FOR THE 12-MONTH PERIOD
TO 31 DECEMBER 2025

GUERNSEY ELECTRICITY LIMITED

Annual report

and financial statements

31 December 2025

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Directors, officers and professional advisers

Directors:
J Critchlow
(Non-Executive Chair)
appointed 12 August 2025

P Shaefer
(Non-Executive Chair)
retired 12 August 2025

A Bates
(Chief Executive Officer)

K Brouard
(Chief Financial Officer)

M Jones
(Chief Operations Officer)

T Songini
(Non-Executive)

J Peacegood
(Non-Executive)

N G Paterson-Jones
(Non-Executive)

J Bellinger
(Non-Executive)

J Coleman
(Non-Executive)

Secretary:
J Hewitt

Bankers:
Barclays Bank Plc
PO Box 41
Le Marchant House
St Peter Port
Guernsey
GY1 3BE

The Royal Bank of Scotland
International Limited
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4BQ

HSBC Bank Plc
Arnold House
St Julian's Avenue
St Peter Port
Guernsey
GY1 3NF

Legal advisers:
Carey Olsen (Guernsey) LLP
PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey
GY1 4BZ

Independent auditor:
Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 4AF

Registered office:
PO Box 4
Electricity House
Northside
Vale
Guernsey
GY1 3AD

Company number:
38692

Board members

Julian Critchlow

Independent Non-Executive Chair

Having joined the Board in February 2025, Julian took the role of Chair with the retirement of Peter Shaefer on 12 August 2025. He is also a member of the Remuneration & Nomination and the Land and Property Sub-Committee's. Julian has had a long career in the energy sector with a deep understanding of the energy transition, including strategy, policy, regulation, government and stakeholder engagement. Most recently, Julian was the Director General, Energy Transformation and Clean Growth at the UK government Department of Business, Energy & Industrial Strategy. He was responsible for cross government action to deliver net zero domestically and internationally, delivering innovative programmes such as EV charging infrastructure, Heat & Building Strategy, Industrial Decarbonisation and the development of Carbon Capture and Storage (CCS) and Hydrogen. Prior to that, Julian led the global Utilities & Alternative Energy practice of the management consultants, Bain & Company. Alongside his role at Guernsey Electricity, Julian is currently an Advisory Partner with Bain & Company, working with clients globally to navigate the Energy and Carbon Transition. He is also a non-executive director of Nyobolt, a Cambridge based technology company pioneering fast charging energy storage systems and Chair of the Advisory Board for Cambridge University Centre for Better Futures.

Tania Songini

Independent Non-Executive Director

Tania joined the Board of Guernsey Electricity in September 2020. Tania is a Non-Executive Director with a key interest in renewables and sustainable energy technologies. Prior to this Tania worked for the German multinational, Siemens, for most of her career across Germany and the UK, most notably as Finance Director across the Energy, Healthcare and Logistics sectors for 15 years. Tania assists the Board in preparing for the energy transition, considering the right mix of technological options for future energy systems and the role the company can play in achieving a lower carbon future for Guernsey. Tania is Chair of the Remuneration & Nominations Sub-Committee.

Amongst her appointments Tania sits on the Board of Thrive Renewables (a renewable energy developer and operator), is a member of the UK Energy Systems Catapult (an organisation driving innovation and decarbonisation across the UK's energy system), the National Wealth Fund (formerly UK Infrastructure Bank) and Crisis Action (working with individuals and organisations from global civil society to protect civilians from armed conflict).

Joanne Peacegood

Independent Non-Executive Director

Jo joined the Board in 2021 and became the Senior Independent Director and Deputy Chair during 2024. Jo is an independent Non-Executive Director and currently sits on Boards of Listed and Private Entities predominantly in the Asset Management sector. Prior to becoming a Non-Executive Director, Jo worked with PwC for 20 years across the Channel Islands, UK and Canada holding various leadership roles including Audit & Assurance Director, Risk & Quality Director and Innovation & Technology Director. With her audit and risk background, Jo is Chair of the company's Audit & Risk Sub-Committee and provides expertise and challenge to the processes of the company. Throughout her career Jo has been responsible for various areas of performance management, training and mentoring and has a keen interest and concern in people related queries and issues. Although not a member of the Remuneration & Nominations Sub-Committee, Jo attends as many meetings as possible to share views and ideas. Jo is a Chartered Accountant, has the IoD Diploma and is Chair of Guernsey International Business Association.

Justin Bellinger

Independent Non-Executive Director

Justin joined the Board alongside Gregor on 21 May 2024. Justin was previously CEO of Sure Guernsey and was responsible for the £37.5m programme delivering fibre to all Guernsey premises, developing the business case, securing Government funding and building the team to deliver the major project. Justin started his career as an electronics engineer before becoming Commercial Director at Cable & Wireless and then Chief Digital Officer at Sure. His skills in the areas of customer and technology are ideally placed to assist Guernsey Electricity Limited (GEL) in embracing the energy transition, leveraging new technologies and enhancing our customer offering. Justin has a masters degree in Management through McGill University, Montreal, and holds a number of industry certifications in digital transformation. Justin is a member of the Remuneration & Nomination Sub-Committee.

Joanna Coleman

Independent Non-Executive Director

Noel Gregor Paterson-Jones

Independent Non-Executive Director

Joanna joined the Board on 19 June 2024 as Non-Executive Director and is a member of the Audit & Risk Sub-Committee.

Joanna has a long career in the energy industry initially working in the oil and gas sectors internationally in roles spanning oil and gas field development, national energy planning, economics, and business development. More recently she has focused on energy transition strategy and driving decarbonisation across all sectors of the economy, working with both private and public sectors. This deep knowledge of the energy transition was specifically gained from her time heading strategy and system modelling at the Energy Technologies Institute and Energy Systems Catapult (looking at the energy transition from a whole energy system, customer centric point of view). Joanna also has a good knowledge of the various market structures and mechanisms required to drive investment, and in her final executive role led Energy Transition for Shell UK, working across Shell's wind, solar, hydrogen, energy trading, energy retail, EV charging, storage and biofuels businesses to facilitate growth. Joanna sits on a number of energy related boards, chairs a scrutiny panel for a large GB Distribution Network Operator, focussed on enabling a more flexible low carbon energy system for customers, and was a 2030 Clean Power Advisory Commissioner, Department for Energy Security and Net Zero (DESNZ).

Gregor joined the Board on 21 May 2024 and is a member of the Audit & Risk Sub-Committee.

Gregor has a long career in financing renewable energy investment that ideally fits with GEL's future requirements in the delivery of the Electricity Strategy. Gregor was previously interim CEO of the Maldives Development Bank, and before that Chief Investment Officer at the National Infrastructure Fund within the Kingdom of Saudi Arabia, which invests in infrastructure projects across water, transportation, energy, digital and health sectors. He is currently technical advisor to the CEO of the Real Estate development Fund of KSA, advisor to the President of Afrexim and advisor to the PMA, as well as the Chairman of the South East Asian Clean Energy Facility Investment Committee (IC) and IC member for Imfraimpact Asset Management SSA. Amongst other IC roles, Gregor was previously a member of the IC of the European Fund for Strategic Investment at the European Investment Bank, Managing Director of the UK Green Investment Bank and CEO of Sterling Waterford Securities in South Africa after a career at Deloitte Consulting.

Board members *continued*

Alan Bates

Chief Executive Officer (CEO)

Alan joined the Board in 2010 as Managing Director and then became Chief Executive Officer in 2015, previously having been Managing Director of Manx Gas in the Isle of Man. Alan commenced his career with P&O Cruises as an Engineering Officer followed by 19 years in the oil and gas industry working for Mobil Oil, BP Oil and the International Energy Group. As CEO, Alan is responsible for leading the development and execution of the company's long-term strategy with a view to creating shareholder value. Alan's role uniquely balances the executive management of the company together with the political interaction required from a State-owned entity. Relationships with stakeholders are key to the company's success and at Board level Alan has a pivotal role both in terms of engaging and educating the parties involved and ensuring the interests of GEL have been represented. Alan is a member of the Land & Property Sub-Committee and is invited to attend all Audit & Risk and Remuneration & Nominations Sub-Committee meetings to inform on these matters.

Alan has a degree in Electro-Mechanical Power Engineering and an MBA in Executive Leadership. He is a Chartered Electrical Engineer (MIET), a Chartered Mechanical Engineer (FIMechE), has qualifications in risk and safety management (IIRSM) and is also a member of the Institute of Asset Management (IAM). He is a Director of Channel Islands Electricity Grid (CIEG), FGEN Foresight Environmental Infrastructure Limited, Alderney Electricity and a Board Adviser to Guernsey Water.

Matthew Jones

Chief Operations Officer (COO)

Matt joined the company in May 2023 and joined the Board in September 2023. He brings 30 years' senior leadership experience across a range of key operational sectors including environmental, corporate services, healthcare and public/private partnerships within both Guernsey and the UK.

As COO, Matt oversees the effective delivery of all aspects of GEL's core operational activity including Engineering & Design, Generation and Distribution services. Additionally, he is responsible for the Customer Experience team, together with the effective provision of business support teams including HR and IT across GEL. Matt is a Director of the CIEG and a member of its Pricing Committee.

He holds an MBA from Manchester Alliance Business School in addition to BSc (Hons) and MSc (Eng) degrees. With considerable experience of managing often complex change programmes including the delivery of business-wide technology and a range of built assets, Matt and his teams directly support the effective progression of both the energy transition and the island's Electricity Strategy.

