Roadmap recognises this as a 'priority area for action' and proposes several measures to increase low-carbon transport, including a ban on the importation and registration of petrol and diesel vehicles new to the Island from 2030.

Public charging

As uptake in electric transport grows, our strategy is to ensure the Island and our network are ready to meet the increase in electricity demand and that we have a wide range of infrastructure in place.

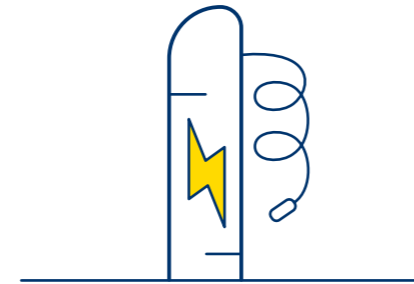
At year end we had expanded the public charging network to 109 charging points in service – twice the UK average per capita – catering for all EVs. This now includes the Channel Islands first ultra-rapid charger at our Powerhouse headquarters to provide faster charging specifically for new

vehicles with larger batteries.

The 150kW dual unit, which is three times more powerful than our existing three 50kW rapid chargers, can provide a single EV with 100 miles range in just nine minutes, the equivalent of 11 days' driving based on the Jersey average of 4,000 miles a year.

Home charging solution

In May we launched our innovative, all-inclusive home EV charging subscription service Easycharge. The project, involving collaboration



between our Energy Solutions New Propositions team, Distribution, Metering, JEBS and Finance, provides customers with the charger, installation, maintenance and overnight off-peak electricity for a fixed monthly subscription.

The service not only supports customers in accessing safer, affordable and convenient charging, it enables us to better manage load and avoid higher network costs by moving load from peak times to overnight off-peak periods when we have spare capacity and energy costs are lower.

The service provides drivers with three options: £30 a month for single EV households, £45 a month for multi-EV homes and £85 for commercial or high mileage users. Response to the service has been very positive.

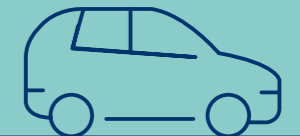
The future

Looking forward, we intend to expand our EV charging subscription services to serve multi-unit residential properties. Building on the Easycharge features and leveraging the latest platform technology to provide load balancing and virtual billing, we will connect residents with their dedicated parking space within a communal parking area. We are also developing propositions to support workplace, destination, on-street, and en-route charging.

Total number of electric vehicles registered in Jersey at year end 2022

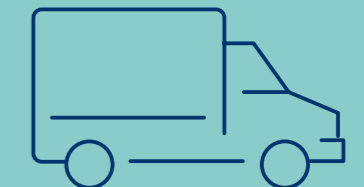
Cars

1,264
+349



Vans

241
+44



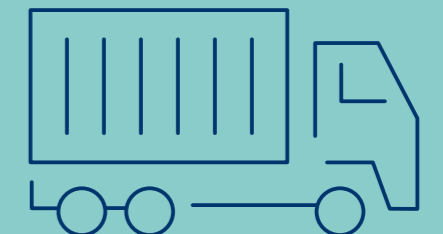
Motorcycles

133
+31



Works trucks

50
+3



+427 on last year



'It is exceptionally encouraging that JE are starting to introduce the next generation of fast charging facilities. JE are a vital partner in the Island's push to reduce carbon emissions and I look forward to working with the company to help us achieve our carbon reduction targets.'

Environment Minister
Jonathan Renouf

Price Stability and Affordability

Creating value for our customers starts with fair, affordable electricity prices. Global events over the past year have meant achieving this, while providing sustainable, low-carbon power and supply security, have made this more challenging than ever. Finance Director **Martin Magee** reports on why Jersey consumers have fared better than in many jurisdictions.



Maintaining competitively priced power has always been a key focus of Jersey Electricity and we continue to perform well against other jurisdictions in an ever-increasingly turbulent market.

The unprecedented increases in European wholesale electricity prices seen at the end of the last financial year have intensified throughout 2022. Although prices were rising before the onset of the war with Russia in Ukraine, the on-going conflict has sent

will be scaled back to £3,000 in April 2023, prompting a further 20% rise in prices.

Jersey is not immune to these market forces, but our hedging policies have so far sheltered Jersey customers from such material double-digit price increases. We implemented a 4% tariff rise from 1 January 2022 and further 5% increase from 1 July 2022. Even after these rises are considered, we continue to benchmark well against other jurisdictions.

‘Our hedging policies have so far sheltered Jersey customers from material double-digit price increases seen elsewhere’

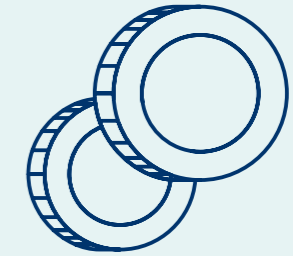
energy costs soaring, threatening supply security throughout Europe and creating a global energy crisis. At year end, the forward baseload electricity prices for 2023, at c€500/MWh, were around 10 times the level seen historically in markets.

Since the beginning of 2021, 31 UK energy companies have ceased trading due to soaring wholesale prices, and only Government intervention of billions of pounds of subsidies averted a proposed 80% year-on-year increase in retail energy prices in October when Ofgem was due to raise the regulated price cap to £3,549. The new Energy Price Guarantee limits this to £2,500 a year for an average domestic dual fuel bill, but this has now been reduced from two years to just six months and

Our standard domestic tariff rate* (the rate by which we benchmark against the EU and other jurisdictions) continues to be around half the level a UK consumer is paying and around one third of pre-subsidised prices in the UK, a third lower than the Isle of Man, a quarter lower than Guernsey and 10% lower than the EU14 average, noting that this latter metric has yet to reflect the recent upturn in energy markets. We announced a further 5% tariff increase effective from 1 January 2023, when we last increased tariffs in July 2022 to give our customers some degree of certainty for the coming winter period. It is also worth noting that unlike other jurisdictions, where Governments are heavily subsidising electricity process, no such measures have been applied in Jersey.

31

UK energy companies ceased trading since 2021



We imported 95% of the electricity requirements of Jersey from Europe this year. Our current supply framework agreement with EDF in France runs until the end of 2027 and combines a fixed price component with a market-related mechanism that allows us to lock in some price certainty over a rolling three-year period. The goal is to provide our customers with a market-based price but with a degree of certainty in a volatile energy marketplace. Our electricity purchases are materially, albeit not fully, hedged for the period 2023 and 2024 and for an element of the period 2025-2027. This hedging has protected customers from what would otherwise have been much higher rises to date, and greater rises in the future.

We also enter forward currency contracts on a three-year rolling programme to reduce exposure, and to aid tariff planning.

We believe we can continue to maintain any tariff rises at an affordable level without Government intervention in the short to medium term. In today's turbulent world it is difficult to predict what the longer-term forecast will be for energy prices. Even if the war in Ukraine ended quickly, it is extremely unlikely energy prices will revert to pre-pandemic levels, so we will continue our efforts to help our customers reduce costs by energy saving measures wherever we can.

*Standard domestic tariff based on single rate customers using 3,750 kWhs a year including standing charges and all taxes

Technology

Technology brings efficiencies and opportunities for the business and more control and convenience for our customers. Director of Technology **Werner Bornman** reports on progress in 2022 and looks ahead to 2023.



My JE

Our energy saving mobile application MyJE, launched in 2021, was recognised for its contribution to the Island's carbon reduction targets – in line with our TCFD commitments – by winning the Digital Jersey Technology Award for Sustainability. Over 17,000 Islanders have downloaded the app which leverages Smart Meter data to help customers better manage their electricity consumption. This year we made its features available to a broader base of customers by launching a companion

web-based version for use on desktop computers and PCs for those who do not have access to a smart phone. Further enhancements for 2022 included multi-premises capabilities that enable owners of multiple properties to access energy consumption across all their properties via a single interface, and a disaggregation feature. The latter provides additional insight on where energy is consumed by category of appliance, such as heaters, cookers, lighting, entertainment.

Before the end of the calendar year My JE consumption information will also be available to our 3,000+ pre-payment customers, with more enhancements planned for FY23 as we continue to help customers save energy and support Jersey on its journey to net-zero.

17,000+

My JE app downloads since launch



CRM

We successfully implemented a new cloud-based Customer Relationship Management platform this year, providing the latest in customer service technology including opportunities for omnichannel customer engagement, and guaranteeing consistency of service delivery across all business channels.

Cyber Security

Cybersecurity remains a key focal point. We continually invest in our cybersecurity toolsets to combat new threats in an ever-changing landscape. This has included advanced, cloud-based vulnerability and threat assessment tools.

Data Lake

We have invested in a world-class, cloud-based data lake that enables efficient analysis of a significant amount of Smart Meter data to provide new insights into network asset utilisation. This, in turn, enables us to target infrastructure investment where and when it is most needed, optimising our infrastructure investment strategy. Our integrated business model is allowing JE to be far more targeted in our investment programme and enables high capital efficiencies.

ArcGIS

We have now completed the migration, begun last year, of our existing cable records and operational distribution/transmission schematics to the world-leading ESRI Geographical Information System ArcGIS. In partnership with Jersey-based Digimap, ArcGIS provides a modern GIS mapping solution that provides a higher degree of geospatial data sets for planning and analysis. Coupled with the deployment of mobile devices such as iPads to frontline Energy employees, the solution brings operational efficiencies in data access and in-field diagnostics and decision-making.

WAMS

We have also completed the roll-out across the entire Energy Division of the new Work and Asset Management System (WAMS) that utilises the world-leading platform Hexagon EAM. The WAMS project is now gathering data and trends that will yield optimum operational efficiencies from our engineering workforce and move forward maintenance programmes both on the Distribution Network and production plant at La Collette Power Station.

Looking ahead to 2023

- We will be partnering with Vaaiie, Jersey Post' digital transformation company, to enhance our billing and customer communication capabilities.
- We will launch a commercial customer portal to provide insights into business energy consumption.
- We will evolve our public EV charging platform with the next generation of fast chargers and additional services to keep pace with increased uptake of low-carbon electric transport.



Stakeholders Customers

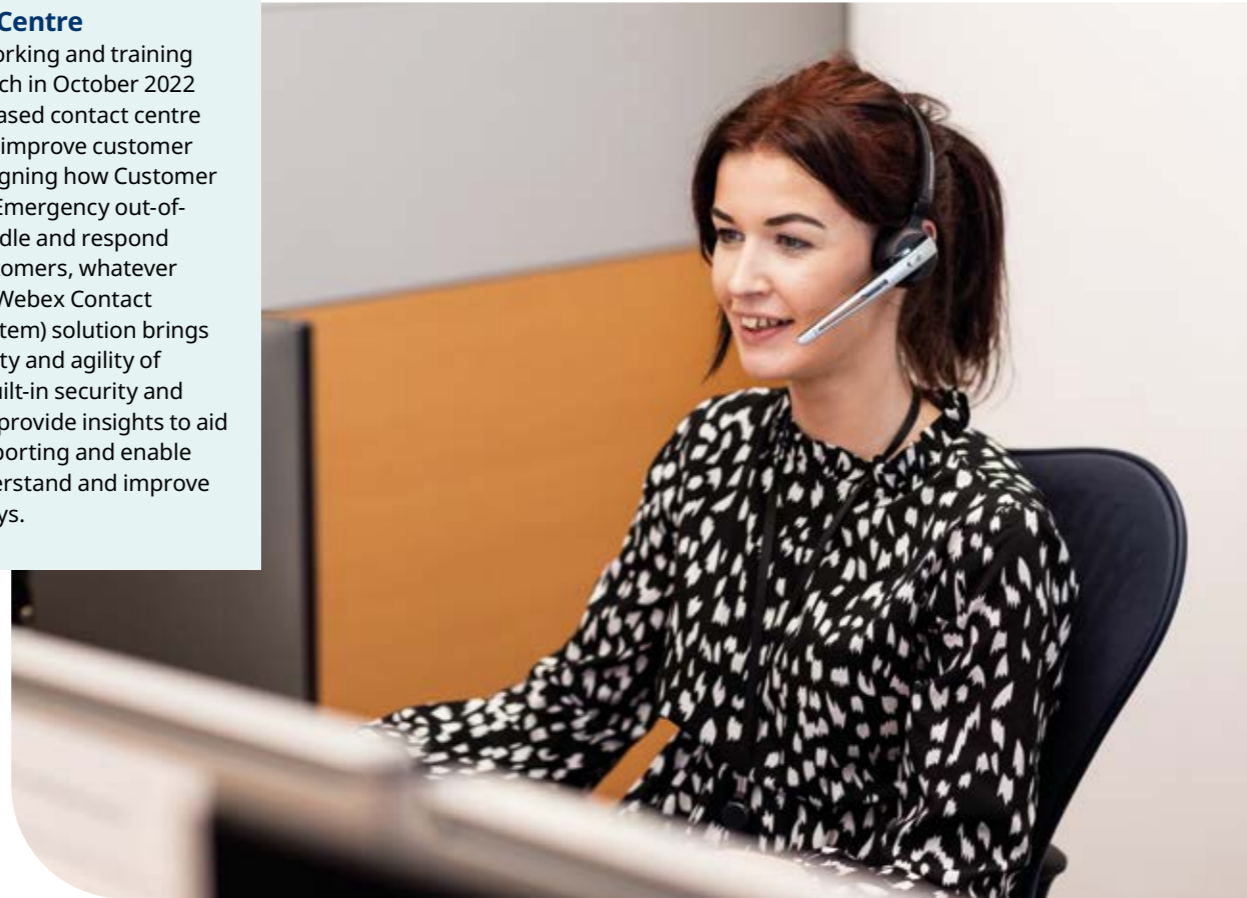
Service innovation

Meeting and exceeding our customers' expectations goes beyond providing them with an affordable and reliable electricity supply. Our strategy involves 'putting customers at the heart of the energy system' by providing integrated services 'beyond the meter', gaining insights into their needs and helping them to manage and save energy. Technology is at the core of this transformation. Customer Care Manager **Kate Gosson** reviews this year's developments.



New Contact Centre

We have been working and training towards the launch in October 2022 of a new cloud-based contact centre solution that will improve customer experience by aligning how Customer Care, Retail and Emergency out-of-hours teams handle and respond to calls from customers, whatever their query. The Webex Contact Centre (Cisco System) solution brings users the flexibility and agility of the cloud with built-in security and scalability. It will provide insights to aid management reporting and enable us to better understand and improve customer journeys.



Richer insights

Dynamics Customer Voice is an application integrated with our new cloud-based Customer Relationship Management (CRM) tool (see p29). A CRM case closure triggers a survey for that customer asking them about their experience with us. Customer Voice captures that feedback, enabling us to reach back to those

customers who may feel 'dissatisfied' and quickly address any unresolved issues. 'Satisfied' feedback, usually in the form of compliments, enables us to recognise and reward those employees or departments that have provided an exceptional customer experience and improve employee engagement.



JE Connect

To better understand our customers and provide insights to guide our strategic thinking beyond our regular customer surveys, we this year formed the customer panel JE Connect. The group, from a wide range of customers, regularly interact with

us on electricity and energy-related topics. They are also available for us to consult on strategic issues, such as testing marketing campaigns or provide in-depth insights on matters such as fuel switching behaviour, pricing, or bills.

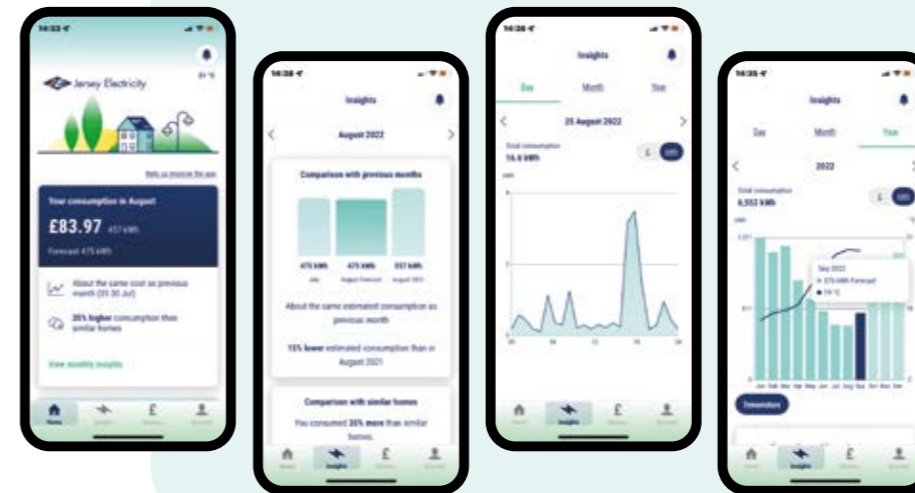
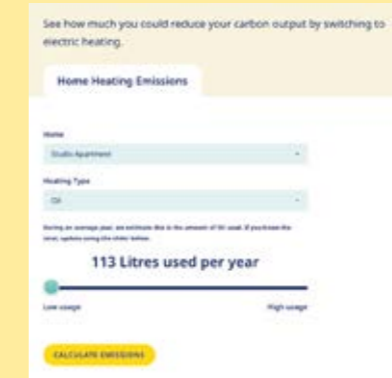
Attitude Tracker

Our new on-line Attitude Tracker, run by an independent research agency, enables us to monitor attitudes and sentiments on a range of energy-related issues quarterly. The question set covers strategic areas across the business, including Energy Solutions, New Product Development, Employee Value Proposition and Retail. The results help us to:

- understand customer attitudes towards the cost, sustainability, and security of Jersey's electricity.
- inform our communications and gauge if we are influencing attitudes and perceptions.
- shape our approach to proposition and technology developments.

Carbon calculator

A newly-launched Sustainability Hub on our website includes a useful home heating carbon calculator that enables customers to see by how much they can reduce their home's carbon footprint by switching from fossil fuels to electric heating. We aim to build out the calculator's capabilities to include transport and other lifestyle choices in FY23.



My JE app

Our energy saving mobile application My JE, launched in 2021, has now been downloaded over 17,000 times and was recognised for its contribution carbon reduction by winning the Digital Jersey Technology Award for Sustainability. New developments this year have included a companion web-based version for use on desktop computers and PCs and multi-premises capabilities. The app will also be available to our pre-payment customers before the end of the calendar year. Further details p34.

Stakeholders **Customers** continued

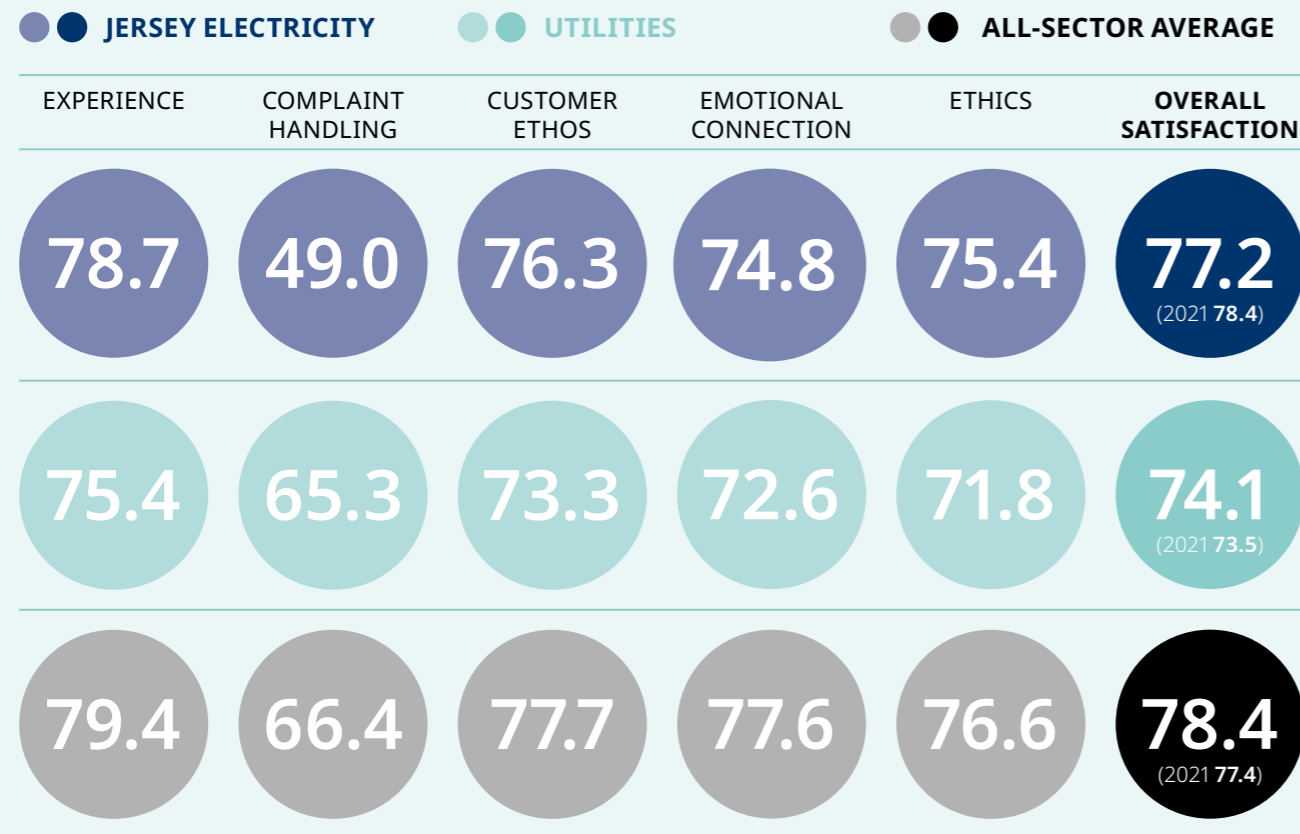
Customer satisfaction

Customers are one of the seven pillars of our Vision: *'We put customers at the heart of our business, giving them choice, control and value for money in a transparent and trusted way.'* To achieve this, we must understand their needs and expectations of us. We measure our success and obtain insights to improve our services through various channels.

OVERALL RANKING
Jersey Electricity would sit in 16th position out of 35 UK utilities in the Index



UK Customer Satisfaction Index (UKCSI) 2022



This year we broadened our research with the launch of JE Connect Customer Panel and Attitude Tracker. The panel enables us to gain qualitative insights. The tracker provides quantitative analysis, and the ability to measure progress on key issues from a customer perception / attitudinal perspective. Panel meetings are due to commence in Q1 2022/23.

Panel members also joined other members of the public in our new Attitude Tracker. Run by an

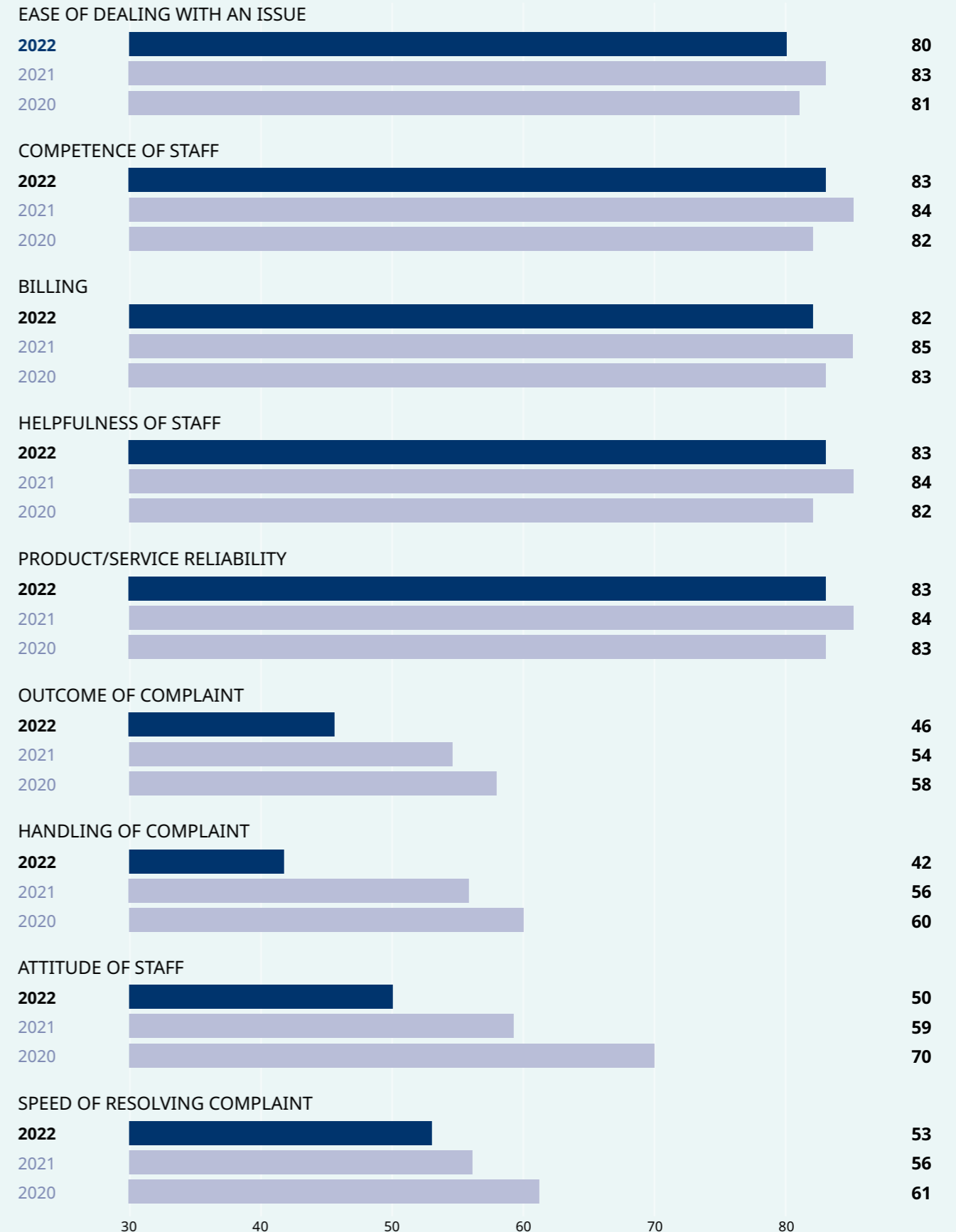
independent research agency, the Tracker enables us to monitor attitudes and sentiments on a range of energy-related issues quarterly.

The UK Customer Satisfaction Index (UKCSI) benchmarks us against larger UK utilities. Although our July 2022 overall rating of 77.2 was slightly down on last year's 78.4, which could be attributed to our two tariff rises in 2022, we remain above the average rating of the 35 UK utilities taking part which was 74.1. In the power utilities sector, only six scored higher.

We again scored higher than UK utilities in the customer priority areas of Experience, Customer Ethos, Emotional Connection and Ethics, with complaint handling again being an area for improvement.

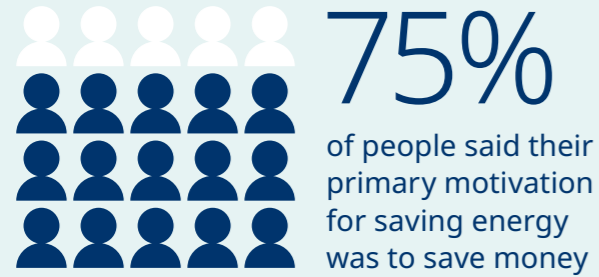
To address this we are reviewing our complaint handling processes, increasing complaint handling training across key areas of the business and introducing specialists to manage in Customer Care more effectively.

Previous year comparison



Stakeholders Customers continued

Key findings

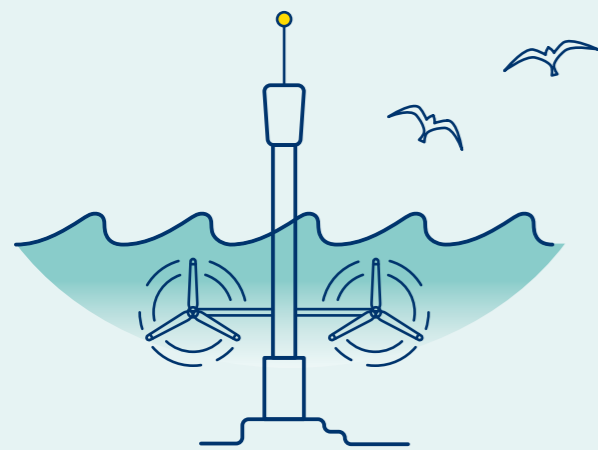
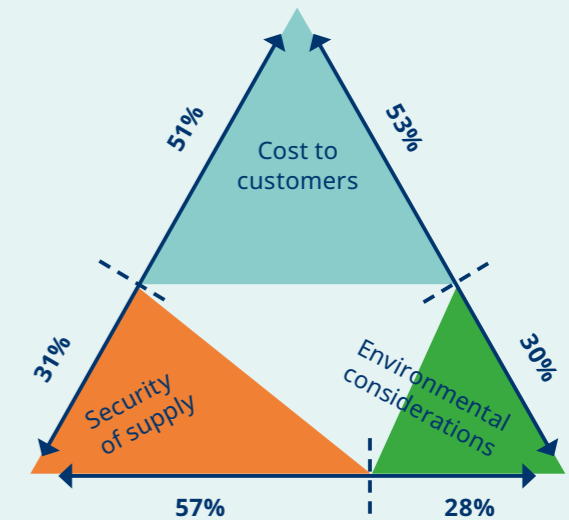


"The company seems to have some understanding of cost of living pressures on the average person and controls costs well."

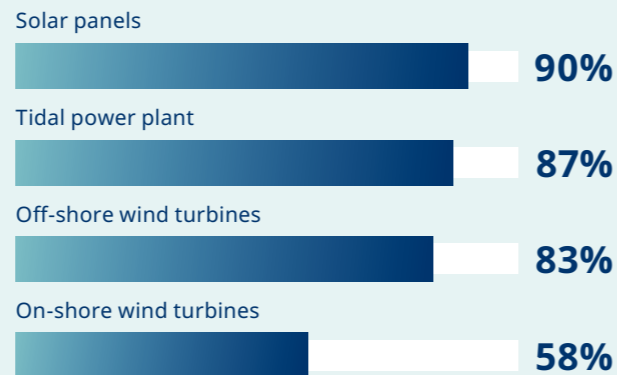
Words positively associated with Jersey Electricity ranked:



Ranking of most important feature:



% who support the use or expansion of...

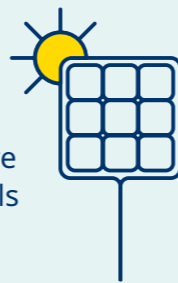


"Would like to see a move towards renewable energy."

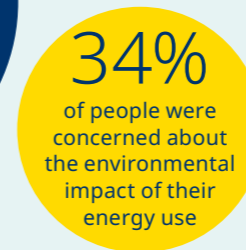
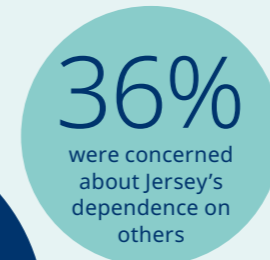
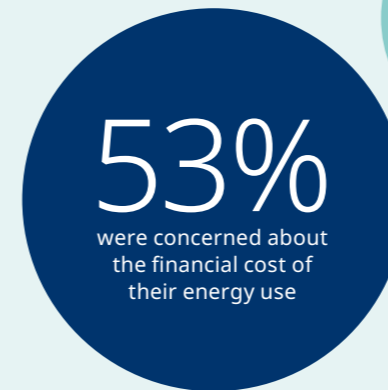
"No disruptions and reasonable costs."

23%

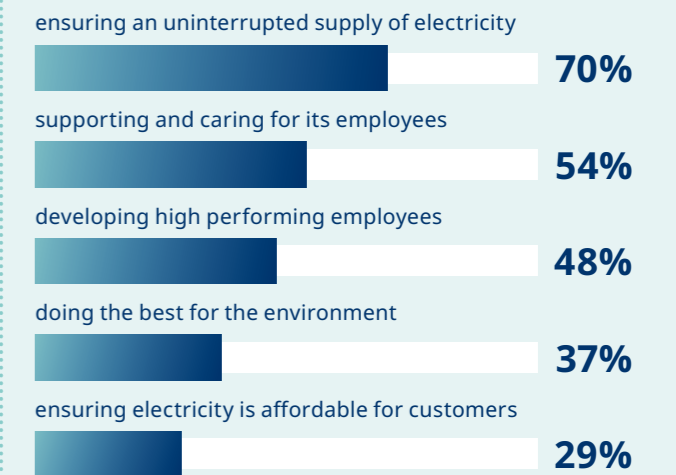
of homeowners said they are likely to consider solar panels in the next 12 months



Consumer concerns about energy use:

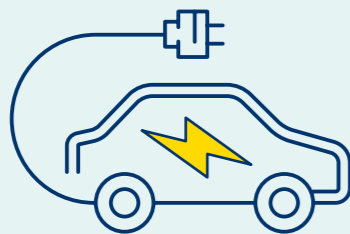


% who trust Jersey Electricity "a lot" or "completely" when it comes to...



21%

to consider buying an electric/hybrid vehicle within 12 months

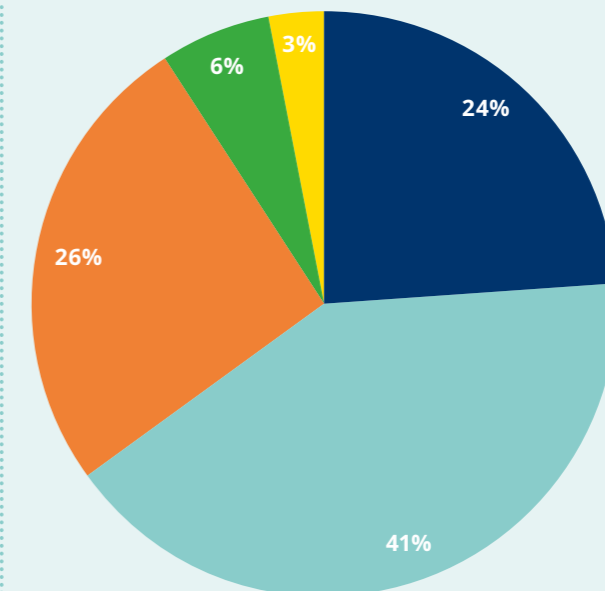


"I can keep up to date with how much electricity I am using with their app. Helps me to keep in budget."



"Rarely have loss of power and not as expensive as UK."

"I think JE has done a brilliant job in keeping the cost of electricity so low. When other jurisdictions are considered it is a fantastic achievement."



66% of people were satisfied or very satisfied with Jersey Electricity

- Very satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very dissatisfied

Stakeholders Our people

Diversity, Inclusion and Equality

Our people are key to JE's success and to the delivery of our Vision. We want people who are aligned to our Purpose and Values and who care about sustainability and our business. It is essential that we have the right talent and capabilities in the right place at the right time enabling the Island to achieve its net-zero carbon ambitions. We must therefore attract, engage, support, train, motivate and retain the best people we can. Our 'People Strategy' – and a pillar of our Vision is to be an 'Employer of Choice in Jersey.' We also strive to be a 'Great Place to Work' and a 'High Performing Organisation'. A diverse workforce and an inclusive culture are essential to achieving these goals. Director of Human Resources **Andrew Welsby** reports on progress in these strategically key areas.



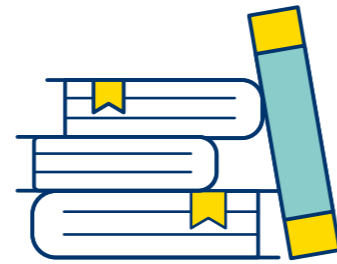
Diversity and Inclusion (D&I) has been a strategic area of focus since the 2018 launch of our cultural change programme designed to enhance our Employee Value Proposition. We have continued to progress this strategy this year.

WHAT WE DID	PURPOSE
Two training programmes rolled out: 1. Equality and diversity charity Liberate delivered 'Inclusive Leadership' training to all ELT and SLT members. 2. 59 frontline personnel undertook 'Better Together' programme.	To underpin knowledge of our D&I strategy: To understand their own biases and how attracting a diverse talent pool can be a source of competitive advantage when supporting diverse, fast changing markets. To raise awareness of the impact workplace banter can have on inclusivity.
D&I briefings at all contractors' local inductions	> To ensure they are aware of our commitment to a diverse and inclusive work environment.
D&I Working Group (of people holding a protected characteristic) attend team briefing	> To promote our D&I agenda.
CEO and HR Director conducted D&I strategy awareness sessions with full SLT	> To stimulate discussion, debate, and ownership of our D&I agenda.
Calendar of D&I awareness campaigns on dedicated D&I Teams channel	> To help colleagues better understand these agendas should they choose.
Menopause Support Policy launched	> To support people going through the menopause.
Signatory to the 14-point, on-Island, '51 Employers' pledge	> To ensure we offer a menopause-friendly workplace.
Gold sponsor of 2022 Channel Islands Pride	> To promote our inclusivity credentials and allow our D&I Working Group to engage with the LGBTQ community about our Vision.
Industry partner for Primary Engineer the largest on-Island schools engineering competition	> To promote STEM careers to help improve gender balance in STEM subjects.
Used more diverse imagery (gender, age, ethnicity) in apprentice recruitment campaigns	> To increase number of women, older workers and those from different ethnic groups, that consider an apprenticeship with us.
HR Now network of HR Directors presentation of our D&I strategy	> To share the D&I challenges with other Island businesses.

Stakeholders Our people continued

I am pleased to report that our chosen specialist D&I partners, Inclusive Employers, have 'promoted' us from 'Programmatic' to 'Established' following this year's maturity audit for which we had to evidence that:

- We understand the business case and use this to inform a strategic approach.
- We seek best practice and use this to improve our D&I capability.
- D&I is a leadership responsibility.



WHAT WE DID

Understanding the business case for D&I

- > D&I strategy e-booklet published accessible to all employees.
- > D&I awareness training sessions on considering D&I in business cases.
- > D&I topics discussed at face-to-face team briefings.
- > D&I Forum Group tasked with promoting the need for D&I.

How we consider D&I in our strategy

- > D&I impact assessments embedded as part of PMO business case process.
- > Clear focus on D&I in HR workstreams as well as Sustainability and Communications strategies.
- > Accessibility audit to drive potential change to Facilities strategy.
- > Assessment of facilities space at the Powerhouse and La Collette Power Station to include wellbeing spaces and other inclusive spaces.

How we seek best practices

- > Membership of Inclusive Employers giving access to best practice and materials monthly.
- > Building relationships with Liberate Jersey, a charity that promotes diversity and equality.
- > Involvement in local and national (EU Skills) strategic workstreams to understand sector challenges around D&I.

Leadership training and capability

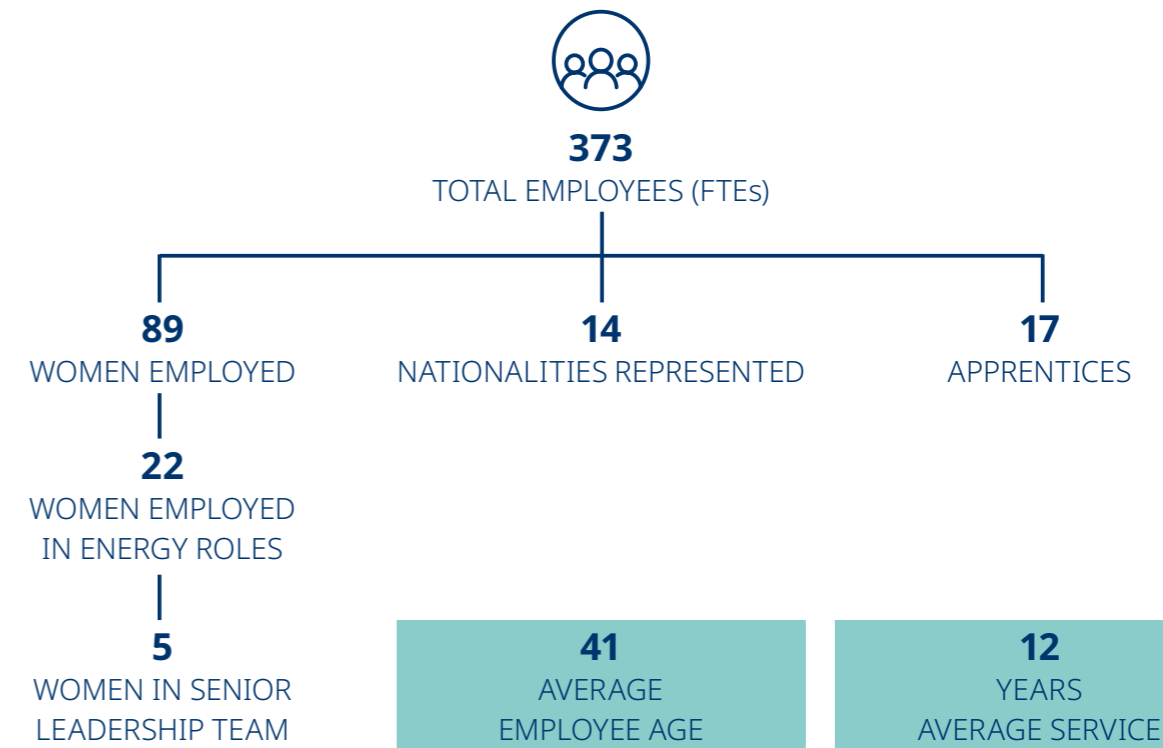
- > D&I training for ELT and SLT members.
- > New leadership behaviour framework draws on 'inclusive leadership' behaviours.
- > Team leads and managers tasked with adding D&I to meeting agendas.
- > HR Business Partners highlight D&I considerations with hiring managers during recruitment process.

Role-modelling inclusive behaviour

- > External PR showcasing JE's approach and belief in D&I.
- > Employee Value Proposition promotional materials using diversity to promote JE as an inclusive workplace.
- > 'Better Together' training delivered to operational teams to set behavioural expectations.
- > Signatory of the 51 Employers menopause pledge.
- > JE is one of only a few Jersey organisations to engage Liberate Jersey to conduct an accessibility and inclusion audit.

Next steps for 2023

WORKSTREAM	ACTION
Workplace culture	> Continue to review and develop policies, if required, with engagement of D&I Working Group.
Recruitment	> Promote key achievements from 2021-22 activities to enhance EVP which helps attract candidates from a diverse range of backgrounds.
Schools Engagement	> Continue partnerships with schools, profiling apprentice and graduate hires at JE.
Performance and Data	> Review and consider updates to training (depending on our emerging position) and continue partnerships with EU Skills, Inclusive Employers and Liberate.



Case study

Elissar El-Khatib Planning Engineer

'Engineering allows me to have a positive impact on multiple fronts. The theoretical planning and work we perform results in Islanders benefiting from a reliable electricity supply which is essential to quality of life. Our decisions, made in collaboration with other departments, also have an important environmental impact by reducing carbon emissions to help combat global warming. Thirdly, women

in engineering dispels the notion that it's a man's world and contributes toward women's empowerment and equality. It is no longer a job "for the boys"; it is a place for creativity and innovation. My advice to other women considering engineering as a career is to follow your instinct, do what you love, strive for the best, work on fulfilling your dreams and achieving your goals. Don't let anything stop you. It won't at JE!'



Tessa Ryan Senior Asset Engineer

'I completed my BSc in Engineering Science in 2015 and began a four-year apprenticeship to become a licensed Professional Engineer (P.Eng) with a major power utility. I saw opportunities for business improvement if we could address uncertainties around underground cable conditions and installation environments. I started an MSc in Engineering Management to research how best to manage the tricky primary cable asset class. My research

grew to PhD level and I joined JE as a Senior Asset Engineer in January 2022. Employers, like JE, are recognising that diversity leads to better creative and financial outcomes. You are valued for who you are and the unique perspective you bring to problems. Engineering is a great career for the curious, and the skills you develop enrich your life outside of work, changing how you look at and understand the world around you.'

Stakeholders Our people continued

Employee Engagement and Wellbeing

We have continued to invest in improving our Employer Value Proposition to enable the business to attract and retain the best talent in a highly competitive and low unemployment environment.

Our goals are to be an 'Employer of Choice,' a 'Great Place to Work' and a 'High Performing Organisation'. Our people strategy has continued

to focus on these areas, and we view employee engagement and employee wellbeing as crucial to achieving all three.



High Performing Organisation

Living Leader: Good leadership is vital to the success of any business, and we are committed to embedding the Living Leader programme. Living Leader has the highest level of sponsorship by the Chief Executive and the Board who have also benefited from the programme when it was launched. In the last four years over 270 employees have attended the programme. This year, four new Masterclass trainers became certified to support our goal.

Senior Leadership Team (SLT) Skills: Succession planning and development to meet future business needs are essential to any High Performing Organisation. This year, we commissioned an external adviser to assess and define the development needs of our SLT members to help them advance their careers, improve capabilities and provide the business with more succession optionality.

Apprenticeships: Skilling up for a zero-carbon future is essential for sustained business success and Jersey's

net-zero ambitions. Our three-year apprenticeships are an important part of that. This year we tried to broaden the appeal of our apprenticeships by applying the Living Wage to these roles and using more inclusive imagery to appeal to a variety of age groups on social media.

Graduate Sponsorship: Our Bursary Scheme is enabling three students to gain valuable work experience in the field during holidays from their university studies. They can join us as a graduate, having developed their academic knowledge and having gained real-time experience on the JE network which is very valuable to us as we build future capability.

Board Apprentice: 2022 brought our third Board apprentice, Catherine Madden (Government of Jersey Chief of Staff), as we seek not only to nurture talent for the future of JE but also provide added social value by growing on-Island talent in supporting leaders who aspire to Board roles.



Case study

Taneisha de Gruchy
Apprentice Plumber (JEBS)

'I feel I am contributing to society in an effective way by being part of an essential trade having previously worked in retail. I've always loved practical work and I particularly enjoy seeing bigger jobs through from start to finish. I'm excited about becoming fully qualified and being able to work on my own. I think you need to be very independent and confident to tackle difficult jobs plumbing presents when you're working

alone. I have had a lot of training and support from JE as my apprenticeship means I can earn while also attending college. Being a woman in the trade opens up a lot of conversations. There have been challenges but everyone at JE have been really welcoming and helpful, and you can tell that the management really care about their workers, which is nice in such a large company.'

Case study

Catherine Madden
Board apprentice

Why did you decide to take part in the scheme, and why JE?

Whilst I have sat on Boards in previous roles, I thought it would be a good to experience first-hand the role of a non-Executive in a private company. I believe the role of a Board non-Executive will provide me with the right level of work life balance, whilst enabling me to give something back by putting my skills and experience, gained during my career, to good use.

'My first JE Board meeting was very insightful, seeing how diverse Board members, with a variety of skills and experience, work together in a positive, productive, and proactive way for the good of the Company. Everyone was very welcoming, and all members explained the agenda items, so I was able to clearly understand the order of business.'



Great Place to Work

Engagement: Engaged employees that feel valued and motivated help turn an organisation into a Great Place to Work. We engage with our people various ways to ensure everyone feels they have a voice and can make a difference

- **Annual survey: Excellent response rate of 80%. Rating of 7.8 a good result in period of challenging internal change, slightly down on last year's 8.1.**

- **Engagement groups: set up across various levels of the business to provide more in-depth insights and robust action planning.**

- **Culture and Engagement Forum: Created in 2020, meets four times a year with rotating Board member participation to ensure employees are heard at the top of the business and provide insights of culture issues at the highest level.**

Wellbeing:

Confidential Assistance Programme UNUM

Sports and Social Club

Subsidised gym memberships

11 Mental Health First Aiders



PLUS:

- Menopause awareness sessions
- Menopause Support Policy introduced
- Family friendly Hybrid Working Policy introduced
- Dress for the Day Policy introduced
- Electric vehicle subsidies to help employees reduce carbon in line with our Vision

Employer of Choice:

- Jersey Employers Group Schools and Early Careers initiative to promote STEM subjects and the utility sector as a career choice
- Kit sponsor for Accies Netball Club to promote career opportunities, build engagement and advocacy of JE brand
- Primary Engineer Industry Partner and judge for 'If you were an Engineer, what would you do?' competition to engage with schools
- Les Quennevais School engagement promoting JE at careers fair



Other stakeholders

Progressing stakeholder engagement in line with the UK Corporate Governance Code 2018 recommendations has been an area of Board focus this year. It has been identified as a critical activity to help the organisation navigate an increasingly dynamic business environment. Ensuring that stakeholder power, influence and legitimacy is well understood, and that we respond effectively, is critical to business success and places the needs of our customers at the heart of our business.

It has been particularly important in a year that brought an Island-wide election, resulting in a new States Assembly and Council of Ministers. The year also brought the creation of the Government's Carbon Neutral Roadmap, published in May, and we continue to seek to influence its policies and implementation as part of achieving our Vision and responsibilities under TCFD compliance.

As well as actively engaging with prospective political candidates before the June 2022 election, we view it as critical for JE to build understanding and influence climate policy as we balance the risks and opportunities a target of net-zero carbon by 2050 presents.

The cost-of-living crisis has also been a subject of several stakeholder engagements with one outcome being the collaboration between peer



organisations and charities – praised by the Assistant Minister for Social Security and Chair of Age Concern – to host shared customer support content on each other's websites.

We were also honoured in March to welcome his Excellency the Lieutenant-Governor, Air Chief Marshal Sir Stephen Dalton, to La Collette Power Station and our Powerhouse retail and administrative headquarters where we presented our strategy to help Jersey achieve net-zero by 2050.

We review key stakeholder engagements weekly and adjust communications activity, particularly PR and social media, accordingly, thus establishing a direct link between stakeholder activities and marketing communications. This has enabled us to proactively shape opinion and react to new insights.



Examples of our stakeholder engagements and why we held them

STAKEHOLDER	PURPOSE	OUTCOME
Commercial customer: Luxury Hotel	Support sustainability ambitions by investigating viability of converting to all-electric.	Feasible: Energy Solutions exploring new business models to aid funding, plus EV charging and roof solar. Energy assessing network capacity.
NGO: Citizen's Advice Bureau (CAB)	Explain reason for upcoming tariff rise and how we can assist customers using tools such as MyJE app.	Better understanding of our pricing strategies. CAB staff able to explain to vulnerable clients and make customers aware of available resources and tools.
Goj & NGOs Sustainability Working Group	Communicate our sustainability strategy and activities.	JE viewed by all parties as a key enabler of climate action.
Parishes: Comité des Connétables	Build relations and progress Parish Earth Partnership.	Two more parishes purchased trees with third about to do so with the intention of planting season 22/23.
Government of Jersey (Goj)	Discuss policies and internal opportunities to decarbonise heating and transport in line with net-zero 2050.	We continue to influence Goj policy which is being rapidly developed. We are helping Goj with their own decarbonisation programme affecting their fleet and property portfolio.
Jersey Architects Association	Demonstrate how JE can decarbonise housing and how we can assist architects.	Good feedback; built better understanding of our proposition and some of the design issues.
Jersey Farmers & Goj	Presenting our Vision and solar PV opportunities in agriculture – a new type of 'solar energy' farming.	Good feedback: follow up discussions planned and new sites coming forward.
Prison Service	Progress solar PV opportunity, EV charging, electric catering.	Stakeholder collecting information for desk top study and PV development on prison site.
Political parties	Explaining our Vision to candidates before election.	Prospective candidates better informed about energy and how JE can help facilitate net-zero.
Cannabis Trade and Services Advisory Boards	Understand trade requirements to ensure this emerging sector is powered by low-carbon electricity.	Continue engagement and follow-up meetings planned.
Andium Homes Limited	Investigate collaboration on communication and customer service to share key information to help vulnerable customers with rising costs.	Hosting shared customer support content on various websites.

Key stakeholders and the value we create

EMPLOYEES

Our success depends on the commitment on a dedicated, engaged and diverse workforce

Number of full-time equivalent (FTEs) employees

373

ENERGY CUSTOMERS

Consumer demand for low-carbon electricity drives our business and strategy

Cost to supply CAPEX and power procurement

£55.5m

Sheltering customers from significant increases in prices and price volatility

SHAREHOLDERS AND LENDERS

The confidence of shareholders and lenders is essential for long-term investment, and we seek to create fair returns

Final dividend

£10.80p (4.2%)

GOVERNMENT OF JERSEY (GoJ)

GoJ holds a 62% stake in the Company. Dividends and taxes support its work for the wider community

Amount paid to GoJ in dividends, taxes and social security

£12.6m

Significant shelter being provided to the local economy removing the need for GoJ to provide subsidy support c£100-200m/ year run rate of protection as compared with the UK

NGOs, CHARITIES

We support our communities in many ways beyond our business activities

Investment in community project and good causes

£78,700

Other stakeholders

Community support

We create value for our community in many ways beyond our core services. As well as creating well-paid employment opportunities for Islanders and among our supply chain we support a wide array of local good causes and charities through corporate sponsorship and the CSR (Corporate Social Responsibility) activities of our employees. Since the Government declared a climate emergency in 2018, much of our efforts have focused on tree planting.



ENVIRONMENT

Tree planting as part of our climate change strategy and corporate carbon goals

Mourier Valley

Completed three-year woodland restoration project at Mourier Valley. Invited Jersey Water to join a JE consortium to facilitate a £40,000 project to plant, alongside the National Trust, Jersey Trees for life and hundreds of volunteers and employees almost 4,300 trees over 23.5 vergées adjoining existing ancient woodland.

Hautlieu Tiny Forest

Partnered Government of Jersey in funding Jersey's first carbon-absorbing

Tiny Forest at Hautlieu School. Along with Jersey Trees for Life and students we planted 600 trees in a tennis-court-sized plot. The method means the



trees will grow 10 times faster than traditional planting, generate 100 times more biodiversity and absorb up to 30 times more carbon.

Clement Parish Earth Partnership

This year, St Clement became the first parish to plant for our Parish Earth Partnership for which we've offered all 12 parishes £5,000 to densely plant and maintain a small plot with native trees to increase biodiversity and aid carbon sequestration over the long term. Around 40 parishioners supported by two teams of Jersey Electricity employees, planted almost 1,000 whips in a large meadow behind St Clement Parish Church.

Bouley Bay

Our next big planting project is at Bouley Bay where again in partnership with the National Trust and Jersey Trees for life we will be funding and helping to plant trees over a large swathe of land on the North coast gifted to the Trust.

La Pouquelaye Community Garden

Supporting St Helier Youth and Community Trust in the creation of a community garden in the North of St Helier that will include a forest school, arboretum, children's allotments and sensory garden as part of our Parish Earth Partnership.



HEALTH

Family Nursing and Home Care

We continue our long-term partnership with Family Nursing and Home Care. The charity used our annual Christmas donation to help fund a huge 3D-effect mural at its children's community centre Pip's Place which supports over 7,000 children and young people through many groups and health services hosted at the centre. We also sponsor and participate in the annual Colour Festival which raises funds for a Children's Palliative Care Nurse.



EDUCATION

National Trust Education Programme

Third year of supporting the Trust's full-time Education Officer and her activities that complement schools' science curricula and encourage children to 'reconnect with nature'. The programme has also led to the creation of Power Rangers, a young environmentalists club providing training for YUNGA (Young United Nations Global Alliance) Challenge Badges.

Primary Engineer

Industry partner for UK initiative led by Skills Jersey to engage pupils in the careers related to STEM (science, technology, engineering and maths) through a competition 'If You Were An Engineer, What Would You Do?' for which we provide mentoring engineers and judges.

Child Accident Prevention (CAP) Safety In Action Week

Long-term sponsors of this FNHC initiative with our employees volunteering to present to over 1,000 schoolchildren on home and electrical safety at a week-long series of workshops.



Recognising environmental excellence

We sponsor two awards that recognise environmental excellence in the Island. Mother and son Tasha and Noah Cormack won our seventh Pride of Jersey Environmentalists Award for their re-usable party kit enterprise Many Happy Returns Jersey which reduces waste and raises funds for charity. At the Jersey Construction Council Awards, Ronez Quarry Extension collected our Sustainability Award.



Outlook

The global energy crisis and the immense challenges it presents to power suppliers shows no sign of abating soon. This will continue to put upward pressure on both wholesale and retail energy prices. We remain confident in our strategies for meeting these challenges and achieving our Vision.

Our current supply framework agreement with EDF in France runs until the end of 2027 and our electricity purchases are materially hedged for 2023 and 2024 and for a portion of 2025-2027. Whilst this is presently affording the Island significant protection from wholesale price volatility, it cannot protect completely if wholesale prices remain at present levels. The war in Ukraine and consequential energy crisis show no sign of abating and, on this basis, are likely to flow into higher retail energy prices in Jersey. Jersey Electricity will continue its efforts to be as efficient as possible, restrain any price increases as well as help consumers mitigate the other driver of bills, consumption, which we believe presents a significant cost saving opportunity for many households in Jersey.

Secure long-term future

Despite the short to medium term challenges, the Company and the Island remain well placed to do what is necessary to deliver a sustainable and secure long-term future. The current vulnerability in European energy systems and Europe's continued reliance on imported fossil fuels, if anything, further emphasise the importance of our strategy and its focus on sustainability and the continued exploration and development of cost effective, indigenous renewables. Supplying clean energy in an affordable and secure way is as important as ever in the fight against climate change and we are well placed to play a key role in helping Jersey achieve its net-zero ambitions.

Whilst we have confidence in our supply chain and continued access to large volumes of low-carbon nuclear and hydro power from Europe, and we believe our smart-enabled electricity system is very well invested for the future, we will continue to innovate with new products and services to help Islanders switch from fossil fuel to low-carbon electricity in the high carbon emitting areas of heating and transport. These bring opportunities for growth for the Company and for local businesses and partners.

Optimising investments

Driving scale across our network should enable Jersey to better utilise its assets and this should lead to lower prices than otherwise would be the case. We know what additional investment is needed in the network to meet the increase in both peak demand and annual consumption that the energy transition should bring. New technologies and the digitalisation of our business are enabling us to optimise those investments and create other efficiencies throughout Jersey's energy system, including the provision of new value-adding services for consumers.

The publication of the Government's Carbon Neutral Roadmap in May 2022 and the election of a new Government in June with a conviction to pursue net-zero Jersey by 2050, possibly earlier, coupled with what we hope will be regulatory stability and certainty, should give us confidence to make these investments at our target returns. There is a significant amount of work to be done for the Island to get onto a trajectory of net-zero by 2050

The current vulnerability in European energy systems and Europe's continued reliance on imported fossil fuels, if anything, further emphasise the importance of our strategy

but the first £23m of Government funding from the Climate Emergency Fund is secure for the first four years of the Roadmap and we are actively involved in supporting Government to develop workable initiatives in the heating and transport sectors, the two largest carbon emitting sectors.