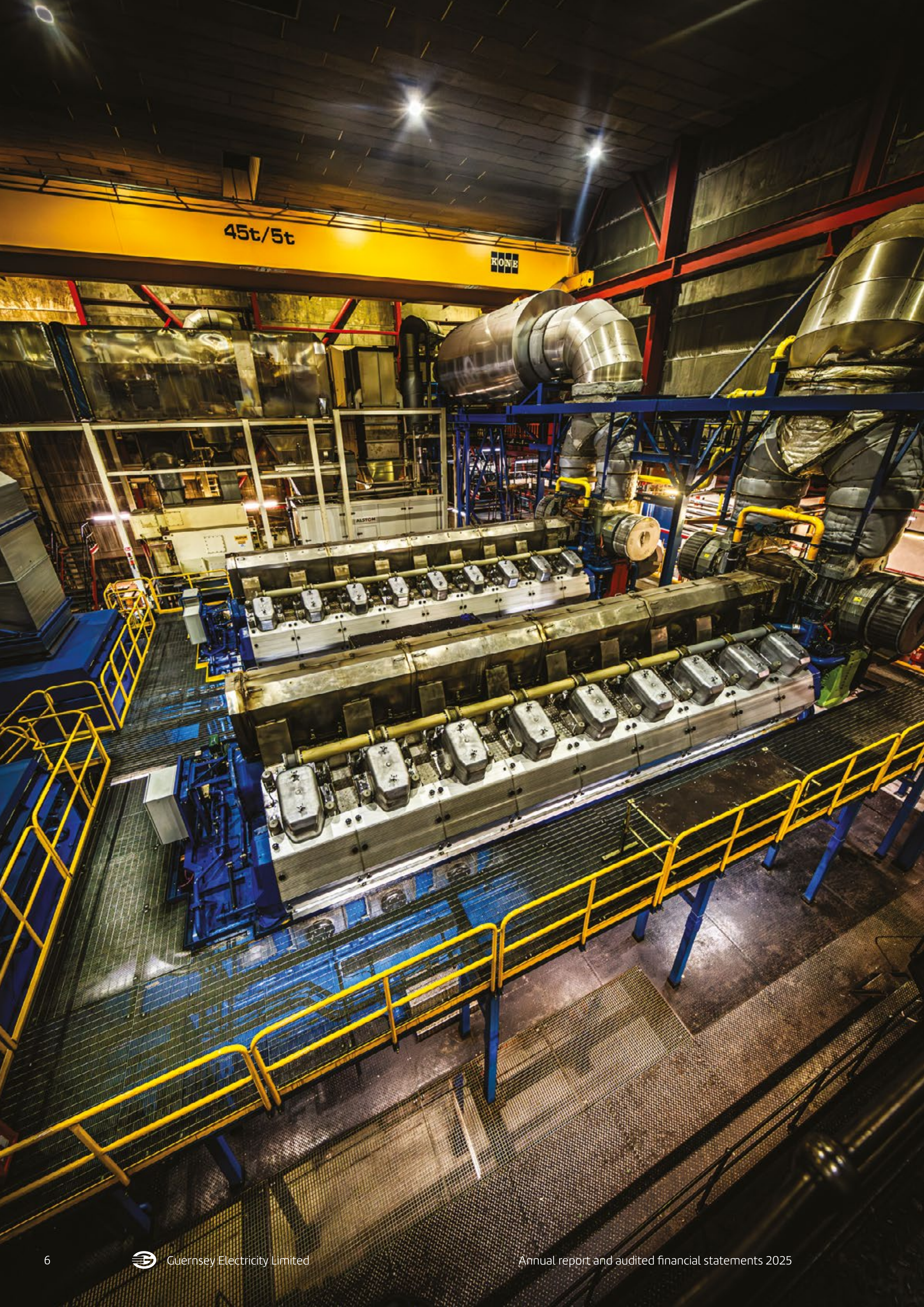
Matt is a member of the GEL Land & Property Sub-Committee and outside of the company, has served as a professional advisor as a member of the Guernsey Waste Board (within the STSB group) since 2016.

Karl Brouard

Chief Financial Officer (CFO)

Karl joined the Board in September 2021 after a long career with the company which began in engineering. Karl joined the company as an apprentice electrical fitter and then qualified as a Chartered Electrical Engineer before leaving the company to pursue a career in accountancy. After further qualification as a Chartered Accountant Karl took the opportunity to return to the company where he led the finance function together with having responsibility for regulatory management, before ultimately being appointed to the Board. Karl brings a unique combination of skills to the Board with his understanding of engineering challenges faced, together with the financial constraints. This ability to cut across complex financial and operational business functions adds great value to Board decision making and aids the improvement of outcomes. As CFO Karl oversees the Finance, Procurement, Business Intelligence and Risk Management functions of the company. Karl is Chair of the Board's Land & Property Sub-Committee and is invited to attend all Audit & Risk Sub-Committee meetings.

Karl is also a Director of the CIEG.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2025 snapshot

NUMBER OF CUSTOMERS

29,923

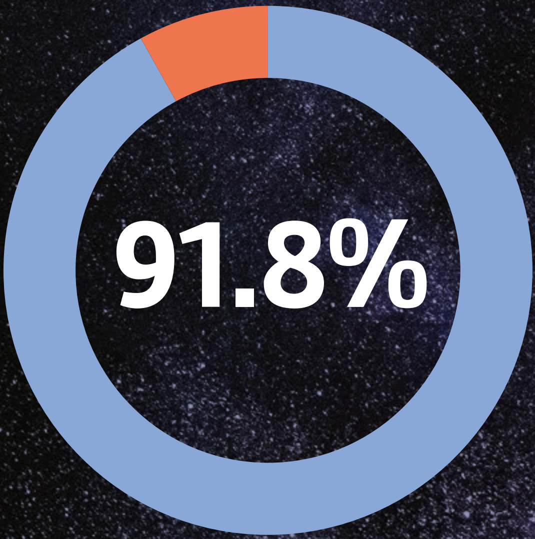
UNIT SALES OF ELECTRICITY (BILLED)

346,970 MWh

CARBON INTENSITY OF DISTRIBUTED ELECTRICITY

78gCO_2/kWh

PROPORTION OF UNITS IMPORTED



CUSTOMER MINUTES LOST

27.49

CAPITAL INVESTMENT

£10.1m

NUMBER OF EMPLOYEES (TOTAL FTEs)

244.4

ELECTRICITY SUPPLY AVAILABILITY

99.995%

Chair's statement

On behalf of the Board, I am pleased to present this Annual Report for GEL for the year ended 31 December 2025.

I would like to start by recording the Board's sincere thanks to Peter Shaefer, who retired as Chair at this year's AGM. Peter's tenure was defined by two achievements of lasting significance: the near-unanimous approval by the States Assembly of the Electricity Strategy for Guernsey; and the establishment of the STSB tariff arrangements that put GEL on a firm financial footing following a decade where GEL were unable to increase tariffs, enabling the investment our customers need while ensuring any tariff change is clearly linked to the benefits it delivers for them. The company is better positioned for his leadership.

I am honoured to succeed Peter as Chair. I bring to this role a career spent in the energy sector and in government, working on the energy transition — experience I hope gives me a practical understanding of the journey ahead and the opportunities it presents for Guernsey. I am grateful to the Board and to the shareholder for the trust they have placed in me, and I am committed to building on the strong foundations Peter has laid.

This year GEL marks its 125th anniversary. Since 1900 the mission has been consistent: to deliver reliable, affordable electricity for the people and economy of Guernsey. That mission is becoming ever more important as electricity displaces other energy sources across daily life. The next 25 years will see more change than the previous 125 — and the decisions we take now on interconnection, investment and tariff reform will define the island's energy future for a generation.

Over the coming decade it will power our vehicles, replacing petrol and diesel, and heat our homes, replacing heating oil and LPG. Electric alternatives are more energy efficient: a heat pump delivers three to four units of warmth for every unit of electricity; an electric vehicle travels considerably further per pound than its petrol equivalent. The volatility in global energy markets that we have seen in recent years — driving up the cost of oil, petrol and gas — makes this shift more urgent, not less. Every litre of petrol and every tonne of fuel oil imported into Guernsey has its price set elsewhere.

Electricity, sourced increasingly from low-carbon European grids, is the island's route to greater energy independence and a more stable cost of living. GEL's role has never been more pivotal.

We have recently conducted our most extensive customer research in a generation and it confirmed three priorities that guide everything we do: keeping energy costs as low as possible, maintaining a secure and reliable supply, and supporting the island's decarbonisation. Each shapes our delivery agenda for the year ahead.

With the Electricity Strategy now in place, the focus is on delivery in three key areas.

The first is securing the right interconnection. A second cable to France is the foundation of secure, affordable, low-carbon electricity for the next generation. We are working at pace on the most feasible and economical route, with a business case to be brought to the States in 2026.

The second is funding investment in a way that keeps bills manageable. Our analysis shows the preferred pathway — the right environmental choice — is also the most cost-effective option over the long term, with average increases tracking below inflation. Getting the funding structure right, with the STSB and the States, is a priority.

The third is giving customers the tools to manage their own costs. My experience of the UK smart metering programme has shown that customers seek out smart meters when they help them cut their bills by providing real-time visibility and access to off-peak tariffs. As more of a household's energy spend moves from the petrol forecourt and the heating oil or LPG tank to the electricity bill, that ability to manage it becomes all the more important. The rollout of next-generation meters — including remote top-up for prepayment customers — is designed with this in mind.

Not every customer is equally placed to manage this transition. GEL works closely with charities and island organisations supporting the most vulnerable to ensure costs remain as manageable as possible. This remains a firm Board priority.

I am fortunate to work alongside Alan Bates, our Chief Executive, Karl Brouard, our Chief Financial Officer, and Matt Jones, our Chief Operations Officer — a leadership team of genuine depth and experience. What has struck me most since joining GEL is something harder to measure: the passion at every level of the business for doing the right thing for customers and for the island. That commitment is GEL's greatest asset.

Looking ahead, electricity's role in Guernsey life will only grow — powering transport, heating homes and underpinning the island's economy. Our commitment is to make that transition as affordable as possible, keeping customers' overall cost of living as low as we can as we secure the cleanest electricity possible. 125 years of consistent purpose is the foundation. The next chapter is the most important yet.

Julian R. Critchlow

Julian Critchlow
Chair

Chief Executive Officer's report

The first 125 years

When the first units of experimental electricity were supplied via a distribution system in Guernsey on Tuesday 20th February 1900, to some eight commercial premises and half a dozen private residences mainly for the purposes of lighting, I am sure the company at the time had no perception of how integral and essential electricity would become to daily life in the future. The provision of a reliable and affordable electricity supply today underpins so many aspects of our modern-day lives.

Whilst February 1900 wasn't the first time electricity had been used on the island, it was the first time it had been generated for distribution through a network installed in the public highways, under a new Electricity Concession Law for Guernsey.

It was a completely different era with the power station, then in Les Amballes, being supplied by coal which generated steam to drive an engine and dynamo to produce direct current (dc) electricity. The network was a few cables utilised to provide power principally for lighting. The island's maximum demand in 1900 was 41kW compared to today's maximum of 94,000kW.