Energy sovereignty

The Carbon Neutral Roadmap and the Bridging Island Plan provide support for more on-Island renewables, and the global energy crisis has renewed the Island's focus on the issue of energy sovereignty. We will continue to enable and invest in utility and commercial scale solar PV – which is the most viable of the renewable technologies albeit requiring large land areas – while also accelerating our research into offshore wind which is reducing significantly in cost and which we believe now enjoys significant public support. Both the Roadmap and Bridging Island Plan identify an offshore wind farm as being of potential strategic value to the Island. Not only would such a project provide greater energy independence, but the scale of local resources would also provide several times the Island's need, providing a commercial opportunity for Jersey to become a net exporter of energy, with the consequential licensing income stream for Jersey. We believe that Jersey Electricity has a critical enabling role to play with such a development.

Building the right skills and experience within our organisation, and developing a modern, progressive culture is more important than ever. We will continue to invest in a diverse workforce to ensure we have the capacity and capabilities to execute our strategies for achieving net-zero, seize the opportunities it presents and secure a prosperous future for the Company and our community.



Financial Review

Group Financial Results

Key Financial Information	2022	2021
Revenue	£117.4m	£118.6m
Profit before tax	£10.6m	£19.1m
Earnings per share	27.17p	52.73p
Dividend paid per share	17.80p	16.90p
Final proposed dividend per share	10.80p	10.20p
Net cash	£17.4m	£13.1m

Group revenue for the year to 30 September 2022 at £117.4m was 1% lower than in the previous financial year. Energy revenues at £89.7m were marginally lower than the £89.8m achieved in 2021. Lower unit sales of electricity were linked to a milder winter and the positive uplift from increased home working, due to COVID-19, in the previous year. This was offset by a 4% tariff rise from January 2022 and a 5% rise from 1 July 2022. Revenue in the Powerhouse retail business decreased 6% from £19.8m in 2021 to £18.7m. Revenue in the Property business at £2.3m was at the same level as last year. Revenue from JEBS, our building services business, remained at the same level as 2021 at £3.4m. Revenue in our other businesses at £3.3m, was in line with the prior year.

Cost of sales at £77.2m was £3.1m higher than last year with an increase in wholesale electricity prices offset by the lower revenue level in our Powerhouse Retail business.

Operating expenses at £29.3m were £0.7m lower than last year. The fall is largely due to £1.8m incurred in the previous financial year for a non-cash ex-gratia award for pensions in service, in our defined benefits pension offset by the increased spend in systems and people, associated with the de-carbonisation vision for the Island.

Profit before tax for the year to 30 September 2022 was £10.6m against

£19.1m in 2021. However, if the non-cash upside from revaluation of investment properties is excluded in both years the underlying year-on-year profit before tax was £9.6m in 2022 against £13.0m in 2021, a decrease of 26%.

Profit in our Energy business, at £7.5m, was below the £10.7m achieved in 2021, largely due to lower unit sales volumes. Our target return on assets* employed continues to be in the 6%-7% range over the long-term and was 4.2% in 2022 against 5.9% in 2021, but 6.2% on a rolling 5-year basis. Unit sales volumes decreased by 4% from 639m to 613m kilowatt hours, due to milder than normal weather, combined with the previous year having benefited from home-working linked to the pandemic. In the financial year we imported 95.3% of our requirements from France (2021: 95.2%) and generated 0.3% of our electricity on-Island from our solar and diesel plant (2021: 0.4%). The remaining 4.4% (2021: 4.4%) of our electricity was purchased from the local Energy from Waste plant. A customer tariff rise of 4% was instigated on 1 January 2022 and a subsequent 5% increase took place in July 2022 and notice was given that a further 5% rise would take place on 1 January 2023.

The £1.4m profit in our Property division, excluding the impact of investment property revaluation, was at the same level as last year. Our investment property portfolio moved

up in value by £1.0m to £28.8m, based on advice from our external consultants, who review the position annually. This increase compared to £6.1m in the 2020/21 financial year was due primarily to a restructuring of the lease arrangement for our largest tenant, whereby the existing break clause was moved to a later date, post commercial discussions, which materially moved the valuation upwards. The increase in this financial year was due to continued buoyant market conditions in the residential sector.

Our Powerhouse retail business saw profits fall 23% from £1.5m to £1.2m. However, this is in the context that in the previous financial year profits rose by 30% by when COVID-19 continued to influence the behaviours, and spending patterns of local customers, for example, due to less travel taking place over that year.

JEBS, our building services unit, produced a profit of £0.3m, being marginally ahead of 2021.

Our other business units (Jersey Energy, Jendev, Jersey Deep Freeze and fibre optic lease rentals) produced profits of £0.5m being £0.1m lower than last year.

The net interest cost in 2022 was £1.3m being £0.1m lower than 2021 due to a higher level of interest received on deposits. The taxation charge at £2.1m was lower than the previous year, due to lower profits.

Group basic and diluted earnings per share, at 27.17p, compared to 52.73p in 2021 due to decreased profitability.

Dividends paid in the year, net of tax, rose by 5%, from 16.90p in 2021 to 17.80p in 2022. The proposed final dividend for this year is 10.80p, a 6% rise on the previous year. Dividend cover, at 1.6 times, was lower than the comparable 3.1 times in 2021 due mainly to the large non-cash increase in the revaluation of investment properties in 2021.

Ordinary Dividends

		2022	2021
Dividend paid	- final for previous year	10.20p	9.70p
	- interim for current year	7.60p	7.20p
Dividend proposed	- final for current year	10.80p	10.20p

Net cash flows from operating activities at £21.2m was £1.2m lower than in 2021. **Investing activities**, at £11.1m was £1.9m higher than £9.2m last year. Dividends paid were £5.5m compared to £5.3m in 2021. The resultant position was that **net cash** at the year-end was £17.4m, being £30.0m of borrowings offset by £47.4m of cash and cash equivalents, which was £4.3m more than last year.

Treasury matters and hedging policies

Operating within policies approved by the Board and overseen by the Finance Director, the treasury function manages liquidity, funding, investment and risk from volatility in foreign exchange and counterparty credit risk.

As a substantial proportion of the cost base relates to the importation of power from Europe, which is contractually denominated in Euro, the Company enters into forward currency contracts to reduce exposure and as a tool to aid tariff planning. The average Euro/Sterling rate underpinning our electricity purchases during the financial year, as a result of the hedging programme, was 1.13 €/£. The average applicable spot rate during

this financial year was 1.18€/£ against 1.15€/£ during the 2021 financial year.

Interest rate exposure is an area of potential risk but is managed by the £30m of private placement monies received in July 2014 having a fixed coupon and represents all of our borrowings at present.

The Group may be exposed to credit-related loss in the event of non-performance by counterparties in respect of cash and cash equivalents and derivative financial instruments. However, such potential non-performance is monitored despite the high credit ratings (investment grade and above) of the established financial institutions with which we transact. We also employ a policy of diversification through use of a number of counterparties.

In the 2022 financial year Jersey Electricity imported 95% of the electricity requirements of Jersey from Europe. It jointly purchased power with Guernsey Electricity from EDF in France. The supply contract allows power prices to be fixed in Euros in advance of decisions being made on customer tariffs. We have been importing electricity from Europe since 1984 and our latest ten-year power purchase agreement

with EDF, which commenced in 2013, was extended by a further five years during 2017 to the end of 2027. This combines a fixed price component with the ability to price fix future purchases over a rolling three-year period based on a market related mechanism linked to the EEX European Futures Exchange. The goal is to provide our customers with a market-based price but with a degree of certainty in a volatile energy marketplace. A Risk Management Committee exists, consisting of employees of Jersey Electricity, Guernsey Electricity and an independent energy market adviser and follows guidelines approved by the Jersey Electricity Board.

Last year we intimated that we had seen unprecedented volatility in energy markets during 2021, which has resulted in many UK suppliers going out of business and indicated this was likely to worsen. This prediction crystallised and as an example, in the UK, only Government intervention averted a proposed 80% year-on-year increase in energy prices. Prices still materially rose for consumers and currently, even with a subsidy regime in the UK, the average domestic customer in Jersey is paying less than half the price they would do in the UK for their electricity. We are not immune to these conditions, but our hedging policies have largely sheltered Jersey customers from the material rises being experienced elsewhere with the period 2022-2024 being largely hedged for the price we will pay for electricity, and, to a lesser extent, the foreign exchange requirements we need to settle such liabilities. We announced in May 2022 that a 5% tariff rise would be instigated from 1 July 2022, and flagged a further planned rise of the same quantum from 1 January 2023, to allow our customers to plan ahead. Although any such rises are difficult they are much lower than increases being seen elsewhere. Even after this rise, we will continue to benchmark very favourably against other jurisdictions.

*Target return on assets could be viewed as an alternative performance measure and is defined as Energy operating profit as disclosed in note 3 (adjusted for IAS 19 pension charge net of cash costs) as a proportion of Energy net book value assets less capital contributions from customers, included within note 11.

Financial Review continued

Defined benefit pension scheme arrangements

As at 30 September 2022 the scheme surplus, under IAS 19 "Employee Benefits", rose to £21.1m, net of deferred tax, compared with a surplus of £15.0m at 30 September 2021.

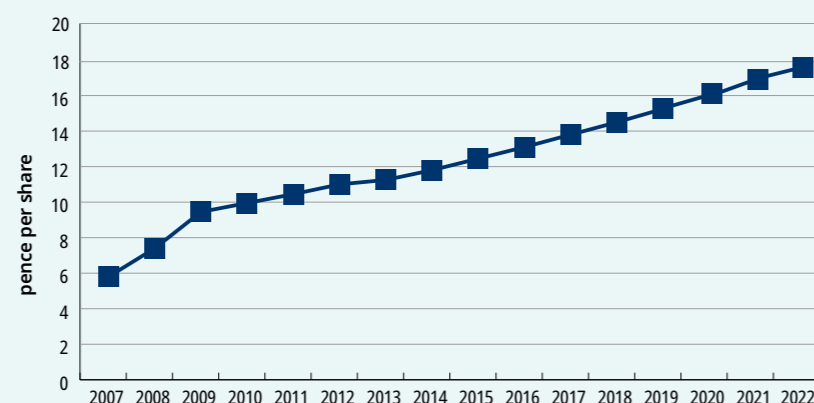
In a bid to mitigate the impact of movements in interest rates and inflation the trustees of the scheme have adopted a Liability Driven Investment (LDI) approach which seeks to reduce the risk that asset and liability values change at different rates or move in different directions.

The proportion of scheme assets in LDI/UK Gilts products moved proportionately from 34% at the last year end, to 13% at 30 September 2022. The fall in the proportion of LDI/UK Gilts was due to a matching to the fall in liabilities that took place in September 2022. During October 2022, a combination of portfolio re-balancing and market recovery resulted in the LDI proportion returning to around 30%.

The discount rate assumption, which heavily influences the calculation of liabilities, materially rose from 2.1% in 2021 to 5.2% in 2022 to reflect sentiments in prevailing financial markets, which materially moved in September 2022 due to UK political decisions that brought turbulence to trading in UK Gilts. This resulted in liabilities decreasing 39% from £142.3m to £86.1m since the last year-end and assets fell 28% from £161.1m to £112.5m in the same period.

Our defined benefits pension scheme is an area of risk that continues to require careful monitoring as it is driven largely by movements in financial markets and materially impacted by relatively small movements in the underlying actuarial assumptions. If the discount rate applied to the liabilities had been 0.5% lower or 0.5% higher than the 5.2% assumed under IAS 19 for 2022, the liabilities would have been around £6m higher or lower respectively.

Dividend paid per ordinary share - 2007 to 2022



The most recent triennial actuarial valuation, as at 31 December 2021 showed a surplus of £17.1m. Unlike most UK schemes, the Jersey Electricity Pension Scheme is not funded to pay mandatory annual rises on retirement. The Pension Scheme Trustees, in conjunction with the Company, agreed to the granting of a 3% rise to pensions in service, and the retention of the current Company funding rate of 20.6% for the next 3 years. The final salary scheme was closed to new members in 2013, with new employees, since that time, being offered defined contribution pension arrangements. The next triennial actuarial valuation of the defined benefit scheme will have an effective date of 31 December 2024.

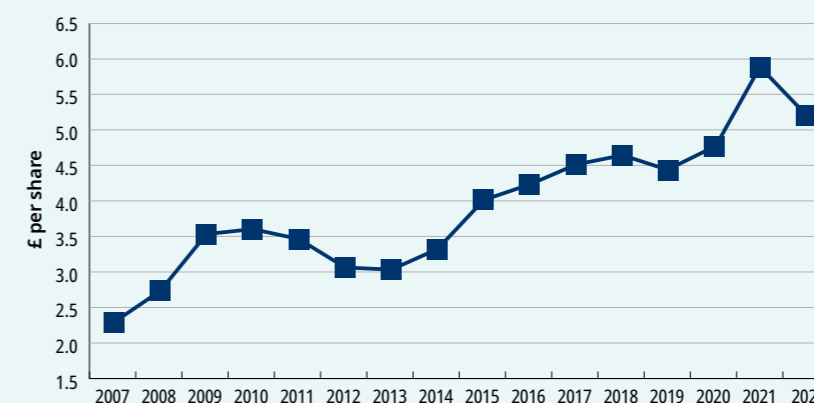
Returns to shareholders

62% of the ordinary share capital of the Company is owned by the Government of Jersey with the remaining 38% held by around 600 shareholders via a full listing on the London Stock Exchange. Of the holders of listed shares, Huntress (CI) Nominees Limited owns 5.4m (46%) of our 'A' Ordinary shares representing 17% of our overall Ordinary shares and around 5% of voting rights. This nominee company is held within the broker firm Ravenscroft which has placed our stock with a number of private clients, and a fund, residing largely in the Channel Islands. During the year the ordinary dividend paid

increased by 5% from 16.90p net of tax to 17.80p. The proposed final dividend for 2022, at 10.80p, is a 6% increase on last year and consistent with the underlying dividend pattern in recent years and with our stated policy to aim to deliver sustained real growth in the medium-term. We are currently seeing a surge in the local RPI in Jersey, which was at a rate of 7.9% at 30 June and 10.4% at 30 September 2022 but this is predicted to fall in future years to more normalised levels albeit 2023 is likely to be at similar levels to 2022. The chart above shows the evolution of the ordinary dividend payments over the last 15 years (excluding additional special dividends) that have risen from 5.85p to 17.80p.

The share price at 30 September 2022 was £5.20 against £5.93 at the 2021 year end. This gives an implied market capitalisation of £159m at 30 September 2022 compared with a balance sheet net assets position of around £239m. However, the illiquidity of our shares, due mainly to having one large majority shareholder, combined with an overall small number in circulation, constrains the ability of the management team to influence the share price. We use Edison (an investment research firm) to produce regular research on our performance to aid the understanding of our value proposition to a wider body of potential investors in the quest to

'A' Ordinary share price movements 2007 - 2022



improve our longer-term liquidity. The above chart shows the trending of our listed share price over the last 15 years that has risen from £2.31 to £5.20.

Our largest shareholder, the Government of Jersey, also owns holdings in other utilities in Jersey. It holds 100% of JT Group, Ports of Jersey, Andium Homes and Jersey Post, as well as around 75% of Jersey Water. The total direct cash return to the Government of Jersey from Jersey Electricity in the last year was £12.6m (2021: £12.1m).

The Company regularly communicates with its largest shareholders and details of discussions, including any concerns are reported to the Board. The Chairman meets twice a year with the Treasury function within the Government of Jersey, ensuring there is a direct communication between the non-Executive Directors and our largest shareholder.

Viability Statement

In accordance with provision 31 of the 2018 revision of the Code, the Directors have assessed the prospect of the Company over a longer period than the minimum 12 months required by the 'Going Concern' provision. As disclosed last year, the Board conducted this review for a period of five years, selected because annually a refreshment of the Five-Year Plan is performed with the latest version presented to the Board in September 2022. This included an assessment of how supply security might be impacted by the war in Ukraine and the impact of Russian gas imports into Europe.

This document considers our forecast investment, hedging policy for electricity procurement and linked foreign exchange requirements, debt levels and other anticipated costs, and the resultant impact on likely customer tariff evolution. In addition, material sensitivities to this base case

are considered. We have a strong balance sheet with net assets of around £239m supported by £30m of long-term debt funding which expires in 2034 and 2039.

Stress testing of the cost base of our Energy business was performed to establish the impact of material movements in both foreign exchange and wholesale electricity prices. A reduction in the volume of unit sales of electricity through, for example, energy efficiency is being mitigated by switching existing customers, who use gas/oil as their primary heating source, to all-electric solutions. A dedicated team work on initiatives in this area. However, as we employ a 'user pays' model the Board has comfort on the longer-term consequences of a reduction in the volume of electricity sales, a permanent weakening in Sterling, or a material rise in European wholesale power prices.

Based on the results of this analysis, and on the basis that the fundamental regulatory and statutory framework of the market in which the Company operates does not substantially change, the Directors have a reasonable expectation that the Company will be able to continue to operate, and meet its liabilities as they fall due, over the five-year period of their assessment through to 2027.

In making this statement the Directors have considered the resilience of the Company taking into account its current position, its principal risks and the control measures in place to mitigate each of them. In particular, the Directors recognise the significance of the strong Jersey Electricity plc balance sheet, and committed lending facilities, that will be available in most circumstances.

Direct cash return to the Government of Jersey

	2022	2021
Ordinary dividend	£3.4m	£3.2m
Goods and Services Tax (GST)	£5.1m	£5.2m
Corporation tax	£3.0m	£2.7m
Social Security - employers contribution	£1.1m	£1.0m
	£12.6m	£12.1m

Group Risk Management

Understanding and managing our risks is front of mind in everything we do. Our risk management framework helps us meet our strategic and operational objectives and is designed to manage both risk and opportunities. Overall, the framework enables our people to make informed business decisions in the best interest of our customers, the Group and our shareholders whilst encouraging us to embrace the concept of taking measured risks, which drive innovation and growth.

1) Governance - Board responsibility

The Board retains overall accountability and responsibility for the Group's risk management and internal control systems. The Board fulfils their role by:

- defining the risk appetite – the Board periodically reviews the nature and amount of risk the Group is willing to accept when doing business and achieving strategic objectives.
- conducting robust risk assessments – the Board undertakes assessments of the principal and emerging risks to understand the potential that these risks may impact the ability to achieve strategic objectives.

- reviewing mitigation plans – the Board will review the principal risk assessments and agree how these risks should be managed or mitigated to reduce the likelihood of their incidence or the magnitude of their impact.

- identifying emerging risks – the Board reviews the procedures in place to identify emerging risks and challenge how these risks are being managed or mitigated.

- approving the principal risks and uncertainties disclosure - at year end, the Board reviews the descriptions of principal risk and uncertainties, explanations of how these risks are being managed or mitigated, and other relevant information describing the Group's risk management and internal control systems.

The Board recognises that the system of risk management is designed to manage, rather than eliminate, the Group's exposure to business risks, and can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

2) Governance – Audit and Risk Committee responsibility

The Board has delegated the Audit and Risk Committee ('ARC') with the responsibility of assessing the effectiveness of the risk management framework. The ARC fulfils their role by:

- establishing procedures to manage risk and oversee the internal control framework.
- reviewing and challenging the principal risks, emerging risks and the aggregate risk assessments from the 'bottom-up' risk register.
- approving the annual internal audit plan and reviewing internal audit reports on the effectiveness of internal controls, as a result of independent assurance work undertaken throughout the year.
- undertaking risk deep dives to review high priority risks, ad-hoc topics and emerging matters.
- monitoring management's implementation of audit recommendations and actions arising from risk assessments.

3) Three lines model

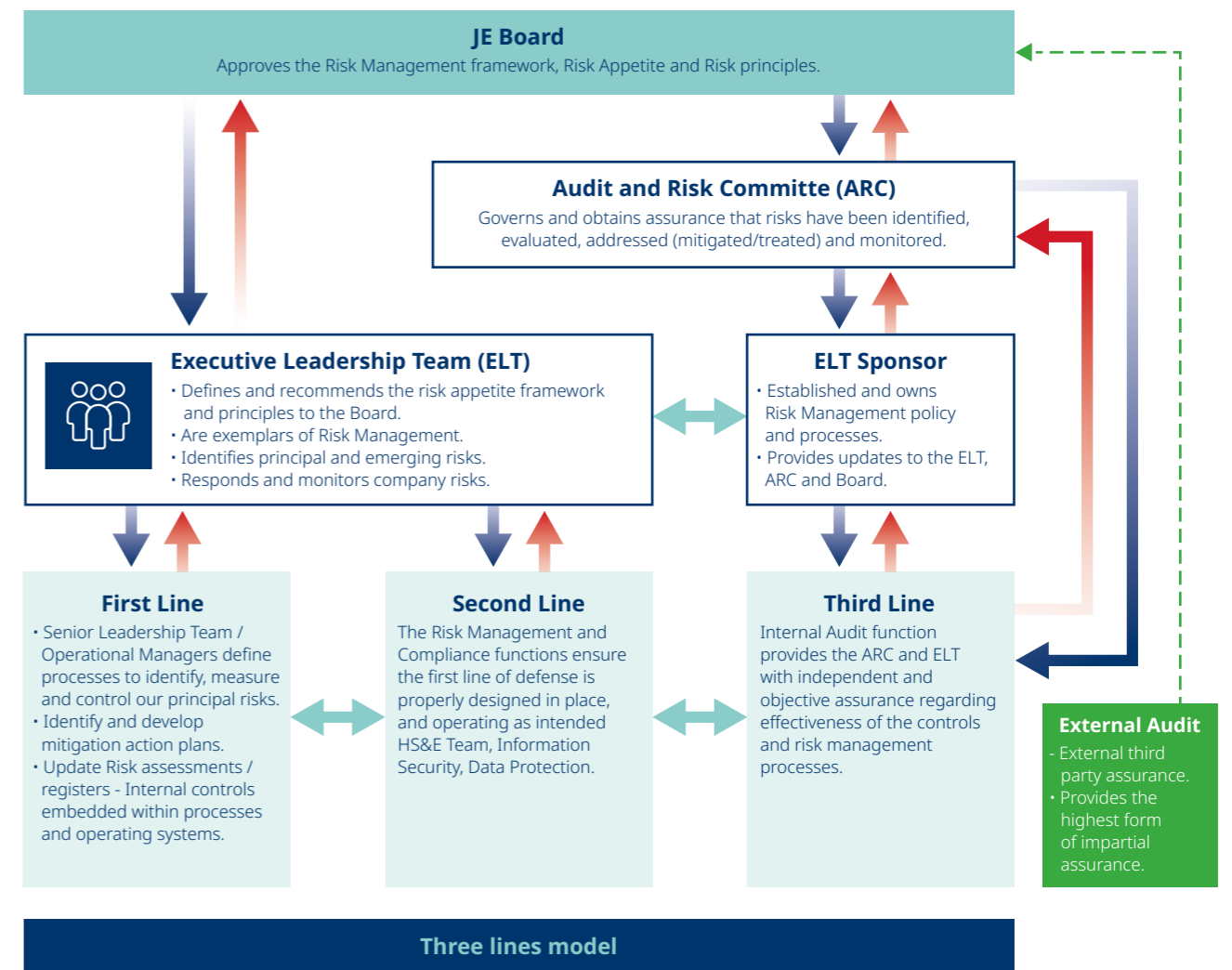
Jersey Electricity has adopted the 'Three lines model' to systematically and organisationally embed risk monitoring and manage internal controls. The model enhances the understanding of risk management and control by clarifying roles and duties. The model distinguishes among the three groups (or lines) involved in effective risk management:

- functions that own and manage risks
- functions that oversee risk management and the risk management framework.
- functions that provide independent assurance.

KEY

The arrows illustrate the reporting lines, direction and collaboration for each core component of this framework.

- Accountability & reporting for evaluations
- Delegation, direction & oversight
- Collaboration & communication
- External assurance reporting



Group Risk Management continued

4) Risk Management Framework

Our risk management programme clearly defines roles and responsibilities and sets out a consistent end-to-end process for identifying and managing risks, as illustrated in the diagram below.

The core risk assessments are undertaken by each business unit, with the risk owners responsible for identifying and assessing risks which could affect day to day business unit operations.

The bottom-up risks are consolidated into a Group risk register, along with emerging risks and opportunities, which are presented to the Executive Leadership Team for their review. Applying a Group-wide perspective, the Executive Leadership Team evaluates and determines our top principal and emerging risks. The proposed principal risks, Group risk register and emerging risks are submitted to the ARC and the Board for the final challenge and approval.

During the risk evaluation phase, we assess the risk impact and define the source or potential causes of the threat. The assigned executive risk owners are accountable for confirming adequate controls are in place and that the necessary treatment plans are implemented to bring the risk within the risk appetite.

5) Risk Appetite

The Board has determined the risk appetite for the Group's principal risks. We categorise our risks into four different areas to provide the appropriate level of governance and oversight to effectively manage these risks, as summarised below:

Strategic - We have a moderate risk appetite for strategic risks to encourage innovation and the development of new product propositions / service offerings, whilst minimising financial losses and ensuring a measured approach to risk and returns is applied during decision making.

- **Financial** - We have adopted a cautious to moderate risk appetite for financial risks, following a conservative hedging strategy to maintain competitive pricing and smooth any increases to costs over time.
- **Operational** - Operational risks impacting customer experience have been set as cautious, to reflect our responsibility as the sole supplier of electricity in Jersey and continually challenging ourselves to deliver value. In contrast, we have a low risk appetite for risks to health and safety and continue to strive for an incident free workplace.
- **Technical** - We also have a very low risk appetite for managing cyber threats and failing to conduct business operations in compliance with data protection laws.

6) Our principal risks and uncertainties

The following tables sets out the Group's principal risks, and provides a description of the risk, risk owner, risk trend, risk appetite and mitigating actions. The principal risks are

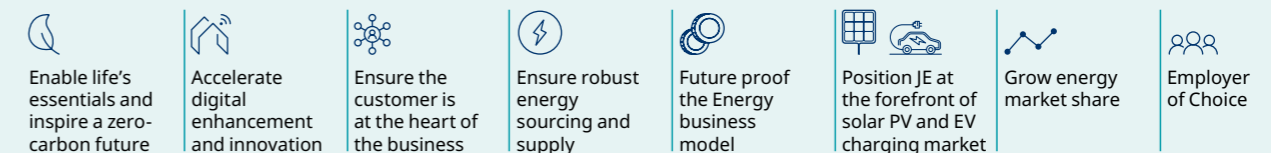
considered by the Board to be the most significant risks that could materially affect the Group's financial condition, ongoing performance and future strategy. The risks listed do not comprise all risks faced by the Group and are not set out in any order of

priority. Additional risks not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business.

Risk profiles change key



Vision Key



Risk Category: Strategic Risks

Energy market share growth	Strategy and disruptive technology	Climate change
<p>Description: Inability to grow anticipated unit sales and other revenue streams, resulting in long term loss of market share and depleting profit margins.</p> <p>Risk Owner: Director of Commercial Services</p> <p>Movement: ↻ Stable</p> <p>Risk Appetite: Moderate</p> <p>Our Vision: </p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> • The prime defence against falling volumes is to migrate existing customers who use gas/oil as their primary heating source to all-electric solutions. • Numerous workstreams in place to develop low carbon products and financing options, enabling growth beyond 2022. • A dedicated team working on low carbon / renewable initiatives - including EV, solar power and other renewable options. 	<p>Description: Failure to innovate and maximise the growth potential of the business, could negatively impact our ability to compete in the market and grow unit sales of electricity.</p> <p>Risk Owner: Operations Director</p> <p>Movement: ↻ Stable</p> <p>Risk Appetite: Moderate</p> <p>Our Vision: </p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> • Opportunities and challenges related to growth are a major area of focus throughout the business, with advances in technology reviewed and discussed. • Refreshed vision includes key strategic workstreams which address innovation and growth opportunities. • Macro-economic factors that could potentially impact the strategy are tracked and regularly reviewed by ELT. • Growth opportunities are reviewed in line with our risk appetite, company values, business model and culture. 	<p>Description: Climate change (and failure to take climate action) impacts our business model, capacity for growth, and could result in public pressure for governments to introduce new policies, laws & regulations.</p> <p>Risk Owner: Operations Director</p> <p>Movement: ↗ Increasing</p> <p>Risk Appetite: Cautious</p> <p>Our Vision: </p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> • JE has a well-invested low carbon electricity system that can facilitate a zero-carbon future. • The Sustainability Committee, made up of representatives across all departments, work together to oversee JE's sustainability program for company wide initiatives. • Integrating the energy transition and climate concerns into processes, resulting in reviews / rethinks of our supply chain, purchases and the way we conduct our business activities. • Committed to government environmental objectives by providing renewable energy and charging outlets for EVs. • Aligned reporting with the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD) which can be found on page 66.

Principal Risk Register

The principal risk register is a summary of the top risks, emerging risks and uncertainties facing the Group Executive Leadership Team ('ELT'). It is collated into a group view after a process of bottom up and top-down risk assessments, with the risks assigned a member of the Executive leadership team.

RISK LANDSCAPE

Principal and Group risks

- These risks are known to the business and must be managed to ensure we achieve operational and strategic objectives.

Emerging risks - These risks are emerging threats that may potentially impact us in the future. Due to their nature, we are unable to understand the likely scale, impact or velocity of the risk. We monitor these threats until better understood.

RISK MANAGEMENT FRAMEWORK

- **Risk ownership** - each risk will have a named owner.
- **Risk causes** - a list of reasons why the risk could occur.
- **Likelihood and impact** - the possibility and estimated harm caused by the risk.
- **Inherent risk** - assessment of the risk before mitigating controls.
- **Mitigating controls** - implemented by management to reduce/eliminate the risk.
- **Residual risk** - assessment of the risk after mitigating controls are applied.
- **Risk Appetite** - set by the Board, this is the level of risk the Group is prepared to accept.
- **Action plans** - Workstreams, projects and tasks in place to strengthen controls.

MONITORING AND OVERSIGHT

- **Board** - determines the Group's approach to risk and procedures put in place to mitigate exposure to risk.
- **Audit and Risk Committee** - has delegated responsibility from the Board to assess the effectiveness of risk management and internal controls.
- **ELT risk owners** - responsible for managing the risk registers, monitoring internal controls and implementing the actions plans.
- **Internal audit** - independently reviews the effectiveness of internal controls and provides assurance to the Audit and Risk Committee.

Bottom-up registers

Each business unit is responsible for identifying risks arising from day-to-day operations. Management must design and implement adequate control measures and undertake regular risk assessments.

Group Risk Management *continued*

Risk Category: Financial Risks

Adverse political and regulatory measures	Market volatility and tariff prices	Pension Liabilities
<p>Description: The introduction of adverse political and regulatory measures could result in the attendant cost of compliance and negatively impact public relations.</p> <p>Risk Owner: Finance Director</p> <p>Principal Risk Trend: ↗ Increasing</p> <p>Risk Appetite: Cautious</p> <p>Our Vision: ⚡ 🔗</p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> Strategic objectives in place to ensure we balance between being the key service provider on an Island whilst recognising our responsibilities to a wide number of stakeholders. Transparent and regular communication with key stakeholders and policy makers. Benchmarking ourselves against comparable Key Performance Indicators with other jurisdictions (e.g., Tariffs, Customer Service, Customer Minutes Lost, CO2 emissions, Lost Time Accidents). Continuous monitoring of political and legislative developments (e.g., the Government's Energy Plan). 	<p>Description: Adverse movements in market conditions will negatively impact tariffs, causing reputational damage and making it difficult to compete against other fuel providers.</p> <p>Risk Owner: Finance Director</p> <p>Principal Risk Trend: ↗ Increasing</p> <p>Risk Appetite: Moderate</p> <p>Our Vision: ⚡ 🔗</p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> Power Purchase contract with EDF in place to 31 December 2027. Hedging and Treasury policies are reviewed annually and approved by the Board. Financial risks and hedging positions are reviewed regularly, with comprehensive status updates provided at each Board meeting. Daily monitoring of power price futures undertaken and material movements reported to management, the ARC and Board. The goal, where possible, is to instigate tariff rises that are similar in scale to Jersey RPI levels. 	<p>Description: Volatility of markets impacting our Defined Benefit Pension Scheme position e.g. liabilities increase due to market conditions or demographic changes and/or investments underperform.</p> <p>Risk Owner: Finance Director</p> <p>Principal Risk Trend: ↔ Stable</p> <p>Risk Appetite: Moderate</p> <p>Our Vision: 👤 🔗</p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> The Board monitors the financial position of the Scheme and the potential impact that it may be having on the Company. The Trustees implemented an LDI strategy to reduce the exposure to movements in the value of pension liabilities. The Defined Benefit scheme was closed to new members in 2013. A triennial valuation is performed that formally reports on performance.



Risk Category: Operational Risks

Reliable and secure supply of energy	Health, safety & environment	People and culture
<p>Description: Unable to maintain operations and continuity of electricity supply, leading to frequent disruption to supply, including an island wide power outage.</p> <p>Risk Owner: Operations Director</p> <p>Movement: ↔ Stable</p> <p>Risk Appetite: Cautious</p> <p>Our Vision: ⚡ 🔗</p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> Robust processes and procedures in place to prevent unplanned outages and interruptions to services. Three subsea cables to France provide resiliency with regards supply importation cables. Strong relationship with our suppliers and engage in ongoing dialogue to understand any developments that might impact security of supply. On-Island generation capability to limit over-reliance on any single fuel source or technology. Repair and maintenance programme in place to optimise the life of all assets. Comprehensive business continuity plans which are periodically testing under various scenario exercises. The completion of our smart metering rollout has enhanced metering data, enabling improved analytic insights to better manage load. 	<p>Description: A health, safety or environmental incident, leading to a serious injury, death, hazardous event or long-term damage to the eco-system.</p> <p>Risk Owner: Operations Director</p> <p>Movement: ↔ Stable</p> <p>Risk Appetite: Averse</p> <p>Our Vision: 👤 ⚡</p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> A proactive safety and environmental culture nurtured throughout the organisation which is supported by safety representatives, programmes of site inspections and regular training. Performance measures are explicitly presented as a separate agenda item at each Board meeting. A Health, Safety and Environment team sets standards and monitors performance against those standards. Accident, incidents and near misses are reported and recorded, with analysis performed on trends and root causes. 	<p>Description: Inability to retain and develop the right people and skills required to achieve business objectives in a culture and environment where employees can thrive.</p> <p>Risk Owner: Human Resources Director</p> <p>Movement: ↔ Stable</p> <p>Risk Appetite: Moderate</p> <p>Our Vision: 👤 ⚡</p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> Long-range workforce planning to better forecast leavers and skill shortage risk. Annual succession planning for leadership and critical roles, including replacement chart, indicating risk areas. Diversity and inclusion strategy to continually build diversity across all roles and levels within our business. School engagement and apprenticeship programs in place to encourage the younger generation to pursue STEM careers. Continuous focus on our values and culture, which are aligned with our purpose. Code of Conduct, Speak Up policies and other HR policies communicate expected behaviours of all our people. Increased emphasis on mental health, wellness programs and improving ways of working.



Group Risk Management *continued*

Risk Category: Technological Risks

Data loss or regulatory breach	Cyber threat and information security
<p>Description: Data loss, release or misuse of personal and confidential information resulting in a regulatory breach, highly publicised investigations, fines / penalties and reputational damage.</p> <p>Risk Owner: Director of Technology</p> <p>Movement: ↻ Stable</p> <p>Risk Appetite: Averse</p> <p>Our Vision: </p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> • Appointment of a data protection officer (DPO). • Internal privacy governance structure established. • Well documented processes and policies to enable compliance with laws and regulations. • Enhanced data protection impact assessments (DPIA) and continuous monitoring of risk assessments. • On-going data protection training as we recognise that data protection breaches are not always technical, and that awareness is our first point of control. • Ongoing compliance program, including reviews of data library and monitoring of retention and destruction schedules. 	<p>Description: A cyber-attack or internal malicious activity could cause serious disruption to critical systems, causing major impact to operations and lead to customer, financial and reputational impacts.</p> <p>Risk Owner: Director of Technology</p> <p>Movement: ↻ Increasing</p> <p>Risk Appetite: Averse</p> <p>Our Vision: </p> <p>Key mitigating actions</p> <ul style="list-style-type: none"> • Use of antivirus and malware software, firewalls, email scanning and internet monitoring to identify and prevent cyber threats. • Information Security systems that identifies, mitigates and removes malicious domains and Internet Protocols. • IT policies in place to manage administrator, privileged and service accounts. • Regular monitoring of unusual or suspect activity on the corporate network. • Testing of cyber security including system penetration testing and internal phishing training exercises. • On-going cyber awareness training across the Group. • Core applications are only accessible through a secure portal that require multi factor authentications.



7) Emerging risks

As with all businesses, we face a number of uncertainties which may potentially impact us in the longer term. Where there is insufficient information available to understand the likely scale, impact or velocity of the risk, we have classified these threats as emerging risks.

We identify new emerging risks, through the evaluation of our business strategy, new technologies, products and services as well as government policies, regulation and cyber threats. Once identified, we evaluate the impact and potential effect it could have on the Group and principal risks.

The table below highlights the latest emerging risk that may, in time, pose a threat to the Group's business model and strategic objectives.

Emerging risk	Owner	Risk Description	Action plans
Climate Action Failure	Operations Director	Probability of extreme weather (such as storms and heatwaves) impacting on our business model and capacity for growth in demand, and public pressure for governments to respond to climate change may result in the introduction of regulatory obligations (new or strengthened carbon neutrality commitments).	<ul style="list-style-type: none"> • Flood surveys to identify substations at risk undertaken regularly. • Replacement of overhead cables with under head cables (a small proportion of the network is overhead cables). • Alternative and on-island capability to generate energy. • Monitoring weather patterns. • Enhanced asset management systems (WAMS).
Severe Commodity Shocks / Supply Chain issues.	Finance Director	Although Jersey is not in the EU, the UK decision to exit the EU has created unknown or unforeseen consequences which may impact group objectives.	<ul style="list-style-type: none"> • We maintain constant dialogue with Government of Jersey, key suppliers and others to ensure we are well informed of any developments. • Uncertainty remains with post Brexit and supply chain arrangements; therefore we now hold a higher stock level of items felt essential to our business units.
Europe energy crisis and Russia/ Ukraine conflict	Operations Director	The world is experiencing the first truly global energy crisis in history, with the situation especially perilous in Europe. There are some concerns over disruption to supply from France this coming winter.	<ul style="list-style-type: none"> • Business continuity plans for winter operations have been formally established. • Numerous scenario modelling and tested mitigations for technical failures to the interconnection cables and disruption to supply. • Mitigation plans to manage customer demand and local emergency generation.
Disruptive technology in the energy sector	Operations Director	Advances in technology within the renewable energy sector, bring both unknown opportunities and threats in the long term. Failure to adapt and exploit opportunities will impact our ability to remain competitive and meet changes in customer demands.	<ul style="list-style-type: none"> • We are assessing the energy needs of the island over the longer term and how these might be met, the impact on our business and timing of change. • We continue to monitor developments in the energy technology markets. This includes attending innovation and future sessions and attending focus Groups.

TCFD Disclosures

Compliance Statement

This is the first year that Jersey Electricity has reported against the 11 TCFD recommended climate-related financial disclosures. As we align our approach to meet these requirements, there are four areas where we are not yet fully compliant and require more time for us to fully consider. In line with the current Listing Rules requirements (as referred to in Listing Rule 9.8.6R(8)), the table below is a summary of management's assessment of Jersey Electricity's degree of compliance.

TCFD AREA	Recommended Disclosure	Compliance	Further Work (for partial / non-compliance)
Governance	Disclose the organisation's governance around climate-related risks and opportunities.		
	a. Describe the Board's oversight of climate-related risks and opportunities.	Full Compliance	
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Partial Compliance	Clarifying the link between executive remuneration and climate change risk/opportunities within the corporate scorecard.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.		
	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Full Compliance	
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Full Compliance	
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Not yet compliant	Within the next 12 months develop scenario analysis capabilities so the business can better understand and act on the implications of climate-related risks and opportunities.
Risk Management	Disclose the organisation's governance around climate-related risks and opportunities.		
	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Full Compliance	
	b. Describe the organisation's processes for managing climate-related risks.	Full Compliance	
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Full Compliance	
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Full Compliance	
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Partial Compliance	Collection of data to enable the accurate reporting and reduction of Scope 3 emissions.
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Not yet compliant	Feasibility study to be undertaken next year to identify whether Jersey Electricity should adopt Science Based Targets.

Governance

Board

- The Board has set out a Vision and Strategy putting net-zero at the centre.
- The Board is responsible for climate-related risks and opportunities and monitors the implementation and performance of the zero-carbon strategy. The Board oversees, considers and reviews the Company's actions and responses to climate change risks, ensuring the response is proportionate to the materiality of the risk impacting Jersey Electricity.
- The Board has experience with climate-related risks and carbon neutrality. Furthermore, the Board's knowledge on climate-related matters continues to be enhanced through regular interactions with management, regulators and attendance at seminars and conferences on climate change and net-zero.
- At each of the Board meetings held during the financial year, the journey to zero-carbon, carbon reduction projects, climate change and actions taken to enable and inspire net zero by 2050 were standing items discussed by the Board.
- The Board rigorously challenged the Executive Leadership Team on the progress on strategic objectives including reduction of carbon emissions, growing renewables and providing digital solutions to enable customers save energy. Through regular progress reviews, the Board considered the allocation of resourcing and on-going operational planning.

Audit and Risk Committee (ARC)

- The Board has delegated to the ARC the responsibility for overseeing the climate-related principal and emerging risks, including the management and mitigation of climate-related risks and opportunities that affect strategic decisions made by the Board.
- The ARC regularly met during the year (four times in FY2022) to discuss and review the climate related risks and opportunities. This included monitoring compliance with, and progress on, climate change reporting in the Annual Report & Accounts.

Chief Executive and Executive Leadership Team

- The Chief Executive is accountable for the Group's climate action, including driving our net zero vision and the achievement of metrics and targets.
- The Operations Director is responsible for sustainability and responding to the risks associated with climate change.
- The Operations Director, along with the Finance Director (ELT Risk Sponsor) regularly updates the Group Principal Risk Register with changes to the environment and climate related risks on a bi-monthly basis. Material updates to climate-related risks and opportunities are presented internally at the monthly Business / Finance Management meetings and at each Audit and Risk Committee.
- Management is responsible for managing the day-to-day operations and initiatives established to enable the zero-carbon future vision. Management monitors the climate change metrics and targets and tracks the progress on a monthly basis.

Environment and Sustainability Committee

- The Operations Director chairs the Environment and Sustainability Committee which was formally established in November 2021.
- The Committee is not a sub-committee of the Board, however regular updates are provided to the Board on the progress of the Committee activities.
- The Committee is made up of 16 representatives across all departments who work together to implement and communicate the Group's Environment and sustainability programmes and other climate change actions that are material to the Group.

Partial compliance with TCFD recommendation explanation: Executive Remuneration

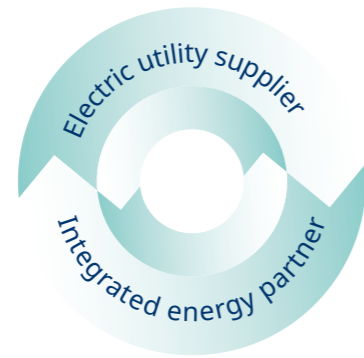
Although carbon-related metrics in the corporate scorecard have been in place for several years, the direct impact on executive remuneration has yet to be formally established and approved by the Remuneration Committee.

TCFD Disclosures continued

Strategy

Jersey Electricity has a well-invested low carbon electricity system that is well positioned to facilitate a zero-carbon future. Further investment is planned to meet the expected increase in electricity demand from the Government of Jersey's carbon neutrality ambitions. Our strategy for climate action focuses on eight areas: helping customers save energy, digitalisation, supporting EVs, more renewables, low carbon heating, carbon capture, tree planting and offsetting.

Our approach



<p>Helping customers save energy</p>	<p>Investing in smarter living and innovative heating solutions</p>
<p>Investing in data-led technology</p>	<p>Exploring carbon capture and storage from the Energy from Waste plant</p>
<p>Supporting widespread use of Electric Vehicles</p>	<p>Investing in local carbon sequestration projects including tree planting</p>
<p>Developing partnerships to pursue solar and offshore wind</p>	<p>Using offsetting through credible and auditable schemes</p>

Our work to date

We have been working hard over the last 15 years to reduce our own emissions and help Jersey to do the same.

<p>1. Grid</p> <ul style="list-style-type: none"> • Two interconnectors between Jersey and France. • Substantially future proofed 'zero-carbon' infrastructure built. • Long term contract to 2027 consisting of 2/3 nuclear and 1/3 certified renewable hydropower. 	<p>2. Energy Solutions</p> <ul style="list-style-type: none"> • Doubled rate of fuel switching over last 5 years from fossil fuels to electric. • Low carbon electricity consumption per domestic customer twice that of UK. • Energy efficiency propositions and solutions developed.
<p>3. Renewables</p> <ul style="list-style-type: none"> • 5 commercial-scale solar arrays installed and in service, including the largest in the Channel Islands. • Economic studies completed on key renewables project. • 1/3 certified renewable hydropower under long-term contract. 	<p>4. e-mobility</p> <ul style="list-style-type: none"> • Island-wide Evolve public EV charging network in operation. • Consumer app interface in development.
<p>5. Smart home</p> <ul style="list-style-type: none"> • Smart Meter network fully deployed and metering network fully digitised, circa 5 years ahead of UK. • Smarter Living concept store launched in 2018 within Powerhouse.je retail store. • Energy consumption dashboard under development for use with business customers. • Residential customer app released in 2021 to help customers save energy and access bills easily. 	<p>6. Community</p> <ul style="list-style-type: none"> • Le Mourier Valley tree planting - largest reforestation scheme in Jersey. • Parish community planting scheme - 12 schemes in development. • "Tiny Forest" planting scheme - innovative urban carbon sequestration project.

The actual and potential impacts of climate change presents Jersey Electricity with both risks and opportunities on its journey to achieve its ambitious net-zero carbon strategy. These risks and opportunities, along with a summary of the work we are doing to address them are presented in the next table. Short, medium and long-term timeframes are defined as follows:

Time frame	Estimate Timing	Description
Short-term	Up to end 2024	Actions are already underway or identified as quick wins.
Medium-term	2024 to end 2026	Project or initiatives are in scoping phase or early drafts.
Long-term	2026 and beyond	These actions require more time, information and resources to achieve net-zero carbon vision.

TCFD Disclosures *continued*

Risk/Opportunity Type	Description	Our strategic response
Physical – extreme weather (Short to medium-term)	Acute weather events and chronic changes to climate could impact operations, for example: <ul style="list-style-type: none"> • Rising sea levels and flooding could significantly damage assets and equipment. • Strong winds could damage power lines, or delay construction projects. • Lack of water may threaten nuclear plants by disrupting the functioning of critical equipment and processes. • Changes in regional weather patterns threaten to impact renewables, for example an increase in cloudiness affecting our solar technologies. 	<ul style="list-style-type: none"> • Flood surveys to identify substations at risk undertaken regularly. • Replacement of overhead cables with under head cables (a small proportion of the network is overhead cables). • Alternative and on-island capability to generate energy. • Monitoring weather patterns. • Enhanced asset management systems (EAMS).
Transitional (Medium to long-term)	These risks are those associated with the transition to a low-carbon economy. Changing policies, regulations and legislation as measures to address climate change could result in an increase in operating costs due to, for example, enhanced emissions reporting.	<ul style="list-style-type: none"> • Working with and supporting the decarbonisation unit within the Government.
Unknown changes in demand (Medium to long-term)	Fluctuations in unit sales of electricity due to higher demand for electricity caused by subsidies to switch to low carbon heating, adoption of electrical vehicles, energy efficient products, requirement for energy efficient homes (including building obligations etc).	<ul style="list-style-type: none"> • Future planning and scenario analysis.
Opportunities (Short to medium-term)	Fluctuations in unit sales of electricity due to higher demand for electricity caused by subsidies to switch to low carbon heating, adoption of electrical vehicles, energy efficient products, requirement for energy efficient homes (including building obligations etc).	<ul style="list-style-type: none"> • Transport – provide a network of reliable public charging stations for electrical vehicles. • Heating efficiencies – support low-carbon heating systems with financing options to meet our customer needs. • Low-carbon lifestyles – help our customers reduce emissions and become energy efficient through digital solutions, including enhancing current technology to improve insights such as Smart Meters, My JE App etc. • Partnering – collaborate with the commercial industry to find solutions to help them reduce emissions and waste. • Renewables – further establishment of solar PV across the island and investing into wind.

Non-compliance with TCFD recommendation explanation: Climate-related scenario analysis

The table above presents the results of a high-level quantitative assessment for climate-change risks and opportunities impacting Jersey Electricity. These assessments describe the gross impact of the risk or opportunity before any action has been taken, alongside Jersey Electricity’s strategic response currently in place or in progress. However, qualitative assessments, taking into consideration different climate-related scenarios, including a 2°C or lower scenario has not yet been undertaken.

We are considering how best to perform specific risk assessments that can model the likelihood and impact of generally accepted climate related risks to better understand and act on the implications of climate-related risks and opportunities for the Group and our customers. This may include: the effectiveness of our controls to mitigate climate related risks, including the likelihood over time (2025 and 2050) and the financial impact (NPV) on the business.

Risk Management

The Board retains overall accountability and responsibility for the Group’s risk management and internal control systems including identifying and assessing climate-related risks, which pose physical and transition risks to the business, as well as providing opportunities to achieve strategic objectives and net-zero Vision.

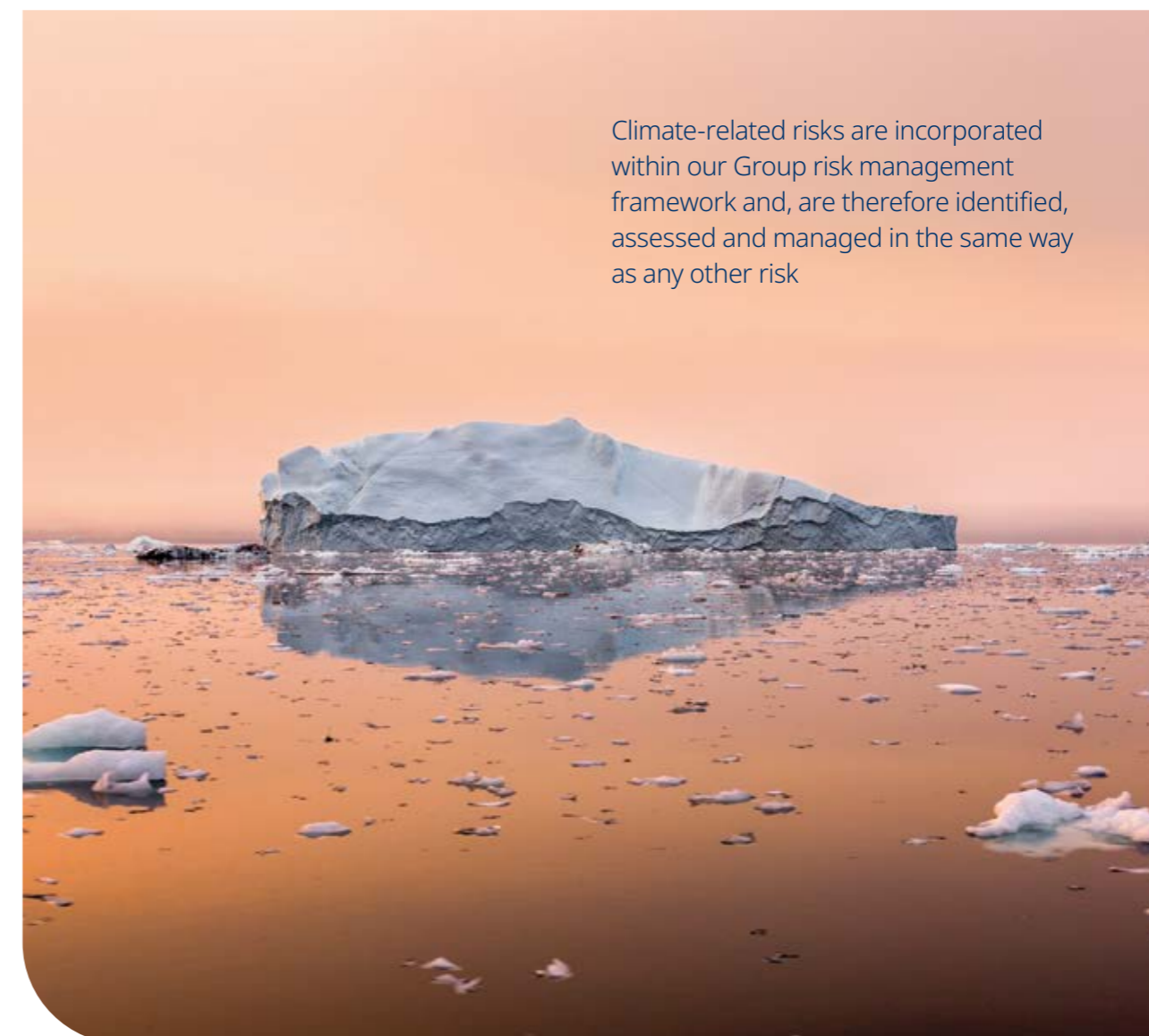
Climate-related risks are incorporated within our Group risk management framework and, are therefore identified, assessed and managed in the same way as any other risk (please refer the Group Risk Management Framework p 58-65).

Climate Change is considered to be a principal risk at Jersey Electricity, however, as there is insufficient information to understand the likely scale, impact or velocity of some of the physical impacts of the climate change risk, coupled with unknown regulatory obligations that may occur in the longer-term, we also consider climate change as an emerging risk.

To manage our physical climate risks effectively, Jersey Electricity tracks weather patterns and significant weather events, to better understand how they affect us operationally and so we can put into place appropriate controls to address those risks.

We monitor several sources of data to effectively manage transitional risks including; guidance and policies from the Government of Jersey regarding the Carbon Neutral Roadmap, commitments by the UK and other countries to address climate change, energy pricing (including gas and oil) and market pricing and availability of electric vehicles.

Furthermore, climate-related risks are key considerations when designing the internal audit plan. As with all audits, the findings are presented to the Audit and Risk Committee, which has been delegated the responsibility of assessing the effectiveness of risk management framework by the Board.



Climate-related risks are incorporated within our Group risk management framework and, are therefore identified, assessed and managed in the same way as any other risk

TCFD Disclosures continued

Metrics and Targets

At Jersey Electricity, we generate carbon emissions across Scope 1 (direct emissions from our operational activities), Scope 2 (indirect emissions from our purchase of electricity) and Scope 3 (other indirect emissions from activities and sources outside of our ownership or control). We have developed capabilities to measure our carbon footprint both related to own operations and indirect emissions, presented below:

Our Carbon Footprint	Source	gCO ₂ /kWh
Scope 1 Direct emissions: gCO ₂ /kWh 2.234	Gas Oil	1.292
	Fleet Fuel Petrol	0.180
	Fleet Fuel Diesel	0.336
	SF6	0.278
	Refrigerant gases	0.126
	Solar	0.022
	Gross Emissions (FY2022)	22.201
Scope 2 Associated emissions: gCO ₂ /kWh 0.780	Importation transportation losses	0.043
	On-Island distribution losses	0.737
Scope 3 Indirect emissions: gCO ₂ /kWh 19.187	Importation EDF	4.526
	Importation EFW	14.661

Scope 1 direct emissions - are greenhouse gas emissions from sources that are owned or controlled by Jersey Electricity.

Scope 2 emissions - are greenhouse gas emissions associated with distribution losses.

Scope 3 indirect emissions - are associated with the purchase of electricity from outside Jersey Electricity:

- EDF
- Government Energy from Waste (EFW) Incinerator
- Goods we consume, or assets we invest in, made in other countries and not within direct control

Metrics	Progress Tracking		
	FY22	FY21	FY20
Jersey Electricity Grid (blended) gCo2/kWh	22.2g	22.7g	24.5g
Electricity from low-carbon sources (%)	95.3%	95.2%	94.7%
JE on-island solar generated (kWh)	903,699	855,898	143,667
Scope 1 - CO2 emissions	2.22 gCO ₂ /kWh	2.56 gCO ₂ /kWh	1.98 gCO ₂ /kWh
Scope 2 - CO2 emissions	0.78 gCO ₂ /kWh	0.84 gCO ₂ /kWh	0.83 gCO ₂ /kWh
Scope 3 - CO2 emissions	19.19 gCO ₂ /kWh	19.31 gCO ₂ /kWh	21.69 gCO ₂ /kWh

As part of the Sustainability Framework (see page 24), Jersey Electricity has committed to achieve net-zero emissions by 2050. The above table presents the key metrics that Jersey Electricity has implemented to enable the assessment, tracking and on-going management of climate-related risks and opportunities.

Over the next year we will develop a suite of targets for these metrics to help deliver on our net-zero commitments, including our Scope 1, 2 and 3 emissions targets.

Partial compliance with TCFD recommendation explanation:

Scope 3

Scope 3 emissions are made up of purchased energy from EFW, energy imported from France, and indirect emissions from supply chains.

Although Scope 3 emissions are out of our direct control, at Jersey Electricity we are committed to working with our partners to protect the environment and achieve our vision of a carbon zero future.

We pledge to quantify the emissions, by applying the following approach:

- **Increase supplier data:**
By collaborating and educating our key suppliers, we aim to increase our data on sustainability performance. This will help us create a more transparent supply chain and enable Jersey Electricity to measure and reduce Scope 3 emissions.
- **Raise supplier awareness:**
Defining responsibilities, forming teams, offering training, and providing the necessary tools are just some of the ways to enable a supplier to build up its expertise and processes, as well as raising its awareness.
- **Encourage a dialogue:**
Obtaining supplier-specific feedback and encouraging dialogue allows for continuous improvement and joint progress towards a more sustainable supply chain, more sustainable companies, and a more sustainable industrial sector.
- **Conduct regular comparative studies:**
Industry-specific and cross-industry benchmarks shine a light on market positioning and the direction a common climate action strategy must take.