Two factors raised during those very early years of electricity production are still relevant today. The first is that the original concession law for the supply of electricity provided for a maximum demand indicator to be used to calculate the tariff. This recognised that an electricity bill needed to reflect more than just the units consumed and this is an important factor that will again need to be considered in future tariff design.

Secondly, the early adoption of electricity created a need to manage the balance between when the electricity was produced to when it was needed and when it was used by customers. Back in 1900, the power station only ran for two to three days a week, and batteries were the solution to store electricity for when it was required during the rest of the week by the customers.

Today, grid scale batteries are once again going to become part of the supply and demand solution as we start to see renewable generation creating surplus and deficit scenarios in the production and use of electricity.

A lot has changed in the first 125 years but despite this, there are important lessons from the first 125 years that should be considered as the business goes through a period of significant change associated with the energy transition and delivering the Electricity Strategy for the island.

Delivering the Electricity Strategy for Guernsey

The last annual report set out how GEL had internalised the States of Guernsey Electricity Strategy for Guernsey into its own strategic vision and plan. GEL continues to work with the general policy direction given within the strategy to explore the optimum delivery options for the preferred pathway.

What remains key to this optimum delivery is further interconnection which will provide additional low carbon electricity for decarbonisation but also security around this importation capacity. This is extremely important as concluding this underpins most of the other strategic investment priorities including the replacement of aging assets at the Vale Power Station. An early decision on further interconnection to the island is required to prevent potentially unnecessary investments to replace the on-island generation earlier than required for security of supply. For this reason, the decision on further interconnection investment is GEL's top strategic priority.

The focus for GEL in 2025 has therefore been finding a credible delivery mechanism for further interconnection and exploring the various options to fund not only this investment but all the future investments required to deliver the strategy.

In terms of funding, we have been clear that today's customers need to fund today's electricity, but they also shouldn't carry all the burden for future investments. Managing the funding through tariffs and debt is a fine balance and we are finally approaching a position whereby capital investment to fund the annual capital maintenance of the electricity supply system is funded though the earnings each year with the more material infrastructure investments being funded through taking on additional debt.

What is key and important now with regard to the funding is to ensure we set out a clear cost recovery pathway such that each customer pays their fair share of these costs to provide an electricity supply both today and tomorrow, and this will be a key focus for 2026. To achieve this there will need to be a significant reform of our tariffs, and these changes will need to be considered alongside the many other strategic and business priorities and objectives, aligned to the Electricity Strategy.

The 2025 operational and financial results illustrate the limits of what we have by way of assets and therefore further strengthens the case for our strategic investments going forward. Our strategic planning has reinforced the need for greater momentum to obtain further interconnection, which will deliver affordability and decarbonisation, alongside other future value enhancing opportunities for consumers.

Progress on Further Interconnection

As the first key investment decision, we have progressed at pace options for the routing of a new connection to Europe and also explored the various approaches to funding the additional connection.

The Electricity Strategy set out a preferred pathway direct to France but required all other options to be explored. The most credible alternative is a further connection through the existing CIEG. As reported last year, there have been two changes post Electricity Strategy that have influenced the decision on the interconnection route. Firstly, the oldest CIEG subsea cable, Normandie 2, is now planned for replacement before 2030, which will require a cable laying ship to be in the Channel Islands. This presents an opportunity to create cable manufacture and installation efficiencies if combined with a further connection to Guernsey. Secondly, the amount of power available from France through the existing grid has the potential to increase, which facilitates the possibility of greater capacity being available for Guernsey. These two factors have created a credible option for further interconnection through the CIEG, which is now being fully explored, with an alternative business case being developed. The business case for further interconnection will be presented to the States Trading Supervisory Board (STSB) in 2026 such that the funding requirements

Chief Executive Officer's report

continued

for such an investment can be taken forward to the States of Guernsey. Initial investment decisions on enabling activities such as route engineering and cable design will be made thereafter. The final investment decision, which will come after all the necessary permissions and consents have been obtained, is not expected until 2028, and will require certainty on the arrangements for funding this project.

Funding the Investment Pathway

The Electricity Strategy set out that public financing through state lending would deliver the optimum outcome for the customer in terms of tariffs, and we are modelling this as the preferred funding option. However, we are also mindful that full state borrowing may not be available and we may need to develop an approach that combines both State and commercial lending to fund the interconnection and subsequent on-island investments into the power station and network. There remains some risk regarding funding and gaining certainty on the financing is imperative to allow investment decisions to be made. We are working closely with government to progress this matter to gain the certainty required. We continue to use our long-term financial model to set out the alternative investment pathways to demonstrate how decisions around the funding options influence the level of debt servicing required and thus the impact this has on customers' tariffs.

What our financial modelling has clearly shown is that there is not a "do-nothing" option. This is because the majority of the current electricity supply infrastructure was built in the decades post-Second World War and now requires updating and replacement to meet our future needs. In fact, our model has shown that the "stay the same" option, maintaining one interconnector and a larger power station, is the most expensive option for customers over the 30-year modelled period. The model has allowed the most affordable option to be identified and all the investment levers and associated risks to be examined to reduce the cost to the customer.

Finding the most affordable option has been an important element to developing the recommendation on the future business investment pathway and the optimum funding approach.

We continue to look for pathways that keep average tariff increases as low as possible, ideally below the long-term inflation rate.

The modelling continues to demonstrate that over this longer term the preferred investment pathway delivers an average tariff increase that is below the inflation assumption in the model. This is a positive position for electricity customers, and GEL continues to explore how any near-term price impacts are managed by carefully balancing additional debt against tariff increases. However, it is not only about what costs need to be recovered, but also how tariffs fairly recover those costs and this is an area that needs to be reviewed and reformed.

Tariff Reform – recovering todays and future costs fairly

The way costs are recovered from customers has not changed for some time and the link between how the fixed and variable costs of our business are created – and how these costs should be recovered – has been eroded over time, evolving almost into a 'one size fits all' approach. This approach is not only seen in Guernsey but in most jurisdictions. However, it is now accepted that the way costs are recovered needs to change to create greater fairness to consumers. This has become necessary as the way electricity is generated and used is changing as part of the energy transition. The survey exercise undertaken in September also told us that most customers want to see the current recovery mechanism for fixed costs change due to perceived unfairness.

The historical recovery of most of GEL's costs through variable consumption charging does not reflect how those costs are created. For GEL about half of our costs are directly related to variable charges and are therefore directly linked to consumption of electricity by customers. But the remainder of the costs are created by fixed costs, such as the grid and security of supply, which are not necessarily linked to the variable consumption. Future investments in interconnection, batteries and back up generation as the island electrifies will further increase these fixed costs for the business.

These investment costs are generally driven by the maximum demand measured in megawatts (MW) rather than consumption measured in megawatt hours (MWh). Therefore, the fixed element of cost recovery needs to be directly linked to the electrical demand an individual customer puts on the network rather than just the actual consumption of electricity used by the customer and therefore needs to be recovered through a separate charge not related to consumption.

As well as recovering costs more fairly, tariff reform will create additional transparency on customer bills. The Electricity Strategy was clear that appropriate cost allocation was key in enabling costs to be understood by consumers. GEL and the STSB have launched a cost reflectivity workstream to link all these factors together with the aim that the output, when implemented through tariff change, will apportion the current fixed and variable costs more fairly. Whilst this workstream plans to have greater visibility in 2026 on the future changes required, the ability to facilitate the necessary changes will be linked to technology and asset advances. In addition, it is anticipated that any changes will be introduced over time to allow customers to make more informed choices about how they use electricity.

The Electricity Strategy was clear that appropriate cost allocation was key in enabling costs to be understood not only by electricity consumers but also new local renewable electricity generators.

Therefore, a further key part of the cost reflectivity workstream is the creation of a fair and level playing field for new market entrants.

The Role of Local Renewable Generation

Electricity Strategy highlights that local renewable generation will feature as part of the generation portfolio for Guernsey. In part it already does, with over 4MW of solar PV already installed.

However, the greater the penetration of intermittent renewable generation on the island, the greater the need to appropriately manage risks created by the impact that this intermittent generation will have on grid stability and the price and volume hedging for imported electricity.

Grid stability at the local level requires that there is a balance between supply and demand. When these become out of balance the grid can experience issues that affect customers. Where this is, or could become, an issue the use of energy storage, generally batteries, may mitigate the issue and allow the stability to be restored. This also further enhances the potential for customers with this technology to use their own power more when they need it.

GEL also needs to balance intermittent local renewable generation against the more flexible import of electricity from France. Price and volume

Chief Executive Officer's report

continued

hedging forms a crucial part of ensuring costs remain stable for consumers and protects them from the recent volatile wholesale energy markets.

In addition to managing the risks surrounding grid stability and hedging, GEL remains focused on facilitating the adoption of greater local renewables and has worked with government to ensure all the arrangements necessary to allow market access are available when required. This includes developing an approach for offtake agreements for the larger generators which creates confidence in the market arrangements. Government is also working on assessing the necessary legislative and regulatory changes required to allow the market to develop alongside ensuring the focus is balanced between supply and demand initiatives to progress the ambitions and objectives associated with the pathway to net zero.

Maintaining Price Stability

For GEL the ability to hedge the price and volume of electricity imported to the island from Europe allows certainty and predictability in costs and therefore customer tariffs. This was most recently seen during the Ukraine war whereby the wholesale markets saw material increases in 2022 with the resultant doubling in electricity tariffs in the UK, however, Guernsey was protected through the effective hedging in place. This saved GEL customers over £70 million in 2022 and 2023.

Therefore, maintaining the ability to effectively hedge when there is a variable volume or price risk, such as that created by more material intermittent renewable generation on island or the more recent wholesale energy market volatility created by the events in the Middle East becomes more important, requiring GEL to explore and further develop all options to optimise this position through both physical and financial hedging.

GEL believes that whilst this volatility exists, that alongside the effective hedging of imported electricity the best insurance for security of supply and cost of living is further interconnection.

Preparing the team to deliver the future

Whilst a lot of focus has been given to the physical infrastructure required to deliver the Electricity Strategy, for GEL an equally important element for the next 25 years is having the ability to deliver the strategy though its people. The technological changes necessary to deliver the island's smart future, where we all use energy more effectively, will require not only our existing essential roles which have delivered a reliable service for the last 125 years, but also new roles which will optimise the use of the assets through digitalisation for customers' benefit. Effectively resourcing the delivery of these technological changes creates a risk for the business and work is now underway to develop the necessary skills and competence internally to facilitate the smart future.

The next phase of this digital development for GEL is the rollout of the next generation of meters which will allow improved services and solutions for customers and an ability to optimise supply and demand for GEL. The plan is that this will include an app to allow customers access to their customer

account and electricity consumption information. These advances require GEL to immediately upskill in certain areas and for new roles to be developed that create greater value for our customers and the island.

Whilst this digital future is important to prepare for, the core physical assets still need to be maintained and replaced, and we are committed to recruiting locally and training our teams to deliver these services to the business.

The GEL Team

GEL's purpose is to power life today and tomorrow. The team is focused on operational excellence today to provide a reliable and affordable electricity supply to our customers. Alongside optimising today, we need to plan for the future to ensure we continue to deliver a reliable electricity supply tomorrow. The business is reviewing how it manages these responsibilities and ensuring all colleagues in the company are both committed and part of the journey ahead.

Everyone at GEL continues to be proud to be part of that journey and I would like to extend my sincere thanks to my colleagues as part of that team. The dedication and commitment shown during the year has again been exemplary, whether it be fixing a cable fault in the middle of the night in the pouring rain to get customers back on supply, to dealing with a customer who needs assistance managing their bill, the GEL teams are always ready to provide the service required.

Everyone at GEL is proud to be part of an organisation focused on doing what is right for the island and its customers today and in the future.

Alan Bates
Chief Executive Officer


125
1900–2025
wering Change Together

Operating activities report

A Milestone Year

On 20th February 1900, the first units of electricity were generated and distributed from the power station at Les Amballes to local customers in Guernsey by the Edmundsons Electricity Corporation of London, the direct predecessor of Guernsey Electricity Limited.

125 years later, present day employees of GEL gathered in Electricity House to celebrate the company's history of doing the right thing for the island.

This focus on working towards the benefit of Guernsey and its inhabitants was a key focus of the activity undertaken to mark the anniversary within GEL.

We sought to recognise the anniversary through three key workstreams –

- **Volunteering**. Our staff contributed 125 hours of volunteering to give back to the community. This included a beach clean involving 10 members of staff at Bordeaux in July in collaboration with the Clean Earth Trust and another team of 13 members of staff planted 125 trees at Bordeaux in December, to plant a mix of native species, including apple, pear, lime, and hawthorn at a rate of 6.25 trees per person, per hour. Other volunteering activity included a group of staff spending a morning at the Guernsey Welfare Service foodbank on the Bridge.
- **Shared history**. Every week throughout the year, the Communications and Marketing Team shared a photographic memory from the archives on social media as part of our 'Throwback Thursday' feature. This documented key moments from the company's history and shared them with our followers to help showcase our shared history and determination to take decisions that benefit the island over the years.
- **Preserving history**. Staff from our own workshop crafted a bespoke time capsule to capture mementos of the present day ready for preservation and excavation by the future workforce. The final product was buried outside the Control Room in December 2025 by the Executive Directors and those involved in creating the capsule and digging the hole. Contents included a copy of the Guernsey Press, an electricity meter, and a video message from the CEO to the future CEO. The capsule will be dug up in February 2050, by future members of staff.

Operating activities report

continued

Customer Survey

A core part of the design of GEL tariffs and services is canvassing customer views and using that feedback to help shape our future offering.

Island Global Research (IGR) were commissioned to conduct a survey of Guernsey residents on behalf of GEL. The survey launched on 4th September 2025 and ran for 3 weeks.

We received 3,617 responses to the survey (after removing duplicates), representative of 6.7% of the resident population over 16.

Survey responses were weighted in proportion to the age and gender profile of the adult population by IGR.

We can be confident that the results are representative of the wider views of Guernsey residents.

Some of the key findings of the survey included:

- Cost is the main customer concern across all areas surveyed.
- Environmental concern has dropped as a priority, especially when compared to cost.
- Security of supply remains a priority for some. There was a willingness to absorb slightly longer power cuts if this were to reduce costs.
- There is a call for more transparency and accountability from GEL, especially regarding how tariff revenue is spent.
- Customers pay close attention to their electricity use and report proactive behaviours to actively reduce consumption, bills and carbon emissions.
- There was overwhelming support for a GEL app, with customers reporting they would use it regularly for a variety of reasons but primarily for monitoring consumption and paying bills or topping up their prepayment account.
- Customers want their bills to be predictable and to see further incentives for using electricity off-peak.
- There was significant support for standing charge reform.

Feedback from the survey has been shared with the States and will help provide direction regarding the future of electricity services and pricing in Guernsey.

Preparation for Delivering the Electricity Strategy – N2 and Further Interconnection

Guernsey Electricity continues to advance the island's Electricity Strategy, progressing both the programme for additional interconnection and the replacement of the Normandie 2 (N2) cable between Jersey and France. Strengthening and diversifying Guernsey's electricity import routes remains central to delivering a resilient, low carbon supply chain capable of meeting rising demand over the coming decades.

Work is ongoing with government and industry stakeholders to evaluate the most suitable option for a second interconnector to Guernsey. Two routes are under consideration: a second connection via Jersey or a direct subsea link to France. The Jersey option offers earlier delivery, capitalises on existing infrastructure, and provides both security and additional capacity of the low carbon electricity supply chain from Europe. The France route (which was the Electricity Strategy preference) remains under review as an alternative that, while more complex and costly to deliver, could provide greater long-term strategic benefits through a fully independent and diverse connection.

Guernsey Electricity is preparing detailed business cases supported by long-term financial modelling and continued engagement with States officials including working towards obtaining necessary States' investment approval. Technical work also continues, including route engineering, environmental assessments, and discussions with key partners on future capacity arrangements.

Although N2 is still in service, its developing condition challenges highlight the case for replacement sooner than previously anticipated. This creates an opportunity not only to secure the Channel Islands' existing import capability but also to align project timelines, potentially unlocking efficiencies and reducing delivery risk for Guernsey's wider interconnection plans.

Interconnector Optimisation

This year, the interconnector between Guernsey and Jersey (GJ1) which provides the island with over 90% of its power needs has been optimised to deliver more of its capacity potential following the delivery of a programme of technical works in the summer of 2025.

Since installation, GJ1 has operated at a maximum import level of 60MW, but a pilot project to deliver up to 66MW via GJ1 has been launched which in turn increases the importation of low carbon electricity and reduces the amount GEL needs to generate locally to meet island demand using thermal generation engines at the Vale Power Station. This brings additional protection during times of global volatility in global fossil fuel energy markets.

2025 Supply Reliability

In 2025, service reliability and network performance remained robust, with average customer minutes lost (CML) at 27.49 – slightly higher than last year but still comfortably below the 30-minute target.

Network availability continued to stand at an impressive 99.99%. This strong performance was

Operating activities report

continued

underpinned by substantial capital investment in the network, including upgrades to critical infrastructure, and the implementation of ongoing maintenance programmes.

This included two significant projects to upgrade the electricity infrastructure in St Peter Port.

Les Ozouets Project

Work took place in Valnord Lane, Les Ozouets and Skins Lane to deliver a series of upgrades to the infrastructure including extensive low voltage cabling enhancements, the replacement of a distribution pillar, modernisation of streetlighting, and providing upgraded service connections to several properties.

In addition, engineers completed the installation of high voltage ducting and cabling before integrating it into the existing local network. Over 750m of high and low voltage cables were replaced or enhanced throughout the project.

Work was also undertaken in the junction between Collings Road, Les Ozouets and Valnord Lane with the team working additional hours and utilising specialist equipment to ensure this busy filter was closed for as short a period as possible.

Kings Road

A significant and essential infrastructure project saw the closure of Kings Road and Rue à L'Or during the summer to strengthen and modernise a highly loaded section of network which had been identified as an end-of-life asset.

Cables were upgraded and new multiple service connections installed along King's Road, whilst additional works were undertaken in Rue à L'Or. A new substation was also integrated with the wider high voltage network.

Electricity demand in the area has increased significantly in recent years so the upgrades were essential to reduce the risk of potential outages and ensure that the network provides a secure and reliable supply to meet future needs.

To reduce the impact on the community, the work was scheduled during the school summer holidays, when traffic volumes are typically lower, and our engineers worked additional weekend hours where practicable to ensure the project was completed within the planned eight-week timeframe.

GEL Network Services (GNS)

GNS celebrated a year of significant progress in 2025, enhancing its capacity to meet Guernsey's energy transition with better service, efficiency, and expertise.

Throughout the year, GNS completed several vital infrastructure projects, including its first full substation replacement, high profile works at Les Cotils, and ongoing support for island-wide streetlight upgrades. The team also achieved Approved Contractor status for asphalt reinstatement, allowing for more efficient completion of smaller road repairs.

GNS faced several challenges related to staffing which impacted efforts to optimise operations. In response, interim arrangements have been put in place ahead of further leadership development, recognising that strong leadership will be essential for GNS's future success.

Progress was made through an asphalt tender that delivered over 10% savings, along with lower equipment hire costs due to new investments in plant and equipment. GNS further invested in local talent by welcoming its first trainee.

As 2026 approaches, GNS plans to continue rebuilding its leadership, boosting operational efficiency, and widen its portfolio of core infrastructure projects. These initiatives aim to position GNS to effectively support Guernsey's energy transition.

Streetlighting

The streetlighting team had another busy year with the installation or replacement of over 60 streetlights due to defects, third party damage and requests for improved lighting.

Another significant initiative was the Streetlighting Controller project, which focused on enhancing reliability and mitigating operational risks through the phased removal of the obsolete Cyclo system. This project has resulted in improved performance throughout the island's entire streetlighting network. By the end of 2025, over 70% of all streetlights were upgraded to the new system.

The project is due to conclude in early 2026 when the old Cyclo system will be retired, leading to notable reductions in risk as well as enhanced reliability and monitoring for the streetlighting infrastructure.

One final achievement for 2025 was the successful St Peter Port Christmas light switch-on, using the new control system. Despite last-minute schedule changes, the system operated seamlessly throughout the event.