Non-compliance with TCFD recommendation explanation: Science Based Targets (SBTs)

Science Based Targets enable investors and other stakeholders to understand how an organisation measures and monitors its climate-related risks and opportunities.

Due to the complexity of the tariff price model, increasing concerns over the cost-of-living crisis and many other macro-events currently facing local and global economies, the ability to set SBTs, along with a clear plan and timelines is challenging and requires significant further analysis. Jersey Electricity will undertake a feasibility study in 2023, to define credible and achievable carbon reduction targets, without negatively impacting our commitments to deliver affordable and secure energy to our customers.

Board of Directors



Phil Austin MBE



Wendy Dorman



Chris Ambler



Amanda Icton

Tenure on Board

Appointed 12 May 2016 and Chair from 28 February 2019

Appointed 14 July 2016

Appointed as Chief Executive 1 October 2008

Appointed 1 June 2020

Committee Memberships

Nominations Committee
Remuneration Committee

Audit and Risk Committee (Chair)
Nominations Committee

Nominations Committee

Audit and Risk Committee
Remuneration Committee

Experience

Financial services background and board level experience across a wide range of listed and private companies

Chartered Accountant with audit and tax experience
Leadership positions including Head of Tax for PwC Channel Islands and listed company Non-Executive Director roles with audit chair experience for listed companies

Chartered Engineer in various leadership and general management roles in blue chip multinationals
Strategy consultancy experience with MBA (INSEAD)
Broad experience across global utility, chemicals and industrial sectors

Executive leadership experience as Chair and Managing Director of global management consultancy Accenture UK/Ireland plc
Extensive experience of chairing Audit and Risk committees across UK Government and listed companies

Relevant Skills

Extensive experience in leadership and management
Deep understanding of governance standards and requirements
Good communication skills

Leadership and management
Infrastructure investment
Accountancy, audit and taxation

Leadership and management
Strategy development
M&A and corporate finance

Digital and cyber skills developed through work with CPNI and NCSC
Familiarity with UK and US GAAP accounting
Preparation/approval of UK government and company accounts internationally, including USA and South Africa

External Appointments

Chair of Octopus Renewables Infrastructure Trust plc
Non-Executive Director of Blackstone/GSO Debt Funds (Europe) Ltd
Non-Executive Director of Ravenscroft Cash Management Ltd

Non-Executive Director of 3i Infrastructure plc
Non-Executive Director of New City High Yield Fund Limited

Non-Executive Director of Apax Global Alpha Ltd
Non-Executive Director of Foresight Solar Fund Ltd

Non-Executive Director of Paragon ID
Non-Executive Director of Standard Bank Offshore Group Ltd

Board of Directors



Alan Bryce



Tony Taylor



Kayte O'Neill



Martin Magee

Tenure on Board

Appointed 17 December 2015
Senior Independent Director

Appointed 21 September 2017

Appointed 3 March 2022

Appointed as Finance Director
8 April 2002

Committee Memberships

Nominations Committee (Chair)
Audit and Risk Committee

Remuneration Committee (Chair)
Nominations Committee

Audit and Risk Committee
Remuneration Committee

Experience

Extensive board level experience in electricity generation, and transmission and distribution in the UK and USA

Non-executive experience in water industry and wind farm development

Wide range of roles in corporate strategy, M&A and utility regulation

Senior management roles in leading global advertising agencies

Executive leadership roles in Strategy, Regulation, Markets and large-scale Transformation.

Extensive experience working with policymakers and regulators to develop and implement frameworks and business models to support energy transition.

Designing and operating electricity markets in the UK.

Chartered Accountant

Broad experience across a number of senior finance roles in UK listed plc's, including utilities

Relevant Skills

Business leadership and governance
Chartered engineer with extensive knowledge of the utility industry
Asset and operational risk management

Strategic planning and growth
Customer experience
Stakeholder engagement
Marketing and communications

Leadership and management
Strategic planning
Stakeholder engagement

Strong financial analysis and planning skills
Commercial bias
Strong background in transactional activity

External Appointments

Non-Executive Director of Northern Ireland Electricity Networks Ltd
Non-Executive Director of Northumbrian Water Ltd

Non-Executive Director of Jersey Milk Marketing Board
Non-Executive Director of Channel Radio Ltd

Executive Director on the Board of National Grid ESO
Non-Executive Director on the Board of Regen.

Non-Executive Director of Jersey Post International Ltd

Directors' Report

for the year ended 30 September 2022

The Directors present their annual report and the audited financial statements of Jersey Electricity plc ("the Company") and Jersey Deep Freeze Limited (together "the Group") for the year ended 30 September 2022.

Principal activities

The Company is the sole supplier of electricity in Jersey. It is involved in the generation and distribution of electricity and jointly operates the Channel Islands Electricity Grid System with Guernsey Electricity Limited importing power for both islands. It also engages in retailing, property management, building services and has other business interests, including software development and consulting.

Section 172(1) statement

We are required under the code to report on this area and it is central to our strategy to consider wider stakeholders. This is despite Section 172 of the Companies Act 2006 not being applicable to us as a Jersey incorporated company. Nevertheless, as a matter of good governance, the Board has set out how they deliver against these duties where appropriate. The Board of Jersey Electricity plc considers that they have acted in good faith and in a manner which they believe is likely to promote the continued success of the Company, for the benefit of all its stakeholders as a whole. In addition to its shareholders,

the Board engages with Government, local Parishes, suppliers, customers and employees. Our Vision is to 'enable life's essentials and inspire a zero-carbon future' which is aligned to a key goal of the Island to achieve carbon neutrality. In addition to pursuing organic and inorganic growth, strategic focus is on building a sustainable business, product development, customer service, investing in the development of new technology and in our workforce. The Board aims to ensure that our employees work in a safe environment, receive appropriate training and are sufficiently rewarded for their efforts.

Dividends

The Directors have declared and paid, and now recommend the following dividends in respect of the year ended 30 September 2022:

Preference dividends

5% Cumulative Participating Preference Shares at 6.5%
3.5% Cumulative Non-Participating Preference Shares at 3.5%

Ordinary dividends

Ordinary and 'A' Ordinary Shares

Interim paid at 7.60p net of tax for the year ended 30 September 2022 (2021: 7.20p net of tax)
Final proposed at 10.80p net of tax for the year ended 30 September 2022 (2021: 10.20p net of tax)

	2022 £	2021 £
5% Cumulative Participating Preference Shares at 6.5%	5,200	5,200
3.5% Cumulative Non-Participating Preference Shares at 3.5%	3,773	3,773
	<u>8,973</u>	<u>8,973</u>
Ordinary and 'A' Ordinary Shares		
Interim paid at 7.60p net of tax for the year ended 30 September 2022 (2021: 7.20p net of tax)	2,328,640	2,206,080
Final proposed at 10.80p net of tax for the year ended 30 September 2022 (2021: 10.20p net of tax)	3,309,120	3,124,280
	<u>5,637,760</u>	<u>5,330,360</u>

Re-election of directors

All Directors seek re-election annually at each AGM.

Directors' and officers' insurance

During the year the Company maintained liability insurance for its Directors and Officers.

Policy on payment of creditors

It is Group policy, in respect of all of its suppliers, to settle the terms of payment when agreeing each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by those terms. The number of creditor days in relation to trade creditors outstanding at the year-end was 10 days (2021: 8 days).

Substantial shareholdings

As at 20 December 2022 the Company has been notified of the following

holdings of voting rights of 5% or more in its issued share capital:

Ordinary Shares

The Government of Jersey hold all of the Ordinary shares which amounts to 62% of the ordinary share capital and represents 86.4% of the total voting rights. This is held as a strategic investment in their balance sheet and not consolidated.

'A' Ordinary Shares

'A' Ordinary shares entitle the holder to 1 vote for every 100 shares held whereas the Ordinary shares carry voting rights of 1 vote for every 20 shares held.

Huntress (CI) Nominees Limited is the largest shareholder of our listed shares and hold 5,382,424 'A' Ordinary shares which represent 5% of the total voting rights. It is understood that the underlying owners of these shares are substantially private investors and a

fund based in the Channel Islands.

Company Secretary

Lisa Floris left her position as Company Secretary on 31 October 2022. We are currently recruiting a replacement and Andrew Welsby, our HR Director, is holding this position as an interim measure.

Auditor

A resolution to re-appoint PricewaterhouseCoopers CI LLP as auditor will be proposed at the next Annual General Meeting.



BY ORDER OF THE BOARD
A. WELSBY
Secretary
20 December 2022

Corporate Governance

Corporate Governance

The Directors are committed to maintaining a high standard of Corporate Governance in accordance with The UK Corporate Governance Code 2018 ("the Code"), as incorporated within The Listing Rules, issued by the Financial Conduct Authority. The Listing Rules require the Company to set out how it has applied the main principles of the Code and to explain any instances of non-compliance. In accordance with Listing Rule ("LR") 9.8.4 R, the agreement related to 'Independent business' required by LR 9.2.2A (2) (a) R has been entered into with the Government of Jersey, with effect from 17 November 2014. The Company has complied with the independence provisions included in the agreement during this financial year and believes the majority shareholder is also compliant. The other applicable information required by LR 9.8.4 R (5)/(6) is disclosed in external appointments.

The Directors have reviewed, and applied, the latest UK Corporate Governance Code applicable to accounting periods beginning on or after 1 January 2019, together with the supporting Guidance on Board Effectiveness within these financial statements.

The Code is available at www.frc.org.uk.

Statement of Compliance

At the time of signing off the 2022 Annual Report the Board considers that it has complied with the Code, except for Provision 38 (executive pensions aligned with the workforce) and this is explained in the Remuneration Report.

The Board

The Board provides effective leadership and currently comprises six non-Executive and two Executive Directors. They are collectively responsible for the long-term success of the Company and bring together a balance of skills, experience, independence and knowledge.

The Chairman and the Chief Executive Officer roles are divided with the former being appointed by the Directors from amongst their number. Alan Bryce is the Senior Independent Director.

Independence

The non-Executive Directors serving at the balance sheet date were Wendy Dorman, Amanda Icton, Kayte O'Neill, Alan Bryce, Phil Austin and Tony Taylor and they were all considered independent. On appointment to the Board the required time commitment is established and any significant changes to time commitments are notified to the Board. An induction process is in place for all newly appointed Directors. The Board is responsible to the Company's shareholders for the proper management of the Company. It meets regularly to set and monitor strategy, review trading performance, perform a robust assessment of the principal risks that could threaten the business model, future performance, solvency or liquidity (see Principal Risks section on pages 60 to 64), examine business plans and capital and revenue budgets, formulate policy on key issues and review the reporting to shareholders. Board

papers are circulated, with reasonable notice, prior to each meeting in order to facilitate informed discussion of the matters at hand. Members of the Board hold meetings with major shareholders to develop an understanding of the views they have about Jersey Electricity.

Table A below sets out the number of meetings (including Committee meetings) held during the year under review and the number of meetings attended by each Director.

Performance Evaluation

The effectiveness of the Board is vital to the success of the Company. An external evaluation took place during 2021 using Boardroom Dialogue Group Ltd, an external consultancy in Board matters which has no connection with the Company, the findings of which were reviewed and actions implemented in this financial year. During this year, this was supplemented by internal evaluations, including those of Board sub-Committees, co-ordinated by the Chairman. As the policy is to have an external review every 3 years, the next one will take place in 2024. In addition, the non-Executive Directors meet at least twice a year, without the Executive Directors being present, with an explicit topic being the performance of the Executive Directors. Finally, the Senior Independent Director meets the other non-Executive Directors once a year to discuss the performance of the Chairman (without his presence).

Table A

	Board	Audit and Risk	Remuneration	Nominations
No of meetings	6	4	9	2
Chris Ambler	6	1*	5*	2
Phil Austin	6	2*	9	2
Alan Bryce	6	4	-	2
Wendy Dorman	6	4	-	2
Amanda Icton	6	4	9	-
Martin Magee	6	4*	5*	-
Kayte O'Neill**	4	3	8	-
Tony Taylor	6	-	9	2

* attendees by invitation

**Kayte O'Neill attended all relevant meetings following her appointment on 3 March 2022.

Corporate Governance continued

Workforce Engagement

During 2020, a workforce Culture and Engagement Forum was established with representatives from across the Company. At least one non-Executive Director attends each meeting of this forum which provides an opportunity to gain first-hand feedback from the workforce.

In addition, the maintenance of the right culture within Jersey Electricity remains a priority. The use of staff surveys to collect data, the promotion of people development (through our 'Living Leader' and 'How To' programs) and a continued focus on the safety of both our staff and customers are key tools in the delivery of this objective.

The key procedures which the Board has established to provide effective controls are:

Board Reports

Key strategic decisions are taken at Board meetings following due debate and with the benefit of Board papers circulated beforehand. The risks associated with such decisions are a primary consideration in the information presented and discussed by the Board who are responsible for determining the nature and extent of the risk it is willing to take to achieve the strategic objectives. Prior to significant investment decisions being taken, due diligence investigations include the review of business plans by the Board.

Management Structure

Responsibility for operating the systems of internal control is delegated to management.

There are also specific matters reserved for decision by the Board; and these have been formally documented and a summary of the key types of decision made by the Board is as follows:

- **Strategy and Management** including: Approval of the Company's long-term objectives and commercial strategy. Approval of the annual operating and capital expenditure budgets and any subsequent material changes to them.
- **Changes in structure and capital of the Company**
- **Financial reporting and controls** including:

Approval of the Annual Report and Financial Statements.

Declaration of the interim dividend and recommendation of the final dividend.

- **Internal controls/Risk Management**
Reviewing the effectiveness of the internal control and risk management systems. An external review of the risk management process is conducted every three years.
- **Approval of contracts**
Including material contracts, investments, capital expenditure and bank borrowings.
- **Board membership and other appointments**
Approval of changes to the structure, size and composition of the Board and key Committees, following recommendations from the Nominations Committee. A Board Charter detailing the matters reserved and the roles and responsibilities of the officers of the Company is available on our website (www.jec.co.uk).
- **Remuneration**
Determining the remuneration policy for the directors and other senior management, following recommendations from the Remuneration Committee.
- **Corporate governance matters**
Undertaking a formal and rigorous annual evaluation of its own performance, that of its Committees and individual Directors. Review of the Company's overall corporate governance arrangements.
- **Approval of key Company policies**
These include policies on health and safety, share dealing and diversity.

Internal Audit/Risk Management

There is a permanent internal audit function involved in a continuous structured review of the Company's systems and processes, both financial and non-financial. Internal Audit manage the process of strategic and operational risk reviews and facilitate risk review workshops with departmental managers. The Head of Internal Audit has direct access to the Audit and Risk Committee Chairman and also attends ARC meetings, at which risk based internal audit plans are discussed and approved.

Personnel

The Company ensures that personnel are able to execute their duties in a competent and professional manner through its commitment to staff training, regular staff appraisals and organisational structure.

Budgetary Control

Detailed phased budgets are prepared at profit centre level. These budgets are approved by the Board, which receives sufficiently detailed financial data to monitor the performance of the Company with explanations of any material variances.

Audit and Risk Committee

The Audit and Risk Committee (ARC) reviews the effectiveness of the internal control and risk management processes throughout the accounting period as outlined above. In addition, it conducts "deep dive" reviews on specific identified risks to test assumptions on the substance of such risks and their mitigation. More detail on the Group's principal risks, and how they are managed, is provided in the Financial Review within this Annual Report (see the Principal Risks section on pages 60-64). The ARC also reviews and monitors the independence of the external auditors and the non-audit services provided to the Group.

Stakeholder Engagement

The Company maintains an active dialogue with its largest shareholders and meetings with Government of Jersey (which owns 62% of our Ordinary share capital) include both the non-Executive Chairman as well as the Chief Executive Officer. The primary responsibility for relationship matters with listed shareholders lies with the Finance Director who reports to each Board meeting on investor relations. Jersey Electricity also has a number of other important stakeholders including Government, the local Parishes, suppliers, customers and employees, and regular presentations are provided to the Board on how such relationships are managed and can be improved.

Nominations Committee Report

Committee Purpose

The purpose of the Committee is to make recommendations to the Board in respect of Board composition, Board appointments, succession planning for senior leadership roles across the Company, and to support the Board in its leadership of the Diversity and Inclusion agenda.

Membership and meetings

I am pleased to report on the work of the Nominations Committee for the financial year ended 30 September 2022.

The Committee comprises a majority of independent non-Executive Directors, the Chair of the Board and the CEO. It is supported, when required, by the Human Resources Director and the Company Secretary, and there were no changes to the membership during the reporting period. The Committee met twice, as recorded in **Table B** below. All of the members also met on other occasions to form the interview panel for the selection of our new NED, Kayte O'Neill.

Duties of the Committee

The Terms of Reference for the Committee and the Terms of the Appointment of non-Executive Directors are available on our website (www.jec.co.uk). A summary of the Committee's key duties, is:

- To review regularly the structure, size, balance and overall composition of the Board, and to make recommendations with regard to any changes, with due regard to the skills needed for the future.

- To give full consideration to the pipeline of succession at Board and Executive Leadership Team levels, and to lead the process for any appointments to the Board.
- To support the annual Board evaluation process and to make recommendations arising, including the annual reappointment of NEDs; and
- To support the Board in its leadership of Company culture in pursuit of greater Diversity and Inclusion.

Board Structure and Composition

During the period, the Committee considered Board structure and composition, from the perspectives of skills, diversity, and resilience. This was in the context of planning and implementing succession for two roles, namely the appointment of a new NED following a resignation at the end of our prior year, and to commence the recruitment of a new Finance Director for when Martin Magee retires in the second half of 2023. As we lead and support Jersey's transition to an affordable, secure, and sustainable energy future,



the Board considers it important to further enhance our knowledge and experience of future energy markets, including the growing focus on products and services that enable customers to interact with the energy market, as "prosumers*", and of the continuing digital transformation of our business. These continue to be particular target areas of skills and experience for us, together with a focus on enhancing diversity in the Company's leadership.

Following an extensive search for a new NED, supported by the Trusted Advisor Partnership, Kayte O'Neill was appointed to the Board at its meeting on 3 March. Kayte is an executive director of the National Grid Electricity System Operator (ESO), as Transformation Director, and brings a wealth of experience of energy markets, and of the digital systems required to support them. She also brings experience of distributing electricity to over 3 million retail customers, having worked with National Grid in the United States.

On 11 August, our Finance Director, Martin Magee, gave us advanced notice of his intention to retire from the Company by 30 September 2023,

*Prosumers are those who both produce and consume electricity.

Table B

Attendance

	Meetings	Attended	
Alan Bryce (Chair)	2	2	100%
Phil Austin	2	2	100%
Chris Ambler	2	2	100%
Wendy Dorman	2	2	100%
Tony Taylor	2	2	100%

Nominations Committee Report *continued*

after more than twenty years of service. The Committee recommended the engagement of Russell Reynolds to support the search for Martin's replacement, with a view to a smooth handover prior to his retirement. The role has been extensively advertised both in the Jersey press and on the UK mainland, eliciting contact with around 90 potential candidates, some two dozen initial interviews with Russell Reynolds, resulting in a shortlist of more than half a dozen candidates. The final selection process is currently underway.

The Board's present skills mix is summarised in **Table C** below.

Succession Planning

In addition to its consideration of Board structure, composition, skills and succession, the Committee maintains oversight more broadly, of the succession pipeline and plans at the Company's senior management levels. These comprise of the six-strong Executive Leadership Team (ELT) and the around twenty members of the Senior Leadership Team (SLT). This year, as part of assessing our leadership strengths and development needs, Norman Broadbent were engaged to carry out a development review at SLT level, looking at capabilities and leadership styles for each member of the team. This has been used to draw up personalised development plans and is an important part in enhancing JE's internal succession pipeline.

The Committee remains satisfied that the Company has access to an adequate pipeline of successors to senior roles,

either internally or through targeted external recruitment. It remains true that some specialist skills are in short supply on-Island, and this makes it necessary to maintain a two-prong approach of internal staff development and off-Island recruitment.

Board Evaluation

Following our externally-facilitated Board evaluation last year, the Committee has this year facilitated an internal evaluation of the performance of the Board, its Committees, and the Chair. Each director completed a questionnaire, followed by a series of 1:1 meetings with the Chair, and a Board discussion to consider the overall conclusions. Directors also completed a questionnaire on the Chair's performance, and the Senior Independent Director convened a meeting of the NEDs to review the conclusions.

In addition to reviewing progress against actions from last year's review, the Board has considered and agreed a small number of actions arising this year. The Committee is pleased to note that the actions from last year's review have been essentially completed, and in particular that these have led to specific outcomes, notably on strategy and Board engagement with local stakeholders and the workforce. The whole Board for example, has met with Jersey Government officials on several occasions this year, to understand better how JE can support the island's evolving energy and sustainability strategies. It has also held additional internal deep-dive sessions to consider digital

strategy, sustainability, and future energy scenarios. The Board has increased its formal interaction with the workforce, with a NED attending each meeting of JE's Culture and Engagement Forum, which meets approximately quarterly.

The results of all this year's evaluations were satisfactory with recommendations mainly around further underpinning of those from last year, as well as confirmation that the Board composition remains well balanced for the needs of the business.

Diversity and Inclusion

The Committee continues to support the Board in setting and monitoring progress against our Diversity and Inclusion (D&I) strategy. Our goals comprise improving the level of diversity in the Company, as well as continuing to progress the development of a fully diverse and inclusive culture that both enables us to attract and retain a diverse workforce.

The composition of our employees by gender is presented in **Table D** below:

Overall, our Company gender balance has improved this year by 3 percentage points. In conjunction with the Remuneration Committee, the Nominations Committee has been concerned to ensure that the deterioration in the reported gender pay gap this year, is both understood and expected to reverse. In the year, the mean gap and median gaps increased respectively, to 21.4% (2021: 18.7%) and to 19.1% (2021: 9.2%). The underlying reason for the deterioration is that our recruitment happens to have been

more focused this year on lower paid roles, and as a result of recruiting more females than males overall, the ratio has been impacted negatively. It has been further impacted by a small number of more highly paid females only being present for a part-year. These effects are expected to be transitory.

As I reported last year JE has a very committed and stable workforce, which does make it quite a slow process to effect structural change, so the Board's focus is on making sure that opportunities to increase diversity are taken whenever they arise, and that the culture of the organisation feels a very inclusive one. The four strands of our strategy remain in place, of Hiring, Schools Engagement, Workforce Culture and Performance and Data. Despite the most welcome addition of seven apprentices to our business this year, it is disappointing that we were unable to recruit any female apprentices. We are continually looking at initiatives to promote a career in JE with young people, including selective sponsorship of teams and organisations that might improve the reach of our message.

On Workforce Culture, I am very pleased to report that the Business achieved a key goal it had set itself for the report year of reaching "Established" status in Inclusive Employers Diversity and Inclusion Maturity model. This level of maturity means that our leaders understand and champion the business case for D&I, building it into our strategy, and into the delivery of day-to-day services, while continually looking for best practice to improve our D&I

capability. An example of this is our use of D&I impact assessments when we roll out products and services to customers or implement change internally. Our D&I activities do not stop with our own staff nor with our customers; we have started to include D&I briefing in all local contractor inductions to ensure that they are aware that we are committed to a diverse and inclusive work environment. As part of our Safe Contractor system, led by JE's Health Safety and Environment (HSE) team and Procurement team, companies working for us are required to evidence their commitment to D&I.

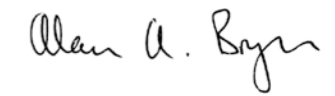
Internally our D&I Working Group, comprised of people with a protected characteristic, has been active this year in advising us on the inclusive leadership behaviours which form part of our leadership competency framework, used throughout the Business. Training and competency has played a big part in this year's activities with two programmes rolled out to underpin knowledge of D&I, and a number of executive-led D&I strategy awareness sessions with the full SLT group, promoting ownership of the agenda within the top leaders in our business. Also within the Business, we launched a people policy to support staff going through the menopause, as we signed up to the island-wide "51 Employers" initiative to offer a menopause-friendly workplace.

Externally, JE also supported the 2022 Channel Islands Pride event in September as a gold sponsor, very much in line with our vision and inclusive employer credentials, which form an integral part of our Employee Value

Proposition. We are also proud to have been asked by other local organisations to share our experience of D&I best practice, and are happy to provide advice and support.

Board Apprentice

As part of our continuing support for encouraging greater gender diversity on the boards of companies and other public bodies, especially ones based in Jersey, I am delighted to report that Catherine Madden accepted our offer to join us in September, as our latest Board apprentice. Catherine is Chief of Staff to the CEO in the Jersey Government. She has wide experience of senior roles in the public sector and through her apprenticeship is seeking to understand in particular, corporate governance and risk management at board level in a listed plc. The appointment is wholly in a personal capacity and processes are in place to manage any potential conflicts between her role as an apprentice and her role in the Government. It is also pleasing to report that our previous Board apprentice, Lisa McLaughlan, who left us in March, has been appointed to the Board of Jersey Sport.



A. BRYCE
Chairman
20 December 2022

Table C

Board Mix of Specialist Skills, Tenure and Gender

Specialist skills	Tenure		Gender		
Board Governance	3	1-3 years	2	Male	5
Engineering	2	3-6 years	1	Female	3
Digital and Cyber	2	6-9 years	3		
Finance and Accounting	3	>9 years	2*		
Strategy, M&A	2				
Customers and marketing	1				
Energy and renewables	2				

*The CEO and Finance Director are included in this figure.

Table D

Diversity and inclusion

	Male	Female
Company	77%	23%
First Line Reports	76%	24%
Senior leadership team	78%	22%
Executive leadership team	100%	0%
Board	62%	38%

Audit and Risk Committee Report

Committee Purpose

The purpose of the Committee is to support the Board with its responsibilities in relation to financial reporting, risk management and internal controls.

The Terms of Reference for the Audit and Risk Committee are available on our website (www.jec.co.uk).



Membership and meetings

The committee is made up of independent non-executive directors. There are currently four serving members, Alan Bryce, Amanda Icton, Kayte O'Neill and myself. We have seen a change in membership during the year with Kayte joining post her appointment at our AGM to replace Peter Simon who stepped down from the Board and the Committee in August 2021. I am satisfied that the current membership bring a good range of skills and experience, including recent and relevant financial experience as well as industry knowledge and IT and cyber expertise. Full biographies of all members are provided on pages 74 to 77.

Four scheduled meetings were held during the year, with 100% attendance at each one. The meetings provide a forum for discussions with both Company management and the external auditor. Meetings are attended, by invitation, by the Chair, Chief Executive Officer, Finance Director, Financial Controller, Director of Technology and members of both the external audit and internal audit teams. The Company Secretarial function provides secretarial support to the Committee.

Following each meeting I report to the Board on areas discussed and any topics of note and recommendations that emerged from ARC meetings. All recommendations from the Committee during the year were accepted by the Board.

The role of the Committee

The key responsibilities of the Committee are to:

- Oversee the independence, effectiveness and remuneration of the external auditor and the quality of the audit, and overseeing policy on the engagement of the external auditor to supply non-audit services

- Monitor the integrity of the financial statements and to report to the Board on key judgements and significant issues contained therein
- Consider, on behalf of the Board, whether the annual report and financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy
- Review and challenge the effectiveness of the Company's internal controls and risk management processes
- Oversee the review and testing carried out by the internal audit function on the effectiveness of the Company's internal controls
- Monitor principal and emerging risks and the robustness of the risk management framework

Key activities during the year

In carrying out its annual responsibilities as set out in the Corporate Governance Code, specific areas of focus this year included:

- Monitoring preparations for reporting against TCFD recommendations
- Self-review of ARC effectiveness and action points arising
- Assessing controls in place to mitigate risks identified as increasing

Further details can be found in the relevant section below.

Whistleblowing policy

The Committee is responsible for reviewing the Company's Whistleblowing or Speak Up policy and management's response to any concerns raised through this channel. The policy was reviewed by the Committee during the year. No Speak Up incidents occurred during the year.

External auditors

PricewaterhouseCoopers CI LLP ("PwC") replaced Deloitte as our auditor as a result of a tender process for the external audit in early 2020, and they continued as our external auditor during the year. The Committee review PwC's independence, effectiveness, quality and objectivity annually. We considered the 2022 audit to be effective and of a high quality.

The FRC's Audit Quality Review (AQR) team routinely monitors the quality of the audit work of certain audit firms through inspections of a sample of audits and related procedures at individual audit firms. During the year, the AQR team selected PwC's audit of the Group's financial statements for the year ended 30 September 2021 as part of their sample for review. The Chair of the Audit Committee held discussions with the AQR team prior to the review commencing, and the Audit Committee received and reviewed the final report from the AQR team, which identified no key findings. The Committee met separately with the external auditor without management present and I meet the engagement leader, Lisa McClure, during the year to discuss any matters which she would like to raise.

The Committee will continue to keep under review all aspects of the relationship with the external auditor and will initiate its next tender process at what is deemed an appropriate time taking into consideration the period since the last tender.