Commercial Metering replacement

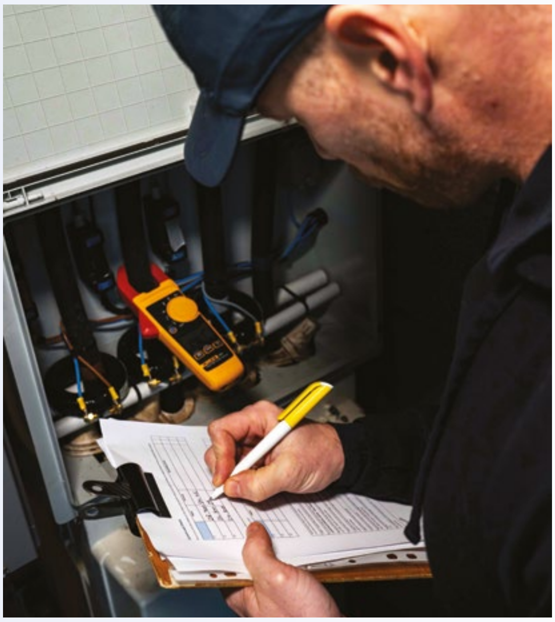
A significant project to replace the commercial metering estate began during the year. To facilitate the project, Guernsey Electricity entered a strategic collaboration with Landis+Gyr, a global leader in integrated energy management solutions.

The partnership will deliver advanced industrial metering solutions, supported by Landis+Gyr's next-generation Head-End System, to help enhance business operations by providing around 500 of our largest commercial customers with advanced, modern solutions to support energy efficiency and the provision of timely and accurate billing.

Following a stringent testing period covering all facets of the new metering system, we initiated the deployment phase of the commercial metering project, starting with Guernsey Water, in August 2025.

The team employed a methodical and planned strategy for the replacement of meters. The exchange process was rigorously assessed to ensure alignment with testing methodologies.

To streamline the process, meter exchanges were segmented into several components, concentrating on the prompt replacement of commercial meters that were not properly communicating with the legacy commercial head-end system. The discontinuation of the 3G network by JT, which ended its operations in November 2025, also influenced exchange activities.



To preserve the project's momentum, meters that did not require a supply interruption were prioritised for replacement during normal working hours, whereas the replacement of meters necessitating a power shutdown were managed after hours to minimise disruptions.

Generation

Once again, the interconnector connecting Guernsey to the European grid via Jersey provided more than 90% of the islands power during the year with the Vale Power Station continuing to provide top-up and back-up duty.

Operating activities report

continued

An annual programme of maintenance work is essential to ensuring the power station is able to fulfil the crucial role as a top-up and back-up power supply for the island.

A range of maintenance and repair activities were undertaken during the year to facilitate plant availability and reliability at the Vale Power Station. These have included planned works, with manufacturer support, on the first merit engines in D Station (2D & 3D), routine inspection and testing of electrical and mechanical plant such as switchboards and pressure systems to ensure safety and regulatory compliance.

Work to restore our fuel tank farm continued into 2025, with substantial refurbishment of a further 2000m3 bulk fuel tank completed as part of our ongoing programme to meet COMAH compliance. Three of the six units are now fully refurbished structurally with improved protective coatings and insulation arrangements to reduce the impacts of Corrosion Under Insulation.

Following negotiation, the contract for the shipping of the main fuel type for the power station was secured for 5 years. This enables security in the supply chain for both normal and emergency fuel requirements with options for routine shipments from Rotterdam with back-up supply from Fawley.

Significant decisions were also secured during the year to help ensure continued generation on site at the Vale Power Station.

The Board took a decision early in the year to increase the cooling capacity of C Station to enable us to operate (if needed), three of our four C Station engines simultaneously in the future. The additional cooling towers were installed in September and, following robust testing, will add 11MW of standby capacity back to the overall total installed on site. Whilst C Station contains some of our oldest legacy generation assets, this decision provides short-term additional capacity and enables flexibility and cover for future replanting options at a relatively small cost, especially in comparison to the cost of replacing an entire engine.

Another significant decision by the Board was to approve the refurbishment of the Gas Turbine 4 (GT4) engine. After substantial negotiation and review, a major control system and package upgrade has been agreed for GT4. Installed in 2004, this work will modernise the controls and remove obsolescence issues of legacy systems, enabling the unit to continue to provide 10MW of reliable back-up and top-up capability.

GEL Electrical & Plumbing

2025 has seen the team strengthened with the appointment of an additional electrician and an additional plumber. We also created the role of estimator and successfully recruited for this position in the second half of the year. This expansion, whilst modest, has allowed the business to grow turnover (invoiced jobs) by 14.6%.

The year benefited from a full year of the now "bedded in" Arkturus reporting dashboards, which has facilitated a focus on operational efficiencies. This coupled with improvements in first time job resolution, has improved operating margin for the year by 2.8 percentage points.

We believe that the estimator appointment will derive significant growth in quoted work for 2026 and this coupled with the planned recruitment of two more electricians is the key driver in budgeting a turnover increase for 2026 of 29% in comparison to 2025.

In July 2025 we introduced customer feedback based on Net Promotor Score. The survey is automatically emailed to customers seven days after they receive their invoice. We are averaging a 10% response rate and during the second half of the year our NPS was:

How likely are you to recommend our electrical and/or plumbing service to a friend or colleague?

PROMOTERS	111
PASSIVES	22
DETRACTORS	13

+67

Customer feedback has been very positive with key themes of turning up on time / reliability / high standard of work recuring frequently.

Some customer comments:

Our customer Emma B said:

Absolutely fabulous service, very polite and helpful and finished the job with minimal disruption to us. There was also no cleaning up necessary after he left as he had done that too.

Our customer Jamie M said:

> *I have used your services on several occasions, and I have consistently found your engineers to be punctual, professional, friendly, and very polite. Pricing is very fair, and the standard of work is very high. I wouldn't hesitate to recommend your services to others.*

Our customer Mel K said:

> *The electrician that came out was really thorough and did a really good job of resolving our issue in a timely manner, whilst keeping us updated of his findings and how he planned on resolving. The charge out rate for the work was very reasonable. Would definitely use your services again.*

Data Governance

During the past year, we have taken significant steps to strengthen how we manage and protect our data assets. Recognising that data is as critical to our operations as our physical infrastructure, we established a Data Governance Working Group (DGWG) to lead this effort. The group brings together expertise from across the business to set clear standards, policies, and practices that ensure data is accurate, secure, and used responsibly.

Key achievements include:

- **Formalising governance structures**: The DGWG has developed a clear operating model, defining roles and responsibilities for data owners and stewards to maintain accountability and quality.
- **Introducing policies and processes**: A Data Governance Policy and supporting documents have been created to guide compliance and best practice across the organisation.
- **Improving data quality**: Initial work in some areas of data have helped identify and address data quality issues, laying the foundation for broader improvements.
- **Building capability**: Training sessions and awareness initiatives are being planned to embed a culture of data stewardship and continuous improvement.

Our goal is to make data an enabler—supporting better decision-making, enhancing customer service, and driving efficiency. This is an ongoing journey, and we remain committed to refining our approach as the value and complexity of data continue to grow.

Tariffs

An application to amend tariffs was submitted in April 2026. The STSB published its Decision Notice on 28 May 2026, approving a revenue cap increase of 5%, effective from 1 July 2026.

Short-term financing

In readiness for anticipated short-term capital investment expenditure in 2026, GEL entered into an additional revolving credit facility (RCF) for £15m with local lender RBSI.

As at 31 December 2025 no drawdowns had been applied to this new facility and there were still funds yet to be drawn down on the existing facility with HSBC.

Both these RCFs are aligned to cease in April 2028.

Financial performance

The financial results for the year ending 31 December 2025 show a broadly comparable operating performance to the prior 15-month period. This is primarily driven by the deferral of several major capital projects into 2026. As a result, capital expenditure for the year was lower at £10.1m (15-month period to 31 December 2024: £16m), contributing to a reduction in net debt to £42.7m (2024: £46.2m). While this year's capital investment was below original forecasts, a full capital investment programme is planned for 2026 as the deferred infrastructure projects commence and ongoing replacement works continue.

The STSB approved a tariff increase of up to 8%. This increase was effective from 1 July 2025 so only the second half of the year reflects the benefit of this change. This increase was essential to support the existing capital expenditure and upcoming capital commitments. The prior 15-month comparative period included the revenues of two autumn seasons, when customer demand is ordinarily higher.

A new revolving credit facility (RCF) has also been secured. This facility ensures the business can continue to invest in reliability and resilience while managing cashflow demands associated with long-term infrastructure renewal.

The operating profit for the year was £3.3m (15-month period to 31 December 2024: £3.6m profit). Generation costs associated with the 2025 planned maintenance outage of the GJ1 interconnector were deferred to Autumn 2026, and savings and efficiencies across the organisation supported performance. These benefits offset foreign exchange losses of £441k, resulting in a 2025 profit before tax whereas a loss had originally been forecast.

The company remains committed to operational efficiency to limit future tariff increases whilst delivering the required level of capital investment to support the continued electrification of the island and enhance the resilience of the existing network.

Environmental

Environmental Sustainability

2025 was a year of both progress and challenge for GEL in delivering environmental sustainability outcomes. While the island benefited from a 91.8%[1] low-carbon imported electricity supply, a slight rise in on-island power station generation resulted in higher reported emissions compared with 2024. Distributed electricity in 2025 was the most carbon intensive year since 2019 and highlights the limited potential for significant emissions reductions while the island remains dependent on fossil-fuel generation.

A smaller contributing factor to the rise in 2025 carbon intensity was the improvement of GEL's greenhouse gas (GHG) inventory, particularly in reporting scope and accuracy, including refinements and corrections to underlying activity data. Key developments included:

- More precise measurement of transmission and distribution (T&D) losses.
- An increase in lifecycle carbon intensity for the imported renewable energy mix.
- Enhanced asset-level reporting, especially for SF_6 use in substations and fuel use in vehicles and auxiliary plant.

GEL's sustainability work continues to be grounded in transparent accounting, robust data quality, and alignment with Guernsey's Climate Change Action Plan, the Energy Policy (2020–2050), and the Electricity Strategy. The 2025 results reinforce the importance of ongoing investment in infrastructure resilience and renewable import capacity.

GEL's priorities in 2025 followed the same strategic structure as in 2024, with strengthened focus on data accuracy, infrastructure readiness, and climate adaptation.

Key actions included:

- Advancing essential work for the proposed second subsea interconnector, which is critical to delivering the electricity strategy and maintaining a high proportion of low-carbon electricity imports.
- Enhancing emissions monitoring at Vale Power Station.
- Expanding the use of digital asset-condition monitoring and environmental risk-management tools, including ArcGIS.

Beyond operational improvements, GEL strengthened its community-focused environmental commitments. Activities included a staff beach clean at Bordeaux in partnership with the Clean Earth Trust and the planting of 125 trees with Guernsey Trees for Life. GEL also launched a staff commuter survey to better understand and reduce transport-related emissions across the workforce.

Collectively, these actions reinforced GEL's sustainability pillars—environmental responsibility, community wellbeing, and responsible operations. They contributed directly to key UN Sustainable Development Goals:

- SDG 11 Sustainable Cities and Communities.
- SDG 13: Climate Action.
- SDG 14: Life Below Water.
- SDG 15: Life on Land.

These initiatives support the protection of natural ecosystems and promote more sustainable mobility choices across the island.

GHG Report

GEL measures its carbon footprint in accordance with the GHG Protocol Guidance and, where practicable, the UK Greenhouse Gas Reporting (Directors' Report) Regulations 2013.

In 2025, the carbon intensity of distributed electricity increased, with direct emissions intensity rising from 62 gCO_2e/kWh[1] in 2024 to 75 gCO_2e/kWh[1]. This was primarily driven by the greater proportion of electricity generated by Vale Power Station.

In 2025, the carbon intensity of distributed electricity increased, with direct emissions intensity rising from 62 gCO_2e/kWh[1] in 2024 to 78 gCO_2e/kWh[1]. This was primarily driven by the greater proportion of electricity generated by Vale Power Station.

Lifecycle GHG intensity also increased, from 82 gCO_2e/kWh[1] in 2024 to 105 gCO_2e/kWh[1] in 2025. As with direct emissions, this was largely the result of increased power station generation. A secondary driver was a change in the mix of imported low-carbon electricity. In 2024, GEL imported 100% hydro power with a very low carbon intensity of 6 gCO_2e/kWh[2]. In 2025, the renewable mix—solar, wind, and hydro—carried a higher lifecycle carbon intensity of 10.2 gCO_2e/kWh[1].

The subsea interconnector remained the primary electricity source in 2025, with 100% of imported electricity certified as renewable.

On-island solar PV generation continues to grow. Community Solar PV produced 396 MWh[1] in 2025—slightly lower than in the previous two years—but overall solar generation is expected to increase to meet the Electricity Strategy targets. Buy-back data indicates a continuing upward trend, with island-wide solar production increasing by more than 550 MWh[1] from 2024 to 2025.

	On Island Generated			Imported MWh					Total Distributed MWh
	Vale Power Station	Community PV	Buy Back (Solar)	Hydro	Nuclear	Wind	Solar	% Imported	
2023	33,153	443	662	258,467	0	38,022	34,146	91	344,050
2024	27,381	450	1,607	338,709	0	0	0	92	365,250
2025	**29,285**	**396**	**2,212**	**253,260**	**0**	**69,188**	**12,409**	**92**	**342,361**

	Scope 1 Emissions tCO_2e	Scope 2 Emissions tCO_2e	Scope 3 Emissions tCO_2e	Total Emissions tCO_2e	Direct Emissions Intensity of Distributed Electricity gCO_2e/kWh	Lifecycle Intensity of Distributed Electricity gCO_2e/kWh
2023	25,171	349	3,450	28,970	73	100
2024	22,382	198	6,977	29,557	62	82
2025	**26,801**	**290**	**8,928**	**36,019**	**78**	**105**

1. Emissions are calculated for the calendar year running from 1st January to 31st December.
2 Imported MWh takes into account transmission and distribution losses between the source and the island.
3. Direct Emissions Intensity of Distributed Electricity - The emissions from combustion of heavy fuel oil, gas oil, lubricant combustion by our diesel generators, gas turbines and boilers per kWh delivered to our customers.
4. Lifecycle carbon intensity: this is the carbon intensity of delivered electricity, taking into account the lifecycle emissions (Scope 1, 2 and 3 as described below).
5. Scope 1 emissions: combustion of fuel to generate power, combustion of fuel in vehicles and our plant equipment, fugitive emissions from our substations and on-island transmission and distribution losses from electricity we generate.
6. Scope 2 emissions: electricity transmission & distribution losses from electricity we import and buy back.
7. Scope 3 emissions: well-to-tank emissions from the fuel we combust to generate power, and indirect emissions to maintain the infrastructure required for the electricity we generate, import and buy back.

[1]Data extract from WSP GHG Review Spreadsheet GEL Corporate GHG Emissions 2025 v3.0.
[2]ADEME New Carbon Base V23.5 version https://base-empreinte.ademe.fr/

Environmental

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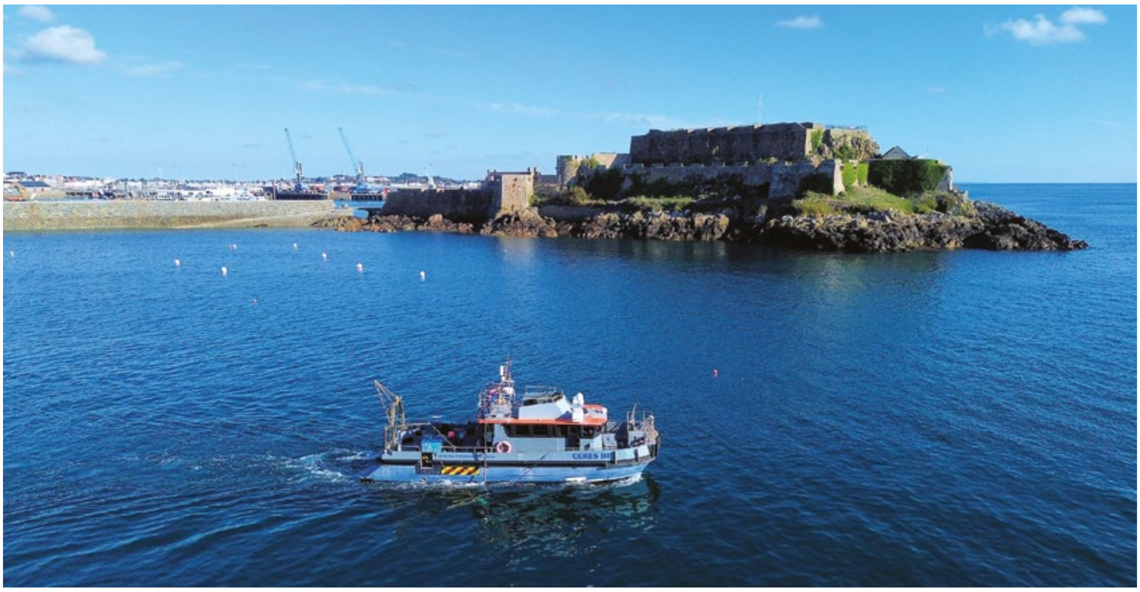
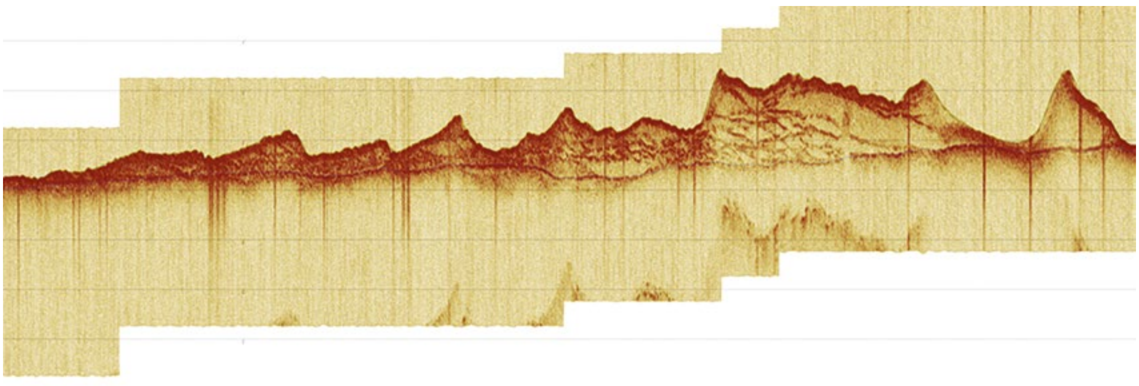


Subsea Survey Programme Strengthening the Channel Islands' Critical Energy Links

In 2025, hydrographic survey company Ceres successfully delivered a comprehensive subsea survey programme on behalf of the CIEG—the partnership between Guernsey Electricity and Jersey Electricity. The programme focused on the four existing subsea interconnector power cables, which play an essential role in ensuring the secure delivery of resilient, low carbon electricity to both islands. They also examined potential future roles for a second interconnector via Jersey. The Electricity Strategy set out a preferred pathway direct to France but required all other options to be explored. The most credible alternative to a direct connection remains a further connection through the existing CIEG.

Using advanced high resolution multibeam bathymetry, sidescan sonar, magnetometry, and sub-bottom profiling technologies, Ceres conducted detailed mapping of the cable corridors. The work included measurement of burial depth, assessment of seabed mobility, and identification of external hazards along the full length of the assets. This integrated remote sensing methodology provided accurate positional and condition data to inform the long-term management of these critical subsea links.

A key component of the campaign was the creation of a reliable and up-to-date baseline for both the asset condition and the surrounding seabed environment. The findings will guide future targeted visual inspections and any required remedial interventions, supporting a risk based and proportionate maintenance approach. For CIEG, the results strengthen asset management by aligning inspection planning with observed seabed dynamics,



Sub-bottom profiler data of large sand waves up to 2.5 metres high, migrating along the Normandie cable routes.

prioritising interventions in higher-risk areas, and informing strategic decisions relating to spares, contingency planning, and outage reduction.

The survey outputs will also support compliance requirements associated with the French concessions, which permit cable landings in Normandie.

These subsea interconnectors are classified as critical national infrastructure, and their continued reliability is fundamental to grid resilience across both islands. The 2025 survey campaign demonstrates CIEG's commitment to proactive asset management—collecting the right data at the right time to safeguard the subsea cables that underpin island life today and will continue to do so in the future. The insights gained will also play a pivotal role in shaping forthcoming interconnection projects and planned cable replacements, directly supporting the objectives of Guernsey's Electricity Strategy and contributing to the development of a robust, reliable, and low carbon energy system for the Channel Islands.