Non-audit services are reviewed on a case-by-case basis. During the year the Committee decided to put in place a formal Non-Audit Services policy, to include a process in relation to affiliated entities, and this is being drafted. As disclosed in Note 6 to the Financial Statements, no non-audit services were provided to the Group by PwC in the year.

The effectiveness of the external audit is considered on an ongoing basis driven primarily by discussions with the external auditor and finance team on the maintenance of audit quality, reports presented to the Committee by the audit team in connection with the year end audit, and a meeting each January to discuss learnings from the audit process that has just been completed for the prior year. Confirmation of auditor independence was received from PwC during the audit process.

The Committee has approved the external auditor's remuneration and terms of engagement and is fully satisfied with the performance, objectivity, quality of challenge and independence of the external auditor.

Viability and going concern

The Committee assessed the going concern and viability statements in the annual accounts. This involved consideration of principal and emerging risks to the business and the suitability of the five year period adopted in the viability statement. The Committee took into account the five year plan that was refreshed in September 2022 and reviewed by the Board, and the higher volatility currently being seen in energy markets and currency markets. Stress testing carried out by management based on severe but plausible scenarios were reviewed.

The Committee was satisfied that a robust assessment has been made by management of the risks that could threaten the Company's future performance, solvency and liquidity, and recommended to the Board that the going concern and viability statements could be approved.

UK Corporate Governance Code

As a company with a premium listing the Company is required to report under the 2018 Corporate Governance Code. We continually strive to meet the expectations of public company reporting and enhance the quality of stakeholder communications.

Task Force on Climate-related Financial Disclosures (TCFD)

The FCA listing rules require premium-listed companies to make disclosures under the TCFD framework for

accounting periods beginning on or after 1 January 2021. This is the first year in which disclosures are required for the Company. The Audit and Risk Committee has reviewed TCFD reporting status throughout the year, including a TCFD readiness assessment carried out in January and work done to enhance our TCFD compliance. Refer to relevant section in the accounts on pages 66 to 71. We expect to continue to focus on this during the coming year as the Company makes further progress under the four pillars of TCFD.

Fair, balanced and understandable

As part of the review of the annual and interim financial statements, the Committee reviews the significant issues and in particular any critical accounting judgements identified by the Company and discussed with the external auditor, which are disclosed in Note 2 to the Financial Statements (Critical Accounting Judgements and key sources of estimation uncertainty). Comprehensive position papers on each key area are produced by the Finance team at both the half and full year. The Committee reviews any year-on-year changes in methodology for reasonableness and assesses the impact of any new accounting policies.

The Committee is also responsible for monitoring the controls which are in force (including financial, operational and compliance controls and risk management procedures) to ensure the integrity of the financial information reported to stakeholders. The Committee considers reports from the internal and external auditors and from management and provides comment on salient issues to the Board.

On behalf of the Board, the Committee considered whether the 2022 annual report and financial statements taken as a whole are fair, balanced and understandable, and whether the disclosures are appropriate. The Committee reviewed the Group's procedures around the preparation, review and challenge of the report and consistency of the narrative sections within the financial statements and the use of alternative performance measures and associated disclosures. The Committee also considers any potential inconsistencies raised by the external auditor.

Following its review, the Committee is satisfied that the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders and other stakeholders to assess the Company's position and performance, business model and strategy, and has advised the Board accordingly.

Internal Control and Risk Management

The Board is responsible for establishing and maintaining the Company's system of internal control and for the management of risk. Internal control systems are designed to meet the particular needs of the business and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. Oversight of the risk management framework and internal controls is delegated to the Committee.

Internal Audit

Committee members have regular meetings with Internal Audit to evaluate both performance, and any impediments that might exist, which would constrain their work. The Head of Internal Audit has a direct reporting line to myself and reports operationally to the Finance Director. The ARC approves the programme of work on an annual basis and monitors results and follow up actions, reporting to the Board on any significant findings. The review of reports provided by Internal Audit and the monitoring of action points relating to findings provides the Committee and the Board with comfort over the functioning of internal controls.

The Company's internal audit activities are carried out by our internal audit team, with some audits outsourced to BDO or other third-party suppliers overseen by the Head of Internal Audit. The Committee also monitor the independence of BDO, taking account of any other services provided to the Company. The scope of internal audit reviews has been refreshed which has allowed us to identify areas in which controls can be strengthened.

A number of audit reviews carried out produced low or moderate findings. Reviews with notable findings included out of hours services, and

Audit and Risk Committee Report continued

a post-implementation review of the introduction of a new management software inventory system. In both cases ARC monitored remediation actions and were satisfied that the higher operational risk rated findings were prioritised appropriately.

Risk Management

During the year the Board carried out its annual review of the Company's risk appetite and mapping to principal risks. Following an in-depth review in the previous year, no further changes were proposed.

A risk management review was commissioned last year to assess the Company's overall risk maturity. The report concluded that the Company is in most respects at the "Developing" level, with recommendations which could allow it to move towards an "Integrated" rating. The recommendations were discussed by the Committee and appropriate actions agreed. A follow-on review is being carried out and the outcome of this review together with any proposed actions will be reported in due course.

The Committee reviewed the risk register and discussed risks that were increasing, decreasing or static, together with a review of the effectiveness of mitigations. New and emerging risks were also considered. The focus of our work this year was around market volatility and impact on future pricing, and the war in Ukraine and implications for energy security. These two areas have been considered in depth, including a review of enhanced mitigation plans and the Board's review of the five year plan. Cyber risk is also identified as an increasing risk, and internal audits have been carried out on the Corporate IT, and SCADA operational systems as well as both internal and external penetration testing. Further details are set out in the Group risk management section on pages 58 to 65.

ARC Effectiveness

During the year the Audit Committee Chair, with support from the Head of Internal Audit, assessed the effectiveness of the Audit and Risk Committee using a self-assessment tool, and the findings

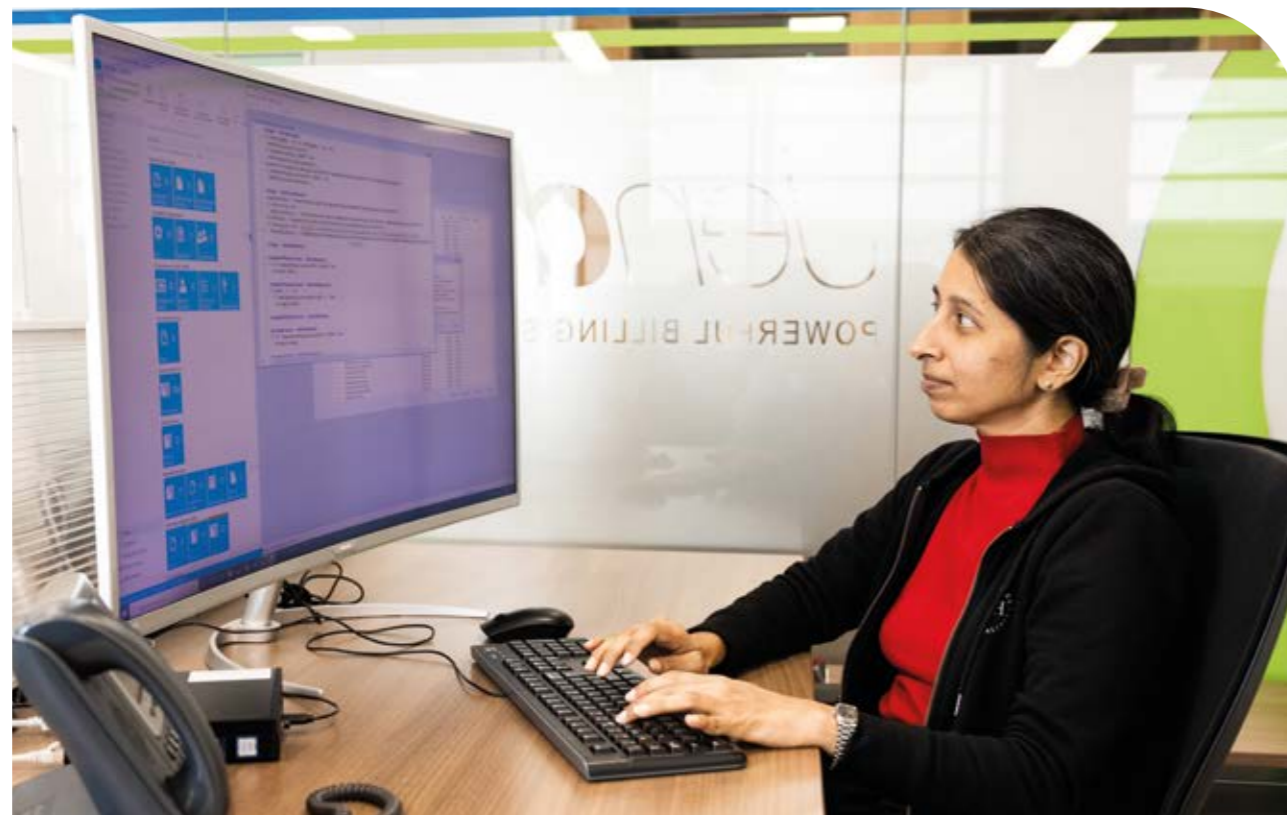
were discussed at the July meeting. The review helped the Committee to identify areas in which we could develop our work, including a review of levels of assurance over non-financial information, more detailed consideration of time horizons in our risk reviews, and enhanced reporting from management to underpin our reliance on internal controls over financial risk and fraud. These are all being actioned.

I would like to thank members of the Committee, management and PwC for their continued support throughout the year.

On behalf of the Committee



W. DORMAN
Chairman
20 December 2022



Remuneration Committee Report

On behalf of the Board, I am pleased to present the Remuneration Committee's (the Committee) report for the financial year ended 30 September 2022. I would also like to thank the other Committee members for their valuable help during the last year, being Phil Austin, Amanda Icton and Kayte O'Neill.



The terms of reference for the Committee, which are in line with the UK Corporate Governance Code, were approved by the Board in December 2021. These are available on the Company's website (www.jec.co.uk).

Nine meetings of the Committee took place during the last financial year with 100% attendance by all Committee members.

Remuneration Policy

In line with the authority delegated by the Board, the Committee sets the Company's Remuneration Policy and is responsible for determining the remuneration terms and conditions of employment for the Executive Directors. The Committee also reviews the remuneration for the broader senior management team and the general pay policy for the wider workforce to ensure there is a degree of alignment across the organisation.

The Committee's key considerations in reviewing Executive Directors' remuneration included alignment with the strategic objectives of the business and the extent to which remuneration will attract, motivate and retain the talent needed to achieve the long-term success of the Company. The Committee aims to set remuneration packages for the Executive Directors that reflect the market for similarly sized roles and fairly reward them for their contribution to the overall performance of the Company, in both the short and long term. Remuneration packages currently comprise basic salary and benefits together with a performance related annual bonus. Benefits for Executive Directors principally consist of membership of the pension scheme, a car or car allowance, private health care and a subsidised loan to assist with housing.

The salary and benefits for the Executive team are reviewed by the Committee each November. During the year, the Committee approved salary increases of 3% for the Executive Directors which were in line with the increases awarded to the wider employee population.

Benchmarking

We regularly commission expert third-party advisors to undertake a comprehensive review of the competitor landscape to benchmark the remuneration for our Executive Directors and to advise on the quantum and structuring of Executive compensation. This benchmarking looks at comparable companies in the UK/EU, as this is considered the relevant labour market for the skills required and also makes use of locally focussed benchmarking data. During 2022 the Committee were advised by Mercer, as independent remuneration consultants and their recommendations are currently being considered by the Committee.

Variable component of Executive remuneration

The Executive annual bonus is designed to promote the long-term success of Jersey Electricity and progress on delivering the vision and strategy. The bonus payable to the Executive Directors is performance related, taking account of delivery against both corporate and personal objectives which are agreed by the Remuneration Committee, and approved by the Board, before the start of the financial year. This Corporate scorecard is also shared across the wider management team to ensure alignment of understanding regarding priorities. The Corporate scorecard covers the core measures of customer service/satisfaction, employee engagement,

health and safety, financial performance and delivery on key strategic objectives. For example, during the year to September 2022, key strategic objectives in the Corporate Scorecard included the development of long-term energy sourcing strategies, delivering renewable energy projects and enhancing the stakeholder engagement. The Scorecard also has direct linkages to both our sustainability, and emerging TCFD, objectives.

Each Executive Director has a maximum cap on their total variable pay. These awards are payable for outstanding performance only. The bonus scheme was amended in 2019 to allow the Committee the discretion to defer up to 50% of the award for a period of two years, with the ultimate pay-out linked to movements in the listed share price in the period before vesting. The bonuses paid to the executive directors, as shown in the table below, exclude a 30%-40% deferral of the total bonus for two years until October 2023. The deferred amounts were £58,000 and £27,300 for C. Ambler and M. Magee respectively set when the share price was £6.255. The deferred element of the bonus is subject to malus and clawback provisions.

The remuneration paid, or estimated to be payable, to Directors for the year ended 30 September 2022 is shown in Table E on the following page.

Service Contracts

The Executive Directors' service contracts provide for a notice period of six months and they are put forward for annual re-election at each Annual General Meeting (AGM). The non-Executive Directors' service contracts have no unexpired term at the time of election, or re-election, at the AGM.

Remuneration Committee Report continued

Pension Benefits

The Company has two pension plans available to employees – a defined benefit scheme, which closed to new members in 2013, and a defined contribution scheme which remains open to all staff. Both Executive Directors are members of the defined benefit scheme which has a contribution rate of 20.6% for the employer, and 6% for the employee. In terms of proportion

of employees in either scheme, there are currently around half in the defined contribution scheme and half in the defined contribution scheme. In addition, it was agreed by the Board at the time of Chris Ambler's appointment that he would participate in a non-contributory version of the defined benefit scheme (refer to page 79 and the Statement of Compliance section, noting Provision 38 of the Code).

Set out in **Table F** below are details of the pension benefits to which each of the Directors is entitled. These pensions are restricted to the scheme in which the Director has earned benefits during service as a Director but include benefits under the scheme for service both before and after becoming a Director, including any service transferred into the scheme from a previous employment.

Table E

	Basic salary/fees £	Bonus paid in year £	Bonus deferred in year £	Benefits in kind £	Total 2022 £	Total 2021 £
EXECUTIVE DIRECTORS						
Chris Ambler	263,921	87,000	58,000	16,119	425,040	412,306
Martin Magee	209,990	63,700	27,300	12,958	313,948	304,958
NON-EXECUTIVE DIRECTORS						
Phil Austin	43,000	-	-	1,762	44,762	44,882
Alan Bryce	30,000	-	-	1,762	31,762	28,882
Wendy Dorman	28,000	-	-	1,762	29,762	29,882
Amanda Icton	25,000	-	-	1,762	26,762	26,882
Kayte O'Neill (appointed 3 March 2022)	16,256	-	-	991	17,247	-
Tony Taylor	25,000	-	-	1,762	26,762	26,032
Aaron Le Cornu (retired 4 March 2021)	-	-	-	-	-	12,288
Peter Simon (resigned 31 August 2021)	-	-	-	-	-	24,646
Total	641,167	150,700	85,300	38,878	916,045	910,758

Table F

	Increase in accrued pension during the year ¹	Accrued pension at 30.9.2022 ²	Transfer value at 30.9.2022 ³	Transfer value at 30.9.2021 ³	Directors' contributions during year	Increase/ (decrease) in transfer value less Directors contributions ⁴
Chris Ambler	£6,473	£76,585	£995,985	£1,421,328	- ⁶	£(425,343)
Martin Magee ⁵	£6,661	£113,481	£1,813,973	£2,330,218	£12,237	£(528,844)

Notes

- The increase in accrued pension during the year represents the additional accrued pension entitlement at the year-end compared to the previous year end. The employer cash contributions during the year were £70,203 and £43,258 for C. Ambler and M. Magee respectively.
- The pension entitlement shown is that which would be paid annually on retirement at age 60, based on service at the year end.
- The transfer values have been calculated using the basis and method appropriate at each accounting date. It is assumed that the deferred pension commences from the earliest age at which the member can receive an unreduced pension. The transfer values include any accrued Additional Voluntary Contributions (AVC) pensions.
- The increase in transfer value over the year is after deduction of contributions made by the Director during the year.
- Along with all other Scheme members, Directors have the option to pay AVC's to the Scheme to purchase additional final salary benefits. AVC's paid by the Directors during the year were nil.
- As highlighted in the table above, it was agreed by the Board at the time of Chris Ambler's appointment that he would participate in a non-contributory version of the defined benefit pension scheme.

Table G

Year	25th %ile	50th %ile	75th %ile
2022	8.1:1	6.2:1	4.3:1
2021	8.4:1	6.3:1	4.4:1

CEO pay ratio

The CEO pay ratio was disclosed for the first time in 2021. This reflects how the total remuneration of the CEO compares to the rest of the employees in the organisation at the 25th, 50th, and 75th percentiles. The CEO pay gap was also calculated by consultants, Spktral, using a more refined methodology than last year (and hence the comparative figure has been altered accordingly). Using their methodology, the CEO pay gap remained relatively static. See **Table G** above.

Share Schemes

At the 2011 AGM approval was granted to launch an all-employee share scheme. To date, 4 tranches of shares have been issued to employees with total shares of 300 having vested and the last tranche of 100 shares issued during the 2020 financial year being due to vest in September 2023. There are no other share-based incentives such as option schemes or long-term incentive plans operated by the Company. However, the Committee has the discretion to defer up to 50% of the performance bonus to Executive Directors for a period of two years with the ultimate pay-out linked to movements in the listed share price in the period before vesting.

Workforce engagement

Under the most recent changes to the UK Corporate Governance Code, committees are required to disclose more details on workforce engagement and wider remuneration considerations. As detailed

elsewhere in the Annual Report, the Company has conducted employee surveys for a number of years which provide very valuable data on employee engagement across a number of factors, including remuneration. Employee engagement is a key aspect of the Corporate Scorecard. In addition, each year the Committee is provided with a paper setting out details of all employee pay and workforce policies across the Company. The discussions on this topic provide us with helpful insights for framing executive pay considerations.

During the 2022 financial year, the workforce engagement and culture forum met 3 times, and each attended by one of our non-Executive Directors, which provided an ideal opportunity to gain first hand feedback from the workforce.

Non-Executive Directors' Remuneration

The remuneration of the non-Executive Directors is determined by the Executive Directors, with the assistance of independent advice concerning comparable organisations and appointments and also taking into account the particular Committees in which they are involved. As with Executive Director pay, Mercer were used to provide such advice. A small premium was paid in the financial year to those who chaired Committees (Audit & Risk: £5,000; Nomination/Remuneration: £2,000) and to those who were members of the Audit & Risk Committee (£2,000)

for additional responsibility, and to Directors based off-Island (£3,000) for travelling time.

External Appointments

The Company encourages Executive Directors to broaden their experience by accepting non-Executive appointments to companies or other organisations outside the Group. Such appointments are subject to prior approval by the Board, having taken into consideration the expected time commitments, and the Board also determines the extent to which any fees may be retained by the Director. At the balance sheet date, the external appointments held by Executive Directors, excluding those directly connected with their employment by the Company, were as follows:

C.J. Ambler
Foresight Solar Fund Ltd and Apax Global Alpha Ltd

The total non-Executive Director fees for such appointments were £90,000 of which £72,000 was retained by the individual, and the remainder paid to the Company.

M.P. Magee
Jersey Post International Ltd

The non-Executive Director fee for the above appointment was £25,000 of which £20,000 was retained by the individual and the remainder paid to the Company.

Remuneration Committee Report *continued*

Directors' Loans

At the time of hiring the Executive Directors, and bringing them over to live in Jersey, the Company provided secured loans to assist them with the purchase of a residential property on the island. Since then, substantial, or full, repayments have been made by the Executive Directors and the balances on such loans were:

	30.9.2022	30.9.2021
Chris Ambler	£300,000	£300,000

Directors' Share Interests

The Directors' beneficial interests in the shares of the Company at 30 September 2022 are shown in **Table H** below.

There have been no other changes in the interests set out above between 30 September 2022 and 20 December 2022.

On behalf of the Committee



T. TAYLOR
Chairman
20 December 2022



Table H

	'A' Ordinary Shares		5% and 3.5% Preference Shares	
	2022	2021	2022	2021
Chris Ambler*	7,620	7,620	-	-
Martin Magee*	13,800	13,800	960	960
Phil Austin	7,000	5,000	-	-
Alan Bryce	4,500	4,500	-	-
Wendy Dorman	3,500	3,500	-	-
Tony Taylor	9,000	5,000	-	-
Amanda Icton	3,500	-	-	-
	48,920	39,420	960	960

* Both Chris Ambler and Martin Magee have a beneficial interest in a further 100 'A' Ordinary Shares that are due to vest in September 2023.

There have been no other changes in the interests set out above between 30 September 2022 and 20 December 2022.

Statement of Director's Responsibilities

Directors' Responsibilities for the Financial Statements

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991 ("Company Law") requires the Directors to prepare Financial Statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group Financial Statements under IFRS (International Financial Reporting Standards) as adopted by the European Union. The Financial Statements are also required by Company Law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that Financial Statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific

requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey and in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. The Financial Statements are therefore prepared on a going concern basis. Further details of the Group's going concern review are provided in note 1 of the financial statements on page 90.

Having taken advice from the ARC, the Board considers the Annual Report and financial statements, taken as a whole, to be fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Company's and Group's performance, business model and strategy.

Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



C.J. AMBLER
Chief Executive
Finance Director
20 December 2022



M.P. MAGEE
Finance Director
20 December 2022

Independent Auditor's Report to the Members of Jersey Electricity plc

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Jersey Electricity plc (the "company") and its subsidiaries (together "the group") as at 30 September 2022, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited

The group's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 September 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality

- Overall group materiality: £523,000 (2021: £954,000) based on approximately 5% of profit from operations before taxation.
- Performance materiality: £392,000

Audit scope

- We conducted our audit work in Jersey.
- We tailored the scope of our audit taking into account the operations of the group, the accounting processes and controls and the industry in which the group operates.
- The group is based solely in Jersey and the consolidated financial statements are a consolidation of the company and Jersey Deep Freeze Limited, a subsidiary which also operates in Jersey.
- Based on its contribution to group profit from operations before taxation and total assets, the subsidiary was determined to be a non-significant component as a percentage of the total. Our audit work was therefore focused on the company.

Key audit matters

- Recognition of energy and retail revenue.
- Assessment of pension assumptions applied in the valuation of the defined benefit obligation.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the Key audit matter
<p>Recognition of energy and retail revenue</p> <p>Refer to note 1 (Accounting policies), and note 3 (Business segments) to the financial statements.</p> <p>The group recognised £89.7m of energy revenue (2021: £89.8m) and £18.7m of retail revenue (2021: £19.8m).</p> <p>Revenue from the energy segment comprises charges for the consumption of electricity by customers and service connections.</p> <p>Revenue from the retail segment is derived from the sale of consumer products in the company's "Powerhouse" store and online.</p> <p>Energy and retail revenue are material to the financial statements and revenue recognition was identified as an area of focus in the audit plan we presented to the Audit and Risk Committee.</p>	<p>We obtained an understanding and evaluated the overall control environment around the recognition of revenue from energy and retail.</p> <p>Our approach to revenue from the energy segment was based on a data analytics approach as follows:</p> <p>We evaluated the operating effectiveness of the IT General Controls surrounding the smart meter, billing and general ledger systems.</p> <p>We traced data from the meter reading systems to the general ledger system to ensure the data had been completely and accurately transferred.</p> <p>We applied approved tariff rates to the readings from the general ledger system and recalculated the expected revenue.</p> <p>We reconciled the expected revenue to the invoices raised to customers from the general ledger system.</p> <p>For the retail segment:</p> <p>We evaluated the operating effectiveness of the IT General Controls surrounding the electronic point-of-sale ("EPOS") and general ledger systems.</p> <p>We performed a margin analysis between cost of sales and revenue based on the data obtained from the general ledger. The margin analysis was based on tests of detail performed on the cost of sales by agreeing a sample of expenses to supporting documentation.</p> <p>For both energy and retail revenue, we matched revenue from the general ledger system to receipts in the bank statement using data analytics.</p> <p>We investigated unmatched items and performed tests of detail on them, and traced them to either other asset accounts or offset against other liability accounts (e.g. customer deposits).</p> <p>No matters were identified that required reporting to those charged with governance.</p>

Independent Auditor's Report to the Members of Jersey Electricity plc *continued*

Key audit matter	How our audit addressed the Key audit matter
<p>Assessment of pension assumptions applied in the valuation of defined benefit obligation</p> <p>Refer to note 1 (Accounting policies), note 2 (Critical accounting judgements and key sources of estimation uncertainty), and note 17 to the financial statements.</p> <p>The group has a defined benefit pension plan that was recognised as a net surplus of £26.4m at the year-end (2021: £18.8m). This comprises estimated plan liabilities of £86.1m (2021: £142.3m) and plan assets of £112.5m (2021: £161.1m).</p> <p>The valuation of the plan liabilities requires significant levels of judgement and technical expertise including the use of actuarial assessment to support the directors in selecting appropriate assumptions. Changes in a number of key financial and demographic assumptions (including discount rates, salaries increase, inflation, and mortality rates) can have a material impact on the calculation of the pension obligation.</p> <p>The group used an independent qualified actuary to assess the defined benefit obligation at year end.</p>	<p>We obtained an understanding and evaluated the overall control environment around the defined benefit obligation.</p> <p>We engaged our auditor's experts to evaluate the assumptions made in relation to the valuation of the scheme liabilities.</p> <p>We benchmarked the various assumptions used and compared them to our internally developed benchmarks.</p> <p>We considered the consistency and appropriateness of methodology and assumptions applied compared to the prior year end and the most recent actuarial valuation.</p> <p>We tested the completeness and accuracy of the retirement benefit obligation disclosures.</p> <p>We confirmed that the group's actuarial experts are qualified appropriately affiliated to third party industry bodies, and are independent of the group.</p> <p>No matters were identified that required reporting to those charged with governance.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	£523,000 (2021: £954,000)
How we determined it	Approximately 5% of profit from operations before taxation
Rationale for benchmark applied	We believe that group's profit from operations before taxation is the most appropriate benchmark because this is the key metric of interest to members. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £392,000 (2021: £715,500) for the group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £26,000 (2021: £47,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report and Accounts 2022 (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of Jersey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

Independent Auditor's Report to the Members of Jersey Electricity plc *continued*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within Group risk management, the Statement of Director's responsibilities and the Financial Review is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the consolidated financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;
- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these consolidated financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.



LISA McCLURE
for and on behalf of
PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognized Auditor
Jersey, Channel Islands
20 December 2022

Consolidated Income Statement

for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Revenue	3	117,421	118,608
Cost of sales		(77,242)	(74,159)
Gross profit		40,179	44,449
Revaluation of investment properties	11	1,020	6,055
Operating expenses	4	(29,293)	(29,991)
Group operating profit	3	11,906	20,513
Finance income		218	112
Finance costs		(1,523)	(1,540)
Profit from operations before taxation		10,601	19,085
Taxation	7	(2,135)	(2,794)
Profit from operations after taxation		8,466	16,291
Attributable to:			
Owners of the Company		8,326	16,155
Non-controlling interests	19	140	136
		8,466	16,291
Earnings per share			
- basic and diluted	9	27.17p	52.73p

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Profit for the year		8,466	16,291
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit scheme	17	8,976	14,803
Income tax relating to items not reclassified	7	(1,795)	(2,961)
		7,181	11,842
Items that may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on cash flow hedges	22	4,815	(3,116)
Income tax relating to items that may be reclassified	7	(963)	623
		3,852	(2,493)
Total comprehensive income for the year		19,499	25,640
Attributable to:			
Owners of the Company		19,359	25,504
Non-controlling interests		140	136
		19,499	25,640


All results in the year have been derived from continuing operations.
The notes on pages 102 to 129 form an integral part of these accounts. The independent auditor's report is on pages 92 to 97.