Social

Community Engagement

Over the past year we have continued our partnership with local charity organisations to ensure every customer—especially those who may be vulnerable or facing financial pressure—can access clear, compassionate support. Our Customer Support Forum continues to play a central role in this work, meeting quarterly and offering an open channel for charities to share insight, highlight emerging issues and help shape the way we communicate and design support services. These relationships have become a year-round collaboration, including Age Concern and Citizens Advice Guernsey running two training sessions with our staff. They also supported our Powering Life For Less Show, with a dedicated area next to our customer services team.

Over the forthcoming year we plan to increase the number of charities that form part of the Forum so that we can have wider customer representation – this will particularly support the metering upgrade programme so that it meets the needs of all islanders. We will also be refreshing our approach to the Priority Services Register to ensure that it matches customers with our available services.

Our work to support vulnerable customers has continued to balance those who cannot afford their quarterly bills and those who need additional support. We are also training our staff to recognise and support customers, and because customers who are struggling with their electricity bill are often facing problems elsewhere, signposting them to relevant support services and charities. For prepayment customers we have increased our emergency credit to £10 and continue to offer generous Friendly Times so they cannot self-disconnect over the weekend. For quarterly customers we have revised our payment plan policy to be more responsive to customer needs. From later this year we will also be tightening our Standing Order reviews, which will help alert customers where they are at risk of their payments not being sufficient.

We delivered two Let's Talk presentations to bring the Decarbonisation of Heat and Transport Strategies to our customers. There was strong attendance at the sessions both for businesses and for domestic customers. Topics included: the benefits of time of use tariffs in terms of both carbon and cost reductions; moving discretionary load such as EV charging to off-peak times; the heating systems most likely to be accepted onto the electricity network and; the importance of making early applications for additional load. We are looking to build on these sessions later this year.

Industry Engagement

Once again, we sponsored the Guernsey Property and Construction Awards. The awards recognise achievements, developments and innovation within Guernsey's diverse property and construction industry. This was an opportunity for GEL to demonstrate its commitment to helping support the industry by promoting the adoption of energy efficient home installations such as storage heating and EV chargers alongside smart technology solutions.

Powering Life for Less Show

During the year we once again demonstrated our commitment to helping customers use energy more efficiently and save money on their bills.

On Saturday 20th September we held the Powering Life for Less Show at St Pierre Park Hotel. Following a successful debut in 2024, the second show again focused on supporting customers on how to reduce their energy costs through bespoke advice and hands-on demonstrations.

The event saw us partner with local businesses and charities, including the Little Green Energy Company, the Repair Café, Iris & Dora, and Grow Ltd.

Our staff hosted presentations on topics including delivery of the Electricity Strategy, tariffs, home electrification, energy saving and staying safe online. Cost-effective, healthy recipes were also showcased.

A dedicated customer support area allowed attendees to speak directly with customer service representatives regarding their bill and ways to save energy and ultimately reduce consumption.

Additional features at the event included an interactive area for children with face painting, energy saving games and challenges to engage the younger generation to be mindful of energy

consumption. Live demonstrations showed common energy pain points around the home, from how to change a light bulb to reading an electricity meter.

Nearly 300 islanders visited the event on the day, with positive feedback from all attendees and a strong response on social media resulting in an additional 49 followers.

Investing in our People

Our employees' skills and competencies are crucial for GEL's success in delivering on Guernsey's Electricity Strategy. While we have strengths from being a long-established and vertically integrated electricity utility, we must enhance our abilities to meet future challenges as the system evolves. Investing in a committed, engaged, and diverse workforce is essential for achieving success.

The Next Generation of Employees

Currently, GEL employs 19 individuals undertaking apprenticeship programmes across a range of areas. Our apprentices are engaged in training to become Electricians and Plumbers, as well as specialised fields such as Jointing and Substation maintenance.

In February 2025, one of our Electrical Apprentices competed against other Channel Islands apprentices in Guernsey in the Pan-Island Skills Competition and finished in a highly commendable second place.

During 2025 we launched a marketing campaign focused on the career opportunities presented by GEL, this included the introduction of a job alert notification email service which has attracted nearly 500 subscribers.

To further assist with recruitment, the People team and GEL representatives attended the main careers show at Beau Sejour in November 2025. This helped to promote not only the vacancies held at the time but also the apprenticeship and bursary opportunities offered within the business.

During the year, work experience students were hosted across the business in different areas such as IT to help school students to gain an understanding of how GEL operates. GEL work closely with schools to facilitate these placements, and we also offer power station tours for schoolchildren to showcase the importance of electricity generation to the island.

Our sponsorship of The Guernsey Institute Apprentice of the Year Apprenticeship awards demonstrated our commitment to the development of the next generation of talent within the island.

Employee Personal Development

To retain staff, we invest in ongoing training and personal development. During this review period, GEL continued sponsoring undergraduates and engineers through Higher National Certificate/Diploma programmes. Professional accreditations in Engineering Mathematics, Project Management, Management development, Engineering, and Communication & Marketing. Our apprenticeship and bursary programme remains successful for trainees and those seeking further education.

Diversity, Equity and Inclusion

At GEL, we aim to support a workforce inclusive of all gender identities and people from diverse ethnic and religious backgrounds, including neurodivergent individuals, as part of our contribution to a

Social
continued

sustainable future. We recognise that diversity of lived experience brings a wider range of perspectives and approaches, strengthening our decision making and outcomes.

Furthermore, our commitment to inclusivity goes beyond simple representation. We are dedicated to cultivating an environment in which every individual feels valued and empowered to provide their unique perspectives. By incorporating diverse experiences and viewpoints, we can foster innovation and advance the energy sector.

GEL recognises that a varied workforce is key to achieving its goals and advancing the interests of the community it serves. As such, GEL remains committed to promoting an inclusive culture.

Wellbeing Committee

During 2025, the GEL Wellbeing Committee worked to increase wellbeing initiatives and planned wellbeing events internally to foster a culture that puts wellness as the focus. The committee held various internal events including a healthy eating morning, a sleep seminar focusing on ways to improve overall sleep health, wellbeing presentations by Guernsey Mind, and providing resources on international wellbeing days throughout 2025.

The Wellbeing Committee will continue to build the presence of wellbeing at GEL in 2026, fostering a workplace culture that has this as a key focus.

MHFA Training

Recognising the importance of mental health, GEL expanded its support network by training additional staff members to become Mental Health First Aiders. One of our key objectives was to increase the number of Mental Health First Aiders across departments, ensuring accessible support throughout the organisation.

Mental Health First Aiders are trained to identify signs of poor mental health, provide support, and signpost colleagues towards appropriate local resources or organisations when needed.

We are proud to share that by the end of 2025, we achieved this goal with a total of 21 trained Mental Health First Aiders across departments.

GOSHA Event

In October 2025, Guernsey Electricity proudly sponsored the GOSHA (Guernsey Occupational Safety and Health Association) Health, Safety, and Wellbeing Conference. This partnership reflects GEL's ongoing commitment to prioritising Health & Safety in the workplace.

At the event, GEL's Health and Safety Lead, John Tostevin, contributed to the conference by delivering a session on Mental Health in the Workplace, sharing his own experiences with Mental Health. GEL's Wellbeing Committee Chair, Chris Ayres, also delivered a presentation during the event covering the committee's 2025 programme of events.

INWED Tours

To mark International Women in Engineering Day (INWED) 2025, we hosted Power Station tours in June for Year 10 students from Blanchelande and Elizabeth College with an interest in STEM (Science, Technology, Engineering and Maths).

The tours were tailored to align with their current curriculum, giving students a practical insight into real life engineering. By showcasing the range of STEM roles available on island, the visits aimed to inspire and encourage the next generation of women about engineering and related careers.

Pay & Benefits

We encourage our employees to work in a flexible way that fits into their lifestyle. Our policies help employees enjoy island life, progress their career, recognise their efforts, and pay fairly. Whilst GEL reports a 17% gender pay gap, this is due to the number of specialist technical roles largely taken by males. Where male and females undertake the same role with the same experience, we are confident pay is aligned. GEL is an Equal Opportunities employer.

The year in stats

45
Average employee age

7.8
Years average length of service

75%
Male workforce

25%
Female workforce

17%
Gender pay gap

21
Apprentices

6
Bursary students

Corporate Governance

As a Board we take corporate governance very seriously, ensuring our governance and compliance systems are appropriate and our people are trained to run these systems effectively. Guernsey Electricity Limited's corporate governance arrangements take into account the needs of the shareholder, business and customers.

The Board

The Board's role is to provide entrepreneurial leadership of the company within a prudent framework of risk management and internal control. The Board is responsible for setting and implementing strategy, allocating the necessary human and financial resources to meet the company's objectives, and monitoring the performance of management against those objectives. The Board is collectively accountable for the success of the company, to deliver the company's values and standards and takes decisions objectively in the interests of the company, its shareholders, and other stakeholders.

Division of responsibilities

Chair

Julian Critchlow, the Chair, is responsible for the running of the Board and spends on average 2 days per month in his role. The Board consider that he has no other external directorships which make conflicting demands on his time as Chair.

Senior Independent Director

Joanne Peacegood is the Deputy Chair and Senior Independent Director appointed by the Board. Responsible for deputising for the Chair in the event that he is unavailable, appraising the Chair's performance and serving as an intermediary for the other directors where necessary, alongside being available for communication with the shareholder, the Board consider that she has no other external directorships which make conflicting demands on her time as Senior Independent Director.

Chief Executive

Alan Bates is the Chief Executive Officer (CEO) and is responsible for leading the development and execution of the company's long-term strategy with a view to creating shareholder value. The leadership role of the CEO also entails being ultimately accountable for all day-to-day management decisions and for implementing the company's long and short-term business plans. The CEO is head of the Executive Leadership Team (ELT).

Executive Directors

The Chief Financial Officer (CFO) and Chief Operations Officer (COO) are the other two Executive Directors on the Board and ensure the company's financial and operational objectives are delivered and the governance and compliance systems are working effectively.

Non-Executive Directors

Non-Executive Directors help to develop and challenge the company's strategy. They evaluate the performance of management and monitor the reporting of performance. They consider the integrity of financial information and the strength of financial controls and risk management systems. They oversee executive remuneration and play the main role in the appointment, removal, and succession planning for Executive Directors. The appointment of Non-Executive Directors is ultimately made by the States of Guernsey based on recommendations by the Board.