Consolidated Balance Sheet

as at 30 September 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	10	967	933
Property, plant and equipment	11	216,235	216,550
Right of use assets	11	3,280	3,113
Investment properties	11	28,830	27,810
Trade and other receivables	14	300	308
Retirement benefit asset	17	26,434	18,761
Derivative financial instruments	22	2,640	108
Other investments	12	5	5
Total non-current assets		278,691	267,588
Current assets			
Inventories	13	7,173	6,909
Trade and other receivables	14	19,934	18,000
Derivative financial instruments	22	483	-
Cash and cash equivalents		47,397	43,136
Total current assets		74,987	68,045
Total assets		353,678	335,633
Liabilities			
Trade and other payables	15	21,043	18,373
Current tax liabilities	7	2,088	3,020
Lease liabilities	16	69	72
Derivative financial instruments	22	330	1,256
Total current liabilities		23,530	22,721
Net current assets		51,457	45,324
Non-current liabilities			
Trade and other payables	15	25,162	24,006
Lease liabilities	16	3,251	3,035
Derivative financial instruments	22	-	874
Financial liabilities - preference shares	18	235	235
Borrowings	16	30,000	30,000
Deferred tax liabilities	7	32,126	29,321
Total non-current liabilities		90,774	87,471
Total liabilities		114,304	110,192
Net assets		239,374	225,441
Equity			
Share capital	18	1,532	1,532
Revaluation reserve		5,270	5,270
ESOP reserve		(38)	(79)
Other reserves		2,234	(1,618)
Retained earnings		230,232	220,178
Equity attributable to the owners of the Company		239,230	225,283
Non-controlling interests	19	144	158
Total equity		239,374	225,441

Approved by the Board on 20 December 2022

 P.J. AUSTIN
Director

 M.P. MAGEE
Director

The notes on pages 102 to 129 form an integral part of these accounts. The independent auditor's report is on pages 92 to 97.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2022

	Note	Share capital	Revaluation reserve	ESOP reserve	*Other reserves	Retained earnings	Total
		£000	£000	£000	£000	£000	£000
At 1 October 2021		1,532	5,270	(79)	(1,618)	220,178	225,283
Total recognised income and expense for the year		-	-	-	-	8,326	8,326
Amortisation of employee share option scheme		-	-	41	-	-	41
Movement on hedges (net of tax)		-	-	-	3,852	-	3,852
Actuarial gain on defined benefit scheme (net of tax)		-	-	-	-	7,181	7,181
Equity dividends	8	-	-	-	-	(5,453)	(5,453)
At 30 September 2022		1,532	5,270	(38)	2,234	230,232	239,230
At 1 October 2020		1,532	5,270	(120)	875	197,359	204,916
Total recognised income and expense for the year		-	-	-	-	16,155	16,155
Amortisation of employee share option scheme		-	-	41	-	-	41
Movement on hedges (net of tax)		-	-	-	(2,493)	-	(2,493)
Actuarial gain on defined benefit scheme (net of tax)		-	-	-	-	11,842	11,842
Equity dividends	8	-	-	-	-	(5,178)	(5,178)
At 30 September 2021		1,532	5,270	(79)	(1,618)	220,178	225,283

*Other reserves' represents the foreign currency hedging reserve.

Consolidated Statement of Cash Flows

for the year ended 30 September 2022

	2022	2021
	£000	£000
Cash flows from operating activities		
Operating profit	11,906	20,513
Depreciation and amortisation charges	11,094	10,924
Share-based reward charges	41	41
Gain on revaluation of investment property	(1,020)	(6,055)
Pension operating charge less contributions paid	1,303	3,357
Deemed interest income from hire purchase arrangements	50	-
Profit on sale of property, plant and equipment	(7)	(6)
Operating cash flows before movement in working capital	23,367	28,774
Working capital adjustments:		
Increase in inventories	(257)	(881)
(Increase)/decrease in trade and other receivables	(1,926)	(2,263)
Increase in trade and other payables	4,444	904
Net movement in working capital	2,261	(2,240)
Interest paid on borrowings	(1,380)	(1,395)
Preference dividends paid	(9)	(9)
Income taxes paid	(3,020)	(2,742)
Net cash flows from operating activities	21,219	22,388
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,001)	(8,513)
Investment in intangible assets	(319)	(805)
Deposit interest received	168	112
Net proceeds from disposal of fixed assets	7	6
Net cash flows used in investing activities	(11,145)	(9,200)
Cash flows from financing activities		
Equity dividends paid	(5,453)	(5,178)
Dividends paid to non-controlling interest	(154)	(101)
Repayment of lease liabilities	(206)	(297)
Net cash flows used in financing activities	(5,813)	(5,576)
Net increase in cash and cash equivalents	4,261	7,612
Cash and cash equivalents at the beginning of the year	43,136	35,520
Effect of foreign exchange rate changes	-	4
Cash and cash equivalents at the end of the year	47,397	43,136

IAS 7 'Statement of Cash Flows' requires the explanation of both cash and non-cash movements in assets and liabilities relating to financing activities. See notes 8 and 16. Of the £47.4m cash and cash equivalents at 30 September 2022, £40.0m (2021: £35.0m) is on fixed term deposits with an average of 49 days remaining (2021: 79 days).

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

1 Accounting policies

Basis of preparation

The Group's accounting policies as applied for the year ended 30 September 2022 are based on all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and which have been adopted by the EU, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The principal accounting policies which have been applied consistently are:

Basis of accounting

The consolidated financial statements have been prepared under the historic cost convention as modified by the revaluation of investment properties and derivative financial instruments.

Basis of consolidation

The Group's consolidated financial information for the year ended 30 September 2022 comprises the Company and its subsidiary.

The subsidiary is an entity over which the Company has the power to govern the financial and operating policies, accompanying a shareholding that confers more than half of the voting rights.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

The consolidated financial information includes the Group's share of the post-tax results and net assets under IFRS of the jointly controlled entity using the equity method of accounting. Equity accounting is a method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Jointly controlled entities are those entities over which the Group has joint control with one or more other parties and over which there has to be unanimous consent by all parties to the strategic, financial and operating decisions.

Under Article 105 (11) of the Companies (Jersey) Law 1991 ("the Law"), the Directors of a holding company need not prepare separate financial statements if consolidated accounts for the Company are prepared, unless required to do so by the members of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and, in the opinion of the Directors, the Company meets the definition of a holding company as set out in the Law. As permitted by the Law, the Directors have elected not to prepare separate financial statements.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement (see page 10). The financial position of the Group, its cash flow and its liquidity position are described in the Financial Review (see page 54). In addition, note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to risks. The Group has considerable financial resources together with a large number of customers both corporate and individual. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements and in making the viability statement on pages 57 and 58.

Foreign currencies

The functional and presentation currency of the Company is Pounds sterling. Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on translation are included in net profit or loss for the year.

Revenue

The Group recognises revenue from the following services:

i) **Energy supply**

Energy sales revenue is recognised on the basis of energy supplied during the period. Revenue for energy supply is therefore accounted "over time" and includes an estimated assessment of energy supplied to customers. This is between the date of the last meter reading and the balance sheet date, using historical consumption patterns.

Service connections revenue is derived from the provision of a connection to an existing mains cable, laying required infrastructure to the boundary of a customer's property and connecting to their domestic supply. Management considers that the combination of these activities comprise a distinct performance obligation to the customer. Service connection income is recognised at the point in time that the service is complete.

1 Accounting policies (continued)

Revenue (continued)

Capital contributions arise where charges are made to a developer when the Group provides a first-time supply for a property/properties. These charges cover the immediate infrastructure requirements as well as future investment needed to meet the extra demands which new connections put on existing network infrastructure. Management considers that the obligation to invest in the network is highly interrelated with the ongoing and future obligation to provide electricity supply services, particularly to maintain continuous supplies into the future. The investment in the network from the infrastructure charges enables the Group to continue providing value to the customer through the supply of electricity. The associated asset arises from the investment in the network and therefore the Group recognises infrastructure income through revenue on a straight line basis over the life of the associated asset. Deferred infrastructure charges are initially recorded within deferred income.

ii) **Retail**

Revenue resulting from the sales of goods within our retail business is recognised on sale to the customer at that point in time, as this is the point at which the company recognises the transfer of risks and rewards. Retail additionally sells service contracts to customers where the obligations to the customer are recognised as revenue on a monthly basis for the duration of the service contract.

iii) **Building Services**

Revenue within JEBs, our contracting and building services business, is recognised as the service is provided. As such JEBs recognises the revenue over time as an appropriate amount each month end, driven by the stage of completion for each contract (usually assessed by reference to costs incurred against budget to date).

iv) **Property**

Rental income is accrued on a monthly basis by reference to the agreements entered. Where applicable, contingent rental revenue is also recognised based on historic levels and in accordance with IFRS 16.

v) **Other**

Other income is recognised as the service is provided or on receipt of payment as appropriate. Other income also includes indefeasible rights of use (IRU) sales.

Through Jersey Electricity's interest in submarine cables, the Group has the ability to sell dark fibre to telecom network operators seeking to extend their own networks through IRU agreements. Income from IRUs where an IRU agreement does not transfer substantially all the risks and benefits of ownership to the buyer or is deemed not to extend for substantially all of the assets' expected useful lives, is recognised on a straight-line basis over the life of the agreement, even when the payments are not received on such a basis. Where agreements extend for substantially all of the assets' expected useful lives and transfer substantially all the risks and benefits of ownership to the buyer, the resulting profit/(loss) is recognised in the consolidated income statement as a gain/(loss) on disposal of fixed assets.

vi) **Interest free financing**

Both retail customers and those wishing to fuel switch to electric heating can qualify for interest free credit terms.

Where financing is provided, repayment terms are typically up to five years. As such a deemed interest charge is calculated on an annual basis and offset against revenue.

Income in Jendev arises from both ongoing support contracts as well as implementation contracts and small ad-hoc development. Across these revenue streams are elements that relate to both point in time and over time delivery of service to customers. With ongoing support contracts the obligation is to provide user support for the specified business systems for a time period and the transaction price is an annualised rate invoiced every six or 12 months. The contracts provide that Jendev be on call should support be required, therefore the performance obligation is the time period over which this is provided. The revenue is recognised as the obligation is satisfied, each month recognising 1/12th of the annual rate as we have provided support over that period. With implementation contracts Jendev is deemed to be creating or enhancing an asset that the customer controls as the asset is being enhanced or created. As such revenue is recognised over time at an appropriate amount each month end, driven by the stage of completion for each contract. This can be assessed by completion of milestone obligations or by reference to development costs incurred.

Jersey Deep Freeze is a 51% (2021: 51%) controlled subsidiary. Revenues are derived from two workstreams. Firstly, service contracts where the obligation is satisfied over time and the customer is invoiced and revenue recognised as such, on a monthly basis. Secondly, provision of goods (refrigeration equipment) which is invoiced and revenue recognised at a point in time, upon delivery of the equipment to the customer.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

1 Accounting policies (continued)**Taxation**

The tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, on a non-discounted basis, and is recorded in the income statement, except where it relates to items recorded to equity via other comprehensive income, in which case the deferred tax is also dealt with in that statement.

Intangible assets

The costs of acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are amortised over their useful lives. Costs directly associated with the development of computer software programmes that will generate economic benefits over a period in excess of one year are capitalised and amortised over their estimated useful lives. Costs include employee costs relating to software development and an appropriate proportion of directly attributable overheads. Amortisation is charged on a straight-line basis over its expected useful life which is estimated to be up to four years.

Property, plant and equipment

In accordance with IAS 16 costs are capitalised where it is probable that future economic benefits associated with the asset being purchased or constructed will flow to the entity; and the cost of the asset can be measured reliably.

For assets under construction, all costs incurred which are directly attributable to bringing the asset to a point of commissionable use, including direct materials and direct labour costs are capitalised once an executive decision has been taken to proceed with the construction of the asset.

Property, plant and equipment ("PPE") excludes investment property and is stated at cost less accumulated depreciation and impairment losses, if any. Assets are depreciated on the straight-line method to their expected residual values over their estimated useful lives from the year following acquisition. Property, plant and equipment include capitalised employee, interest and other costs that are directly attributable to construction of these assets. Property, plant and equipment under the course of construction is not depreciated and is carried at cost less impairment.

Owner-occupied property is classified within PPE.

Depreciation is charged as follows:

Buildings	up to 50 years
Interlinks	up to 30 years
Plant, mains cables and services	up to 60 years
Fixtures and fittings	up to 15 years
Computer equipment	up to 4 years
Vehicles	up to 10 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

Customer contributions in respect of additions to plant are treated as deferred income within Trade and other payables which is classified as non-current liabilities and released to the income statement over the estimated operational lives of the related assets.

Right of use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where a modification to a lease agreement decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications to lease agreements are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

1 Accounting policies (continued)**Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is rated as a revaluation increase.

Investment properties

Investment properties are stated at fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement for the period in which they arise. The Group's policy on freehold properties is to classify it as an investment property both when the property is held for capital appreciation or rental purposes and when it is fully occupied by external tenants.

Investment in joint arrangement

The results, assets and liabilities of the joint arrangement are incorporated using the equity method. Investment in the joint arrangement is therefore carried in the consolidated balance sheet at cost as adjusted by changes in the Group's share of net assets, less any impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour and overheads that have been incurred in bringing the inventories to their location and condition at year end. Cost is calculated using the weighted average method with the exception of fuel oil which is calculated using the first-in first-out method. Net realisable value represents the estimated selling price.

Financial instruments**Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term deposits with an original maturity of three months or less.

Short-term investments

Short-term investments comprise cash deposits which are readily convertible to a known amount of cash, subject to an insignificant risk of change in value.

Trade and other receivables

Trade receivables are initially recognised at invoice value and do not carry any interest and are reduced by appropriate allowances for estimated irrecoverable amounts.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group's assessment for calculating expected credit losses is made by reference to its historical collection experience, including comparisons of the relative age of the individual balance and the consideration of the actual write-off history. The provisioning rates applied in the calculation are reviewed on an annual basis to reflect the latest historical collection performance data and management's expectation of future performance and industry trends. Furthermore, where the Group has assessed a known risk of recoverability relating to known customers these balances are provided for in full.

Trade and other payables

Trade and other payables are initially recognised at invoice value and are not interest bearing and are subsequently stated at their amortised cost. Amortised cost is considered by the Directors to be equivalent to invoiced value.

Borrowings

Borrowings are measured at amortised cost using the effective interest method. Interest expense is recognised by applying the effective interest rate.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

1 Accounting policies (continued)**Financial instruments** (continued)**Derivative financial instruments**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. Changes in the fair value of derivative financial instruments which are designated as highly effective hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the consolidated income statement. When hedges mature that do not result in the recognition of an asset or a liability, amounts deferred in other comprehensive income are recognised in the consolidated income statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Until that time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss that has been recognised in other comprehensive income is transferred to the consolidated income statement.

Following the adoption of IFRS 9 and as permitted by this standard, the Group has elected to continue to apply the hedge accounting requirements of IAS 39. This policy choice will be periodically reviewed to consider any changes in our risk management activities.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the consolidated income statement in the period in which they occurred.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are paid.

Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Retirement benefits

The Company provides pensions through both a defined contributions scheme and a defined benefit scheme. In the latter the cost of providing benefits is determined using the projected unit credit method, with full actuarial valuations being carried out at a minimum every three years. Actuarial gains and losses are recognised in full, directly in retained earnings in the period in which they occur and are shown in the statement of comprehensive income. The net figure derived from the current service cost element of the pension charge, the expected return on pension scheme assets and interest on pension scheme liabilities, including past service cost, is deducted in arriving at operating profit. Retirement benefits recorded in the balance sheet represent the net financial position of the Group's defined benefit pension scheme.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are not separately disclosed due to their immaterial value.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

1 Accounting policies (continued)**Accounting developments**

In preparing these Consolidated Financial Statements, the Group has applied all relevant IFRS, IAS and Interpretations issued by the IFRIC which have been adopted by the EU as of the date of approval of these Consolidated Financial Statements. The following new accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards are mandatory for the current period and have been adopted by the Group. All other new standards, amendments to existing standards and new interpretations that are mandatory for the current year have no bearing on the operating activities and disclosures of the Group and consequently have not been listed. The Group has not adopted any new standards or interpretations that are not mandatory.

New standards, amendments and interpretations effective or adopted by the Group

Phase 2 of the Interest Rate Benchmark Reform became effective for the Group from 1 October 2021. Under Phase 2, provided that the new basis for calculating cash flows is economically equivalent to the previous basis, reliefs permit hedge accounting relationships to continue unaffected. The Group has applied these reliefs to continue hedge accounting on affected instruments and therefore adoption of the amendment had no impact on the financial statements.

The amendment to IFRS 16 'COVID-19 Related Rent Concessions beyond 30 June 2021' has also had no impact on the financial statements.

New standards, amendments and interpretations issued, but not yet adopted by the Group

A number of standards, amendments and interpretations have been issued but not yet adopted by the Group within these financial statements, because application is not yet mandatory or because UK adoption remains outstanding at the date the financial statements were authorised for issue.

Amendments to IAS 16 'Property, Plant and Equipment: Proceeds Before Intended Use' is effective from 1 January 2022 and was endorsed by the UK Endorsement Board in April 2022. The standard is not anticipated to have any impact given the nature of the amendments and the usual course of business for the Group.

IFRS 17 'Insurance contracts' is expected to be effective from 1 January 2023 (1 October 2023 for the Group) but remains subject to UK endorsement. The Group's initial expectation is that adoption of this standard will not have a material impact on the Group's consolidated financial statements.

There are a number of other interpretations and amendments issued but not yet effective at 30 September 2022. These are not anticipated to have a material impact on the Group's consolidated financial statements.

2 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are monitored on an ongoing basis. Changes to accounting estimates are recognised in the period in which an estimate is revised if the modification affects only that period (or also in future periods if applicable).

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

i Hedge accounting

The Group utilises currency derivatives to hedge a proportion of its future purchases of electricity from France which currently extend to the next three calendar years as well as for any foreign currency denominated capital contracts. Judgement is applied in establishing the quantum of these future foreign exchange commitments as the volume and price of imported electricity vary annually. All such currency derivatives are fair valued, based on market values of equivalent instruments at the balance sheet date.

ii Decommissioning

A judgement has been made that the Company does not meet the recognition criteria (set out in IAS 37 Provisions) as it does not have any set obligation to decommission any of our material assets but a risk exists that costs may be incurred in the future. The assets concerned are our power station at La Collette, which is leasehold with a current end date of 2056, and our subsea interconnectors to France and Guernsey. None of the assets have a definitive planning or legal obligation to decommission at the end of life but obligations could develop over time, for example, for environmental reasons. There are varying external opinions as to whether subsea cables should be left in place, or removed, at the end of their useful life as over time the interconnector asset becomes part of the marine infrastructure.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

2 Critical Accounting Judgements and key sources of estimation uncertainty (continued)*Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation and uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Retirement benefit obligations

The Group provides pensions through a defined benefits scheme for a number of its employees which is accounted for in accordance with IAS 19 'Employee Benefits'. The benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. The discount rate used in 2022 was 5.2% and in 2021 was 2.1%.

3 Business segments

The business segments below are those reported to the Group's Chief Executive for the purposes of resource allocation and performance assessment:

	2022 External £000	2022 Internal £000	2022 Total £000	2021 External £000	2021 Internal £000	2021 Total £000
Revenue						
Energy	89,683	100	89,783	89,780	100	89,880
Building Services	3,365	780	4,145	3,399	645	4,044
Retail	18,695	41	18,736	19,808	68	19,876
Property	2,345	639	2,984	2,304	645	2,949
Other*	3,333	625	3,958	3,317	945	4,262
	117,421	2,185	119,606	118,608	2,403	121,011
Intergroup elimination			(2,185)			(2,403)
Revenue			117,421			118,608
Operating profit						
Energy			7,502			10,693
Building Services			266			217
Retail			1,174			1,533
Property			1,436			1,393
Other			508			622
			10,886			14,458
Revaluation of investment properties			1,020			6,055
Operating profit			11,906			20,513
Finance income			218			112
Finance costs			(1,523)			(1,540)
Profit from operations before taxation			10,601			19,085
Taxation			(2,135)			(2,794)
Profit from operations after taxation			8,466			16,291
Attributable to:						
Owners of the Company			8,326			16,155
Non-controlling interests			140			136
			8,466			16,291

*Other segment includes the divisions of Jersey Energy and Jendev as well as Jersey Deep Freeze Limited, the Group's sole subsidiary.

Materially, all the Group's operations are conducted within the Channel Islands. All transfers between divisions are on an arms-length basis.

Revaluation of investment properties is shown separately from Property operating profit as income.

Revenues disclosed by the business segments above are recognised both on a point in time and over time basis. The treatment of revenue recognition in accordance with IFRS 15 is detailed for each of these business segments in note 1 to these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

4 Operating expenses

	2022 £000	2021 £000
Distribution costs	14,481	12,363
Administration expenses	14,812	17,628
	29,293	29,991

5 Directors and employees

Detailed information in respect of Directors' shareholdings and emoluments, pensions and benefits is given in the Remuneration Committee Report. The number of persons (full time equivalents) employed by the Group (including non-Executive Directors) at 30 September was as follows:

	2022 Number	2021 Number
Energy	253	238
Other businesses	92	88
Trainees	18	21
	363	347

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	20,144	18,592
Social security costs	1,097	1,003
Pension (note 17)*	2,888	4,967
	24,129	24,562
Capitalised manpower costs**	(1,748)	(2,083)
	22,381	22,479

* The pension costs above relate to the defined benefit pension scheme. The contributions recognised as an expense relating to the defined contribution scheme are included within wages and salaries and amount to £0.7m (2021: £0.5m).

** Capitalised manpower costs are included in note 11 under categories 'Mains cables and services', 'Fixtures, fittings, vehicles' and 'Interlinks', etc.

6 Group operating profit

Operating profit is after charging/(crediting):

	2022 £000	2021 £000
Fees payable to Group auditor		
Auditor's remuneration for audit services	264	249
Auditor's remuneration for non-audit services	-	-
Other operating charges		
Depreciation of property, plant, equipment and right-of-use assets (note 11)	10,809	10,573
Amortisation of intangible assets	285	351
Maintenance and repairs	1,660	2,350
Marketing costs	685	726
Movement in expected credit losses	25	(110)
Administration costs	1,999	1,908

7 Taxation

	2022 £000	2021 £000
Current tax:		
Jersey Income Tax - ordinary activities	2,088	3,020
Total current tax	2,088	3,020
Deferred tax:		
Current year	47	(226)
Total tax on profit on ordinary activities	2,135	2,794

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of Jersey Income Tax to the profit before tax is as follows:

	2022 £000	2021 £000
Profit from ordinary activities before tax	10,601	19,085
Tax on profit on ordinary activities at standard income tax rate of 20% (2021: 20%)	2,120	3,817
Effects of:		
Expenses not deductible for tax purposes	42	17
Income not taxable for tax purposes	(339)	(1,328)
Non-qualifying depreciation	312	288
Group current tax charge for year	2,135	2,794

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

7 Taxation (continued)

Deferred Tax

The following outlines the major deferred tax assets/liabilities recognised by the Group and Company:

Group and Company	2022 £000	2021 £000
Accelerated capital allowances	26,280	25,973
Derivative financial instruments	559	(404)
Pensions	5,287	3,752
Provisions for deferred tax	32,126	29,321

Deferred tax movements in the year

Group and Company	2022 £000	2021 £000
At 1 October	29,321	27,209
Charged to profit and loss account	47	(226)
Charged to statement of comprehensive income	2,758	2,338
At 30 September	32,126	29,321

The Company is taxed solely in Jersey as it has no legal presence in any other jurisdiction. The applicable rate of income tax for utility companies in Jersey is 20%, whilst the applicable rate for companies in general, such as Jersey Deep Freeze Limited is 0%. There are no current indications, political or otherwise, that these rates are expected to change in the foreseeable future. The effective tax rate on pre-tax profits is 20% (2021: 21%) due to the manner in which capital allowances are applied in place of depreciation expenses which are included in the pre-tax profit figure. As the tax liability rests with the Government of Jersey, the right to offset assets and liabilities allows the balance sheet to show the net deferred tax liability position.

There is no tax impact on the Group arising from the proposed dividend shown in note 8.

8 Dividends paid and proposed

Equity:

	Per Share		In Total	
	2022 pence	2021 pence	2022 £000	2021 £000
Ordinary and 'A' Ordinary:				
Dividend paid				
final for previous year	10.20	9.70	3,125	2,972
interim for current year	7.60	7.20	2,328	2,206
	17.80	16.90	5,453	5,178
Dividend proposed final for current year	10.80	10.20	3,309	3,125

The proposed dividend is subject to approval at the forthcoming AGM and has not been included as liabilities in these financial statements. These dividends are shown net of 20% tax.

Dividends paid out to non-controlling interests in relation to Jersey Deep Freeze Limited are disclosed in note 19.

9 Earnings per Ordinary share

Earnings per Ordinary and 'A' Ordinary share (basic and diluted) of 27.17p (2021: 52.73p) are calculated on the Group profit, after taxation, of £8,326,000 (2021: £16,155,000), and on the 30,640,000 (2021: 30,640,000) Ordinary and 'A' Ordinary shares in issue during the financial year and at 30 September 2022. There are no share options in issue nor any changes to the employee share option scheme and therefore there is no difference between basic and diluted earnings per share.

10 Intangible assets

	Computer Software £000
Cost as at 1 October 2021	2,421
Additions	319
Disposals	-
At 30 September 2022	2,740

Amortisation

At 1 October 2021	1,488
Charge for the year	285
Disposals	-
At 30 September 2022	1,773
Net book value	
At 30 September 2022	967

	Computer Software £000
Cost as at 1 October 2020	1,818
Additions	805
Disposals	(202)
At 30 September 2021	2,421

Amortisation

At 1 October 2020	1,339
Charge for the year	351
Disposals	(202)
At 30 September 2021	1,488
Net book value	
At 30 September 2021	933

The above amortisation charges are included within operating expenses in the consolidated income statement.

The gross carrying amount of intangible assets at net book value of zero at 30 September 2022 was £1.3m. The average remaining useful life of intangible assets is 3 years.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

11 Property, plant, equipment, right-of-use assets and investment properties

	Freehold land and buildings £000	Leasehold buildings £000	Plant £000	Mains cables and services £000	Fixtures, fittings, vehicles etc. £000	Interlinks £000	Total £000	Right-of-use assets £000	Investment properties £000
Cost or valuation									
At 1 October 2021	37,166	17,373	115,789	101,639	22,987	98,182	393,136	3,326	27,810
Expenditure/lease additions	515	281	3,513	4,408	1,628	38	10,383	344	-
Revaluation	-	-	-	-	-	-	-	(60)	1,020
Reclassification	-	368	(368)	-	-	-	-	-	-
Disposals	(71)	-	-	-	(534)	-	(605)	-	-
At 30 September 2022	37,610	18,022	118,934	106,047	24,081	98,220	402,914	3,610	28,830
Depreciation									
At 1 October 2021	11,909	8,016	71,645	35,729	12,824	36,463	176,586	213	-
Charge for the year	777	405	2,953	1,496	1,949	3,112	10,692	117	-
Reclassification	-	41	(41)	-	-	-	-	-	-
Disposals	(71)	-	-	-	(528)	-	(599)	-	-
At 30 September 2022	12,615	8,462	74,557	37,225	14,245	39,575	186,679	330	-
Net book value at 30 September 2022	24,995	9,560	44,377	68,822	9,836	58,645	216,235	3,280	28,830

	Freehold land and buildings £000	Leasehold buildings £000	Plant £000	Mains cables and services £000	Fixtures, fittings, vehicles etc. £000	Interlinks £000	Total £000	Right-of-use assets £000	Investment properties £000
Cost or valuation									
At 1 October 2020	36,467	16,990	112,570	97,539	22,918	98,182	384,666	3,002	21,755
Expenditure/lease additions	699	383	3,219	4,100	680	-	9,081	324	-
Revaluation	-	-	-	-	-	-	-	-	6,055
Disposals	-	-	-	-	(611)	-	(611)	-	-
At 30 September 2021	37,166	17,373	115,789	101,639	22,987	98,182	393,136	3,326	27,810
Depreciation									
At 1 October 2020	11,188	7,650	68,885	34,302	11,355	33,350	166,730	103	-
Charge for the year	721	366	2,760	1,427	2,076	3,113	10,463	110	-
Disposals	-	-	-	-	(607)	-	(607)	-	-
At 30 September 2021	11,909	8,016	71,645	35,729	12,824	36,463	176,586	213	-
Net book value at 30 September 2021	25,257	9,357	44,144	65,910	10,163	61,719	216,550	3,113	27,810

11 Property, plant, equipment, right-of-use assets and investment properties (continued)

Investment properties

The B&Q lease is a fully-repairing lease with a 48 year term from May 2000 and a tenant-only break option, which in March 2021 deferred to May 2038. The Medical Centre lease is an internal repairing lease with a 30 year term from May 2005 and two remaining break options at 20 and 25 year anniversaries.

Commercial properties have been valued on the basis of a yield between 5.75% and 9.0% before deductions for acquisition costs. The Directors consider the assumptions and sensitivities in those assumptions would unlikely result in a material difference in valuation. If residential properties were valued 5% below or above the level assumed this would amount to a differential of £0.5m whilst the same variance for commercial properties would result in a movement in valuation of around £1.4m. The residential properties comprise 29 units which are let out on licences or leases with terms no greater than one year. The minimum lease payments receivable are detailed in note 21

- No depreciation is charged on freehold land. Depreciation is included in operating costs in the consolidated income statement.
- The investment properties were valued as at 30 September 2022 by independent professionally qualified valuers who hold a recognised relevant professional qualification and are based in Jersey so have knowledge of our location. At each financial year-end the finance department verifies major inputs to the independent valuation report, assesses property valuation movements when compared to the prior year valuation report and holds discussions with the independent valuer. Changes in Level 2 and 3 fair values are analysed at each reporting year end and movements are explained. In accordance with IAS40 investment properties are not depreciated.

The rental income arising from the properties during the year was £1,456k (2021: £1,449k) with maintenance and repair cost of £203k (2021: £161k). Under the terms of the lease arrangements with residential tenants, the Company is obliged to keep the rented premises in a good state of condition and repair. The Company is obliged to keep the Medical Centre wind and watertight and structurally sound, whilst no obligations exist to the Company with regards to the B&Q lease which is fully repairing.
- The Group figures are tabled together with fixtures, fittings and vehicles for our subsidiary of £51k (2021: £51k) at cost and a net book value of £8k (2021: £12k).
- The gross carrying amount of tangible assets still in use at net book value of zero at 30 September 2022 was £61.3m (2021: £60.8m).
- The Group leases land and buildings as part of its Energy business, classified as of right of use assets. In addition to the depreciation expense relating to right of use assets of £117k (2021: £110k), the finance costs included in the consolidated income statement arising from the lease liability was £134k (2021: £136k). The maturity analysis of lease liabilities is presented in note 16.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

12 Other investments

	2022 £000	2021 £000
Joint arrangement	5	5

Principal group investments

The Company has investments in the following subsidiary undertaking and joint arrangement which principally affected the profits or net assets of the Group.

	Country of incorporation or principal business address	Principal activity	Shareholding	% Holding	Financial Year End
Joint arrangement:					
Channel Islands Electricity Grid Limited	Jersey	Association with Guernsey Electricity Limited	5,000 Ordinary	50	30 November
Subsidiary undertaking:					
Jersey Deep Freeze Limited	Jersey	Sale and maintenance of refrigeration and catering equipment	51 Ordinary	51	30 September

Channel Islands Electricity Grid Limited (CIEG)

The joint arrangement between the Company and Guernsey Electricity Limited for the installation of a second interconnector system between France, Jersey and Guernsey required a control point through which the interconnector project manager could communicate and also, to be the customer which Électricité de France (EDF) would invoice for their energy sales. CIEG, a company jointly owned and managed on a 50/50 basis by the Company and Guernsey Electricity Limited, was established in July 1998 to deal with these aspects and also to manage the way in which the second interconnector would be operated. In May 2013, Jersey Electricity and Guernsey Electricity signed an agreement to share the cost and capacity of the Normandie 3 project. It also provided for cost and capacity sharing of the Normandie 1 project as a replacement of the original EDF1 interconnector between Jersey and France that failed in June 2012. The Company's interest in CIEG is accounted for as a joint arrangement under IFRS 11 'Joint arrangements' and included in these financial statements. CIEG has a reporting period end of 30 November based on the Company inception date. There was no activity during the current or prior years and CIEG continues to have no material assets.

Jersey Deep Freeze Limited

The Company owns 51% (2021: 51%) of the issued ordinary share capital of Jersey Deep Freeze Limited, a Jersey company whose principal business is the sale and maintenance of refrigeration equipment to commercial businesses.

The results are consolidated into these Group financial statements, as the Group is considered to exert control under IFRS 10. Jersey Deep Freeze Limited has a reporting period end of 30 September.

13 Inventories

The amounts attributed to the different categories are as follows:

	2022 £000	2021 £000
Fuel oil	1,887	2,019
Commercial stocks and work in progress	4,068	3,348
Generation, distribution spares and sundry	1,218	1,542
	7,173	6,909

During the year £15.1m (2021: £15.6m) was recognised directly in cost of sales in respect of inventories sold or used in operations or production.

14 Trade and other receivables

	2022 £000	2021 £000
Amounts receivable within one year:		
Trade receivables (includes unbilled units)	17,436	15,850
Prepayments and other receivables	2,498	2,150
	19,934	18,000
Amounts receivable after more than one year:		
Secured loan accounts	300	308

Unbilled revenues included within trade and other receivables in the balance sheet relating to such customers at 30 September 2022 amounted to £6.1m (2021: £5.6m).

The secured loans include a loan to a Director.

The fair value of trade and other receivables is considered by the Directors to be equivalent to its carrying value.

15 Trade and other payables

	2022 £000	2021 £000
Amounts falling due within one year:		
Trade payables	2,202	1,583
Other payables including taxation and social security	10,203	8,058
Accruals	8,132	8,218
Deferred income	506	514
	21,043	18,373
Amounts falling due after more than one year:		
Accruals	102	144
Deferred income	25,060	23,862
	25,162	24,006

The fair value of trade and other payables is considered by the Directors to be equivalent to its carrying value.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

16 Borrowings

The long-term funding via a private placement is in place with Pricoa Capital Group (an affiliate of Prudential Financial, Inc) and £30m of finance drawn on 17 July 2014. This consists of:

- £15m for 20 years at a fixed rate coupon of 4.41%
- £15m for 25 years at a fixed rate coupon of 4.52%

This facility includes externally imposed capital requirements. The financial covenants require a net debt to regulated asset value ratio to be calculated bi-annually not greater than 50% and an EBITDA to borrowings cost ratio not less than 4%, as defined in the loan agreement. The Group continues to meet these covenants.

	2022 £000	2021 £000
Unsecured borrowing at amortised cost		
Loan obtained from private placement	30,000	30,000

In addition the above borrowings are supplemented by an unsecured five year £10m revolving credit facility (RCF) from the Royal Bank of Scotland International Limited (RBSI) which provides flexibility as the timing of further planned capital expenditure is variable. This was renewed for a further five year period in July 2019.

This facility bears the same externally imposed capital requirements as detailed above. A one year £2m overdraft facility also exists with RBSI. Neither RBSI Facility was drawn at 30 September 2022.

The fair value of the loan obtained from private placement at 30 September 2022 is considered to be £25.9m (2021: £35.0m).

Lease liabilities

	2022 £000	2021 £000
At 1 October	3,107	2,944
Additions during the year	285	324
Unwind of discount	134	136
Repayment in the year	(206)	(297)
As at 30 September:		
– Current	69	72
– Non-current	3,251	3,035
	3,320	3,107

Right of use assets recognised under lease arrangements are detailed within note 11.

The maturity of future lease liabilities are as follows:

	2022 £000	2021 £000
Payable within one year	254	237
After one year but within five years	977	948
After five years	8,686	8,335
	9,917	9,520
Less: future finance charge	(6,597)	(6,413)
Present value of lease obligations	3,320	3,107

17 Pensions

Introduction

The Company sponsors a funded defined benefit pension plan for qualifying Jersey employee – the Jersey Electricity Pension Scheme. The Scheme is administered by a separate board of Trustees, which is legally separate from the Company. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy for the assets and the day-to-day administration of the benefits.

Under the Scheme, employees are entitled to annual pensions on retirement at age 65 of one-sixtieth or one-eightieth (depending on the category of membership) of the final pensionable salary for each year of service. Pensionable salary is defined as the best successive 12 months' salary in the past three years. Benefits are also payable on death and following other events such as withdrawing from active service. No other post-retirement benefits are provided to these employees.

Profile of the Scheme

The Defined Benefit Obligation (DBO) includes benefits for current employees, former employees and current pensioners. Broadly, about 47% of the DBO is attributable to current employees, 10% to deferred pensioners and 43% to current pensioners.

The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is around 15 years at 30 September 2022 reflecting the approximate split of the defined benefit obligation.

Funding requirements

The last funding valuation of the Scheme was carried out by a qualified actuary at 31 December 2021 and showed a surplus of £17.1m. The Company has agreed to pay contributions of 20.6% (26.6% for non-contributory members) of pensionable salaries in respect of current accrual, with contributory members paying a further 6% of pensionable salaries. The next funding valuation is due no later than 31 December 2024.

Risks associated with the scheme

The Scheme exposes the Company to some risks, the most significant of which are:

Asset volatility

The DBO is calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit.

The Scheme holds a significant proportion of growth assets (such as equities) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Scheme's DBO for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk

A portion of the Scheme's DBO is linked to inflation, and higher inflation leads to a higher DBO.

Most of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation may also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the DBO.

Risk management

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme by investing in assets which perform in line with the liabilities of the Scheme.

The Trustees insure certain benefits which are payable on death before retirement.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

17 Pensions (continued)

Reporting at 30 September 2022

The results of the latest funding valuation at 31 December 2021 have been adjusted to the new balance sheet date, taking account of experience over the period since 31 December 2021, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under IAS 19 are as follows:

Main financial assumptions

	Value at 30 September 2022 % p.a.	Value at 30 September 2021 % p.a.
Discount rate	5.2	2.1
Jersey RPI inflation	3.7	3.4
Pension increases in payment		
– Short term (year 1)	-	3.0*
– Long term (year 2 onwards)	-	-
Pension increases in payment for pensions purchased with AVCs	3.7	3.4
Salary increase:		
– Short term (year 1)	6.0	4.0
– Short term (year 2)	5.0	4.4
– Long term (year 3 onwards)	3.7	4.4

*The discretionary 3.0% pension increase was treated as a past service cost in 2020/21.

The financial assumptions reflect the nature and term of the Scheme's liabilities.

Main demographic assumptions

	Value at 30 September 2022	Value at 30 September 2021
Post-retirement mortality base table	SAPS "S3P" (All) tables for males and SAPS "S3P" (Mid) tables for females with 95% scaling	SAPS "S2" (All) tables for males and females with 90% scaling
Post-retirement mortality future improvements	CMI 2021 projections (A = 0.0%, Sk = 7.0) with long-term improvements of 1.25% p.a.	CMI 2018 projections (A = 0.0%, Sk = 7.0) with long-term improvements of 1.25% p.a.
Life expectancy for male currently aged 60	27.0	27.0
Life expectancy for female currently aged 60	29.0	29.1
Life expectancy at 60 for male currently aged 40	28.5	28.6
Life expectancy at 60 for female currently aged 40	30.5	30.7
Pre-retirement mortality	"AC00" tables for males and females with 100% scaling	"AC00" tables for males and females with 100% scaling
DB transfers	0% of deferred members are assumed to transfer out	0% of deferred members are assumed to transfer out
Age difference	A male member is assumed to be 3 years older than his wife/partner A female member is assumed to be 1 year younger than her husband/partner	A man is assumed to be 3 years older than his wife/partner
Proportion married	85% of males and 62.5% of females are assumed to be married at retirement or earlier death	80% of males and 70% of females are assumed to be married at retirement or earlier death
Cash commutation	Active and deferred members commute 20% of pension at a rate equivalent to 90% of the value of the member's pension	Active and deferred members commute 15% of pension at a rate equivalent to 90% of the value of the member's pension

The mortality assumptions are based on the recent actual mortality experience of Scheme members and allow for expected future improvements in mortality rates.

17 Pensions (continued)

Assets

The Scheme assets are invested in the following asset classes. All assets have a quoted market value in an active market.

	Value at 30 September 2022 £000	Value at 30 September 2021 £000
LDI/UK Gilts	14,915	54,245
Equities	38,925	41,261
Property Unit Trusts	-	-
Diversified Growth Funds	58,640	62,034
Other	-	-
Cash instruments	-	-
Cash and cash commitments	64	3,516
Total market value of assets	112,544	161,056

Reconciliation of funded status to balance sheet

	Value at 30 September 2022 £000	Value at 30 September 2021 £000
Fair value of Scheme assets	112,544	161,056
Present value of funded Defined Benefit Obligation	(86,110)	(142,295)
Funded status and asset recognised on the balance sheet	26,434	18,761
Related deferred tax liability	(5,287)	(3,752)
Net pension asset	21,147	15,009

Profit and loss and comprehensive income

	2022 £000	2021 £000
Operating cost		
Service costs:		
Current service cost	2,763	3,038
Past service cost	-	1,800
Settlement cost	-	-
Administration expenses	530	257
Financing cost		
Interest on net defined benefit liability / (assets)	(405)	(128)
Pension expense recognised in profit and loss	2,888	4,967
Remeasurements in OCI:		
Return on plan assets (in excess of) / below that recognised in net interest	47,459	(5,250)
Actuarial (gains) / losses due to changes in financial assumptions	(55,391)	(8,864)
Actuarial (gains) / losses due to changes in demographic assumptions	(375)	-
Actuarial (gains) / losses due to liability experience	(669)	(689)
Total amount recognised in OCI	(8,976)	(14,803)
Total amount recognised in profit and loss and OCI	(6,088)	(9,836)

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

17 Pensions (continued)

Changes in Defined Benefit Obligation over the year

	2022 £000	2021 £000
Opening defined benefit obligation	142,295	149,323
Current service cost	2,763	3,038
Interest expense on DBO	2,937	2,354
Contributions by scheme participants	450	465
Actuarial (gains)/losses on scheme liabilities arising from changes in financial assumptions	(55,391)	(8,864)
Actuarial (gains)/losses on scheme liabilities arising from changes in demographic assumptions	(375)	-
Actuarial (gains)/losses on scheme liabilities arising from experience	(669)	(689)
Net benefits paid out	(5,900)	(5,132)
Past service cost	-	1,800
Net increase in liabilities from disposals/acquisitions	-	-
Settlements	-	-
Closing defined benefit obligation	86,110	142,295

Changes to fair value of the Scheme assets during the year

	2022 £000	2021 £000
Opening fair value of Scheme assets	161,056	156,638
Interest income on Scheme assets	3,342	2,482
Remeasurement gains/(losses) on Scheme assets	(47,459)	5,250
Contributions by the employer	1,585	1,610
Contributions by scheme participants	450	465
Net benefits paid out	(5,900)	(5,132)
Administration costs incurred	(530)	(257)
Net increase in assets from disposals/acquisitions	-	-
Settlements	-	-
Closing fair value of Scheme assets	112,544	161,056

Actual return on scheme assets

	2022 £000	2021 £000
Interest income on Scheme assets	3,342	2,482
Remeasurement gain/(loss) on Scheme assets	(47,459)	5,250
Actual return on Scheme assets	(44,117)	7,732

Analysis of amounts recognised in OCI

	2022 £000	2021 £000
Total remeasurement gains/(losses)	8,976	14,803
Change in irrecoverable surplus, effect of limit in paragraph 64	-	-
Total gain/(loss)	8,976	14,803

17 Pensions (continued)

Discount rate sensitivity

To show the sensitivity of the results to the choice of discount rate, we have set out below the balance sheet and profit and loss impact of adopting a discount rate of 0.5% p.a. lower or higher than the current assumption.

Following a 0.5% p.a. decrease in the discount rate

	Change	New value
Pension expense for the following year	630	643
DBO at 30 September 2022	6,320	92,430

Following a 0.5% p.a. increase in the discount rate

	Change	New value
Pension expense for the following year	(601)	(588)
DBO at 30 September 2022	(5,673)	80,437

18 Share capital

	Authorised 2022 £000	Issued and fully paid 2022 £000	Authorised 2021 £000	Issued and fully paid 2021 £000
'A' Ordinary shares 5p each (2021: 5p each)	1,250	582	1,250	582
Ordinary shares 5p each (2021: 5p each)	1,500	950	1,500	950
	2,750	1,532	2,750	1,532
5% Cumulative participating preference shares £1 each	100	100	100	100
3.5% Cumulative non-participating preference shares £1 each	150	135	150	135
	250	235	250	235

Equity shares

'A' Ordinary shares entitle the holder to 1 vote for every 100 shares held whereas the Ordinary shares carry voting rights of 1 vote for every 20 shares held. At 30 September 2022 there were 11,640,000 'A' Ordinary and 19,000,000 Ordinary shares in issue.

Preference shares

Preference shares are classified as financial liabilities under IFRS. Dividends paid to preference shareholders in the year were £9,000 (2021: £9,000) and are recorded in finance costs in the consolidated income statement. 5% preference shares carry voting rights of 1 vote per 5 shares and 3.5% preference shares carry voting rights of 1 vote per 10 shares.

ESOP reserve

The Jersey Electricity Employee Benefit Trust was established on 24 May 2012 when the Company introduced a new employee share scheme for eligible employees of the Group based on a three year vesting period. As at 30 September 2022, 72,700 shares have been awarded to employees who met the three year vesting period requirements. The Trust currently holds 26,600 shares which will vest in August 2023. The shares have been purchased in instalments since the inception of the Trust at an average of £4.64 per share. The Trust was funded by way of an interest free loan and for accounting purposes is seen as an extension of the Group.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

19 Non-controlling interests

Equity	2022 £000	2021 £000
At 1 October	158	123
Share of profit on ordinary activities after taxation	140	136
Dividends paid	(154)	(101)
At 30 September	144	158

Non-controlling interests represent 49% (2021: 49%) ownership of the issued ordinary share capital of Jersey Deep Freeze Limited.

20 Financial commitments

	2022 £000	2021 £000
a Five year capital expenditure approved by the directors:		
Contracted	1,970	1,045
Not contracted*	92,062	80,525
	94,032	81,570

*Although this sum is approved it is still subject to formal business cases being reviewed in due course.

21 Leasing

Operating leases with tenants

The Group leases out all its investment properties and certain other freehold properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2022 £000	2021 £000
No later than 1 year	1,676	1,770
Later than 1 year and no later than 2 years	1,254	1,546
Later than 2 years and no later than 3 years	1,254	1,254
Later than 3 years and no later than 4 years	1,206	1,254
Later than 4 years and no later than 5 years	1,020	1,206
Later than 5 years	10,257	8,624
	16,667	15,654

22 Derivatives and financial instruments and their risk management

Categories of financial instruments

The carrying values of the financial assets and liabilities of the Group are as follows:

Financial assets	2022 £000	2021 £000
Fair value through other comprehensive income		
Derivative financial instruments	3,123	108
Amortised cost		
Secured loan accounts	300	308
Trade and other receivables (excluding prepayments)	17,436	16,750
Cash and cash equivalents	47,397	43,136
	65,133	60,194

Financial liabilities	2022 £000	2021 £000
Fair value through other comprehensive income		
Derivative financial instruments	330	2,130
Amortised cost		
Borrowings	30,000	30,000
Trade and other payables	12,405	9,641
Preference shares	235	235
	42,640	39,876

The primary financial risk faced by the Group is foreign exchange exposure as the largest single cost in the consolidated income statement is the importation of electricity from Europe that is denominated in Euros.

The Group's currency exposure at 30 September 2022, taking into account the effect of forward contracts placed to manage such exposures, was £2.4m (2021: £2.3m) being the translated Euro liability due for imports made in September but payable in October.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy. This hierarchy is based on the underlying assumptions used to determine the fair value measurement as a whole and is categorised as follows:

Level 1 financial instruments are those with values that are immediately comparable to quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 financial instruments are those with values that are determined using valuation techniques for which the basic assumptions used to calculate fair value are directly or indirectly observable (such as to readily available market prices); and

Level 3 financial instruments are shown at values that are determined by assumptions that are not based on observable market data (unobservable inputs).

The derivative contracts for foreign currency shown above are classified as level 2 financial instruments and are valued using a discounted cash flow valuation technique. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

22 Derivatives and financial instruments and their risk management (continued)

Foreign exchange risk

The Group utilises currency derivatives to hedge the payment of a proportion of its future purchases of power from France which currently extend to the next three calendar years.

Due to the nature of the Euro denominated purchases being largely underpinned by contracted amounts the Group has accurate expectations of the values and timings of future liabilities, reducing the risk of exposure to hedge ineffectiveness which could only arise if units imported were to vary by more than 20% from established patterns.

Foreign exchange hedging instruments are contracted to mature as the liabilities fall due and so minimise any timing or other uncertainties of future cash flows.

Currency derivatives

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts that the Group has committed are as below:

Forward foreign exchange contracts	2022 £000	2021 £000
Less than one year - operational expenditure	33,855	35,406
Greater than one year and less than three years	48,804	49,850
	82,659	85,256

At 30 September 2022, the fair value of the Group's currency derivatives is estimated to be a net asset of approximately £2.8m over the next three years (2021: £2.0m liability). The fair value of currency derivatives that are designated and effective as cash flow hedges amount to an asset of £2.8m (2021: £2.0m liability) and these amounts have been deferred in equity. Given the limited exposure to foreign exchange rate risk at the year end no sensitivity analysis has been presented.

The fair value of currency derivatives that are designated and ineffective as cash flow hedges amount to £nil (2021: £nil). In the current period amounts of £4.8m were debited (2021: £3.1m debit) to equity and £4.8m credit (2021: £3.1m credit) recycled to the consolidated income statement. Gains and losses on the derivatives are recycled through the consolidated income statement at the time the purchase of power is recognised.

Fair value of currency hedges	2022 £000	2021 £000
Derivative assets		
Less than one year	483	-
Greater than one year	2,640	108
Derivative liabilities		
Less than one year	(330)	(1,256)
Greater than one year	-	(874)
Total net (liabilities)/assets	2,793	(2,022)

	2022 £000	2021 £000
Net (liabilities)/assets at 1 October	(2,022)	1,094
Gross movement through consolidated statement of comprehensive income	4,815	(3,116)
Net assets/(liabilities) at 30 September	2,793	(2,022)

Commodity risk

Power purchases

The Group has power purchase agreements with EDF in France. As at 30 September 2022, the import prices, but not volumes, have been substantially fixed for 2023. The Group entered into a 10 year framework agreement with EDF on 1 January 2013 which has a commitment to procure around 35% of expected volume requirements at known prices. During 2017 this agreement was extended a further 5 years to 2027. The remainder of the requirement will be decided by a market pricing mechanism, but with no volume commitment, with a goal to deliver a degree of stability in tariff pricing to our customers.

The Company has the ability to generate power as an alternative to importation if this was viewed to be commercially and environmentally acceptable.

22 Derivatives and financial instruments and their risk management (continued)

Credit risk

The Group's principal financial assets are cash and cash equivalents, short-term investments and trade and other receivables. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the consolidated balance sheet are net of allowances for expected credit losses which are set out below. The trade and other receivables at 30 September 2022 outside agreed credit terms are as follows:

	2022 £000	2021 £000
Less than 30 days	1,194	1,736
Greater than 30 days	304	585
Greater than 60 days	156	181
Greater than 90 days	366	403
	2,020	2,905

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group monitors its credit exposure to its counterparties via their credit ratings and through its treasury policy, thereby limiting its exposure to any one party to ensure that they are within Board approved limits and that there are no significant concentrations of credit risk.

For trading related receivables, the credit worthiness and financial strength of customers is assessed at inception and on an ongoing basis. Payment terms are set in accordance with industry standards. The Group will enhance credit protection, when appropriate, taking into consideration the Group's exposure to the customer, by requesting securities such as deposits, moving customers to pay as you go meters to manage credit risk and implementing payment plans for customers in arrears.

The Group has no other significant concentration of credit risk. Exposure is spread over a large number of counterparties and customers with a maximum credit exposure of £26.6m (2021: £36.1m).

Expected credit losses provision

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which assesses if a material expectation exists for lifetime expected loss allowances against all trade receivables based on historical realised write-downs. Where specific customers are viewed to be at risk of default due to known or expected economic circumstances, their receivable balances at the balance sheet date are provided for in full.

An explanation of the Group's assessment for calculating expected credit losses and balance write-offs is detailed in note 1.

An expected credit losses provision is recorded against assets which are past due but for which no individual provision is made. This is calculated based on historical experience of levels of recovery.

Movements in the expected credit losses were as follows:	2022 £000	2021 £000
At 1 October	303	476
Charge for expected credit losses - included within operating costs	25	43
Amounts written back	(25)	(216)
At 30 September	303	303

Ageing of impaired receivables is as follows:	2022 £000	2021 £000
0 - 30 days	9	72
31 - 60 days	28	12
61 - 90 days	16	7
Greater than 90 days	250	212
	303	303

Notes to the Consolidated Financial Statements

for the year ended 30 September 2022

22 Derivatives and financial instruments and their risk management (continued)**Capital management**

Strong capital management is an integral part of the Directors' strategy to achieve the Group's stated objectives. The capital managed by the Group consists of borrowings, cash and cash equivalents and equity of the Group. The Directors review financial capital KPI's on a monthly basis. The £30m private placement drawn down in July 2014 provides long-term funding to the Group supplemented by a five year £10m revolving credit facility. Liquid funds are managed on a daily basis and placed on short-term deposits maturing to meet liabilities when they fall due. The Group is subject to externally imposed capital requirements in respect of the borrowing facilities detailed in note 16. The Group has complied with these requirements throughout the year.

Liquidity risk

The Group maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cashflows are appropriately balanced and all financial obligations are met when due.

Maturity of financial liabilities at 30 September	2022 £000	2021 £000
Less than one year	22,782	21,041
More than one year and less than five years	34,007	33,508
More than five years	44,106	45,446
	100,895	99,995

Financial liabilities shown above include interest payments due on the £30m private placement.

Borrowing facilities

The Group had undrawn borrowing facilities at 30 September 2022 of £12.0m (2021: £12.0m) in respect of which all conditions precedent had been met. The overdraft facility of £2.0m is annually renewable, and the Revolving Credit Facility was renewed in July 2019 for a further five years.

Maturity of financial assets and liabilities

The financial assets of the Group comprise deposits placed with banks which all expire in less than one year. The maturity profile of the Group's financial assets and liabilities at 30 September was as follows:

Maturity of financial assets at 30 September	2022 £000	2021 £000
Less than 3 months: cash and cash equivalents and short-term investments	7,397	27,136
Greater than 3 months: short-term investments	40,000	16,000

Interest rate risk

Interest rate exposure on the £30m of private placements borrowing is managed by having fixed coupons.

23 Ultimate controlling party and related party transactions

The Government of Jersey (the "Government") treats the Company as a strategic investment. Whilst it holds the majority voting rights in the Company the Government does not view the Company as being under its control and as such, it is not consolidated within the Government accounts. The Government is understood by the Directors to have significant influence but not control of the Company. The Company has elected to take advantage of the disclosure exemptions available in IAS 24, paragraphs 25 and 26. All transactions are undertaken on an arms-length basis in the course of ordinary business.

Energy from Waste Plant

An Energy from Waste plant was commissioned in Jersey during 2011. Jersey Electricity signed a 25 year agreement in 2008 to purchase electricity produced at the plant by the Government and to share existing facilities with the Energy from Waste plant. This gives rise to the most significant value transactions with the Government during the year with the value of electricity purchased from the facility during the year being £2.2m (2021: £1.2m) whilst the value of services provided to the plant was £0.4m (2021: £0.4m).

Remuneration of key management personnel

The remuneration of key management personnel of the Group (which is defined as the Executive and non-Executive Directors) is set out below.

	2022 £000	2021 £000
Short-term employee benefits	739	717
Post-employment benefits	102	170
Non-Executive Director's benefits	177	194
	1,018	1,081

Phil Austin, who is a non-Executive Director, is also a Board member of Ravenscroft Cash Management Ltd which provides treasury services to Jersey Electricity plc. Such services are provided on normal contractual terms, similar to their other clients.

Five Year Group Summary (unaudited)

Financial Statements	2022	2021	2020	2019	2018
Income Statement (£m)					
Turnover	117.4	118.6	111.7	110.7	105.9
Operating profit	11.9	20.5	16.2	16.1	16.7
Profit before tax	10.6	19.1	14.8	14.8	15.3
Profit after tax	8.5	16.3	11.7	11.9	12.2
Dividends paid (£m)	5.5	5.2	4.9	4.7	4.4
Balance Sheets (£m)					
Property, plant and equipment	216.2	216.6	217.9	217.0	215.2
Net current assets/(liabilities)	51.5	45.3	37.1	27.9	22.5
Non-current liabilities	(90.8)	(87.5)	(83.0)	(79.2)	(76.4)
Net assets	239.4	225.4	205.0	198.6	187.8
Financial Ratios and Statistics					
Earnings per ordinary share (pence)	27.2	52.7	37.9	38.4	39.5
Gross dividend paid per ordinary share (pence)	21.8	21.1	20.1	19.1	18.1
Net dividend paid per ordinary share (pence)	17.4	16.9	16.1	15.3	14.5
Dividend cover (times)	1.6	3.1	2.4	2.5	2.7
Cash at bank/(net debt) (£m)	17.4	13.1	5.5	(5.1)	(14.3)
Capital expenditure (£m)	10.4	9.9	12.0	13.3	14.3
Electricity Statistics					
Units sold (m)	613	639	619	627	634
% movement	-4.3%	3.3%	-1.2%	-1.1%	2.1%
% of units imported	95.3%	95.2%	94.7%	94.1%	94.9%
% of units generated	0.3%	0.4%	0.2%	0.3%	0.2%
% of units from Energy from Waste	4.4%	4.4%	5.1%	5.6%	4.9%
Maximum demand (megawatts)	145	170	141	150	178
Number of customers	52,473	51,912	51,522	51,103	50,561
Customer minutes lost	5	5	5	6	6
Average price per kilowatt hour sold (pence)	14.5p	13.9p	13.6p	13.3p	12.9p
Manpower Statistics (full time equivalents)					
Energy	253	238	199	188	186
Other	92	88	97	94	102
Trainees	18	21	9	11	14
Total	363	347	305	293	302
Units sold per energy employee (000's)	2,422	2,686	3,112	3,336	3,411
Number of customers per energy employee	207	218	259	272	272

Financial Calendar

3 January 2023	Preference share dividend
17 February 2023	Record date for final dividend
8 March 2023	Annual General Meeting
23 March 2023	Final dividend for year ended 30 September 2022
17 May 2023	Interim Management Statement – six months to 31 March 2023
2 June 2023	Record date for interim ordinary dividend
20 June 2023	Interim dividend for year ending 30 September 2023
3 July 2023	Preference share dividend
20 December 2023	Announcement of full year results

Annual General Meeting

The Annual General Meeting will be held at the Powerhouse, Queens Road, St. Helier, Jersey on Wednesday 8 March 2023 at 2:00pm. Details of the resolutions to be proposed are contained in the Notice convening the Meeting.

Press releases and up-to-date information on the Company can be found on the Company's website (www.jec.co.uk).



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