The Shareholder

Guernsey Electricity Limited is 100% owned by the States of Guernsey, through the States Trading Supervisory Board. There is a Memorandum of Understanding between the shareholder and the company setting out matters which can be dealt with by the company and those which should be referred back to it, together with inclusion of the shareholder expectations in respect of corporate governance. The Memorandum of Understanding was reviewed and updated during 2024 and provides a clear direction on the way the company will work with the shareholder going forward, including the specific shareholder objectives for GEL which are as follows:

Objective 1

Provide a secure and efficient electricity service to customers and the community in the interest of economic enablement:

GEL will support the island's social, economic and environmental objectives through the provision of essential electricity generation, supply and conveyance services and infrastructure. GEL will ensure that it delivers cost-effective, reliable and innovative services which are responsive to its customers' needs and expectations and that it operates efficiently and responsibly in the long-term best interests of the community.

Objective 2

Support the core strategic objectives of the States of Guernsey:

- Working proactively to ensure the company's activities are fully aligned with the policy direction and objectives of the States of Guernsey's Energy Policy and Electricity Strategy;
- Developing a strategic plan for the approval of the STSB that enables the delivery of the outcomes and objectives set out in the Electricity Strategy.

Objective 3

Deliver services in a financially sustainable manner:

GEL will deliver the agreed strategic plan in a financially sustainable manner through;

- Creating a corporate financial plan that appropriately balances debt and equity to ensure customers are charged fairly for the infrastructure they use;
- Ensure that during times of significant infrastructure investment that profitability is aligned to the capital investment plan such that profits are reinvested in the company for the benefit of consumers rather than distributed to the shareholder;
- Provide the States of Guernsey with the required funding pathway such that any requirements for borrowing or state guarantees are understood.

How the Board operates

Board balance and independence

Throughout the period the company has had a balance of independent Non-Executive Directors on the Board who ensure that no one person has disproportionate influence. There are currently six Non-Executive Directors and three Executive Directors on the Board. The number of Non-Executive Directors has been set to allow for flexibility in covering Sub-Committees and so as not to overburden any one individual.

All of the Non-Executive Directors are considered independent of management and vested interests and bring with them significant commercial experience from different industries, which brings diversity of thought and challenge and ensures that there is an appropriate balance of skills on the Board. The Executive Directors are not members of the Remuneration & Nomination Sub-Committee and the Audit & Risk Sub-Committee although they may attend the meetings upon invitation. There is a clear and documented distinction of roles between the Chair and CEO.

Information and professional development

For each scheduled Board meeting the Chair and the Company Secretary ensure that the directors receive a copy of the agenda for the meeting, company financial, strategic and operating information and information on any other matter which is to be referred to the Board for consideration. The directors also have access to the Company Secretary for any further information they require.

All newly appointed directors participate in an internal induction programme that introduces the director to the company.

The Company Secretary, who is appointed by the Board, is responsible for facilitating compliance with Board procedures. This includes recording any concerns relating to the running of the company or proposed actions arising there from, that are expressed by a director in a Board meeting. The Company Secretary is also Secretary to all of the Board's Sub-Committees.

Board meetings and attendance

There were 4 quarterly scheduled meetings of the Board held during the period together with 1 shorter notice meeting and 2 offsite business meetings dedicated to risk and business planning.

Corporate Governance

continued

Attendance during the financial period for Board meetings is given in the table below:

Total meetings in period	5	5	5	4
Director	**Board**	**A&R**	**RNC**	**L&P**
A Bates	5	–	–	4
K Brouard	5	–	–	4
M Jones	5	–	–	4
P Shaefer*	4	–	3	3
T Songini	4	–	5	–
J Peacegood	5	5	–	–
G Paterson-Jones	5	5	–	–
J Bellinger	5	–	5	–
J Coleman	5	5	–	–
J Critchlow**	4	–	1	1

*Mr Shaefer was a member of the Board for 4 of the Board meetings in the period before his retirement.

** Mr Critchlow was a member of the Board for 4 of the Board meetings during the period and attended all meetings. Mr Critchlow became a member of the Remuneration & Nomination Sub-Committee and the Land and Property Sub-Committee upon his appointment as Chair in August 2025 and attended all meetings from the date of his appointment.

Where an individual is unable to attend a meeting, they continue to receive all papers beforehand and have the opportunity to feedback on any topic.

Board Strategy Overview

The Board continued to review the strategic plans for the company, in line with the Strategic Vision to 2035 and the Strategic Plan to 2030, such plans aligning with the 2023 States of Guernsey Electricity Strategy and the 2025 operating budget and capital programme. In October 2025 the Board held a dedicated workshop with the Executive Leadership Team to review the short-term and long-term strategic aims of the company.

Throughout 2026, the Board will continue monitor the progress of the strategic plan using key performance measures established during the 2024 strategic planning day. These measures will help evaluate the success of the plan and make necessary adjustments. Continued reviews aim to address immediate needs and position the organisation for long-term success.

These strategic plans are designed to drive the organisation forward, fostering innovation, improving efficiency, and achieving the ambitious goals set by the Board. By focusing on these priorities, the organisation is ready to face future challenges and opportunities with confidence.

How we are governed

In addition to regular scheduled Board meetings, some of the Board's governance authorities have been adopted by various Sub-Committees. Each Sub-Committee has Terms of Reference agreed by the Board. Each Sub-Committee reports back to the full Board and minutes of all meetings are available to all directors.

Remuneration & Nominations Sub-Committee

The Remuneration & Nominations Sub-Committee (RNC), which is chaired by Tania Songini, consists solely of three independent Non-Executive Directors; however, all Non-Executive Directors may attend the meetings. The purpose of the RNC is to assist the Board in the effective discharge of its responsibilities for the remuneration and other employment conditions of Executive Directors and senior management and to act as a Nominations Sub-Committee as the need arises.

Non-Executive Director Remuneration

Non-Executive Directors' fees are determined by the States Trading Supervisory Board and are subject to review on an annual basis. The amounts reflected during the financial period from 1 January 2025 to 31 December 2025 were as follows:

J Critchlow	£15,442	Appointed to the Board 5 February 2025 and appointed as Chair 12 August 2025
P Shaefer	£12,101	Retired 12 August 2025
T Songini	£15,208	
J Peacegood	£15,208	
G Paterson-Jones	£15,208	
J Bellinger	£15,208	
J Coleman	£15,208	

Executive Remuneration

In line with the authority delegated by the Board, the RNC is responsible for determining the terms and conditions of employment for the Executive Directors. The RNC involves all the Non-Executive Directors in determining individual Executive Director employment packages. No director is permitted to be involved in deciding the amount of his or her own remuneration or the terms of their employment package. As per the Memorandum of Understanding between the company and the shareholder, the Board ensures the policy and procedures in place provide a level of remuneration for the directors that does not exceed that which is sufficient to attract, retain and motivate directors of the quality required to run the company successfully. The Sub-Committee then ensures the individual remuneration packages put in place within the company provide appropriate incentives which encourage enhanced performance and reward, in a fair and responsible manner for individual contributions to the success of the company. To achieve this a proportion of all Executive Directors' remuneration is structured to link the approval of any rewards to corporate and individual performance.

The salaries of the Executive Directors are assessed and any changes approved annually. The specific performance of objectives are set in advance of each financial period and after initial challenge by the Sub-Committee, the final approval of the objectives is by the Board to ensure alignment with long-term strategic goals. Part of the package is a long-term performance related incentive plan whereby payment can only be earnt dependent on company performance against previously agreed financial and operational metrics and in performance against objectives and behaviours/competencies of the individual director. The value that can be earnt is subject to a maximum cap which is reserved for outstanding performance only.

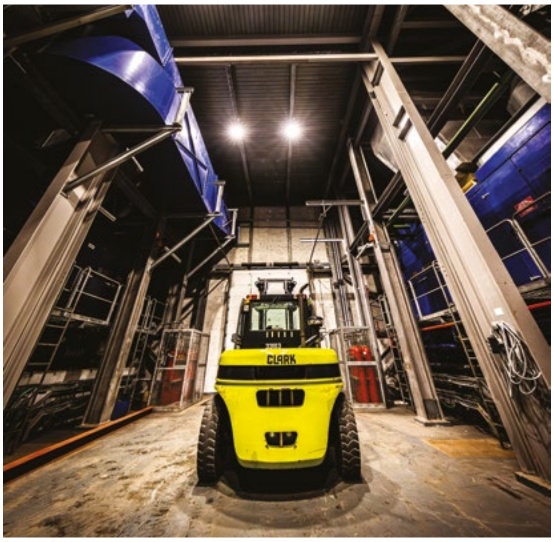
Following the financial period end, overall performance against these metrics is evaluated and each individual director's contribution to that performance is scrutinised by the Sub-Committee before authorisation is given to any amounts payable. A proportion of this payment is then deferred for a two-year period to incentivise acting in the longer-term interest of the company. These deferred values are subject to further assessment and challenge before payment is authorised, this being to evaluate the continuing longer-term performance of both the company and the individual directors. There were no malus provisions activated in the period under review.

The incentive plan was reviewed by the RNC in financial year 2025 to ensure it continued to reflect the effective delivery of strategic projects or strategic imperatives and includes a measure of directors' behaviours in this regard.

The RNC commissioned a review by Paydata, an independent third-party expert, to benchmark director remuneration packages during the period with the findings of this review being that salaries were determined to be paid within their respective market ranges. Executive variable pay was also assessed as being in line with typical market practice for on target earnings and actual payment made, but low when compared against maximum payment. Taking note of this information, the RNC consider that the remuneration packages for Executives are considered comparable to other public sector organisations and therefore deemed appropriate.

Corporate Governance

continued



Appointments and Succession Planning

Appointment of Non-Executive Directors is made by Resolution of the State of Deliberation on the recommendation of the STSB (the shareholder). The company is responsible for nominating suitable potential candidates to the shareholder and the Sub-Committee leads the process for interviewing and assessing potential candidates. Appointment of a Chair to the Board is the responsibility of the shareholder and they may request the assistance of the company and the Sub-Committee in identifying suitable candidates.

The nomination and appointment of Executive Directors is a separate process governed by the Board of Directors with no involvement of the shareholder.

Nomination and Appointments of all directors are undertaken in accordance with the States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001, the Memorandum of Understanding between the company and the shareholder, and the Directors Nomination and Appointment Procedure.

The RNC has commenced a refresh of the succession and contingency plans of the Executive Directors which will conclude in 2026.

Board Performance

Board performance is assessed annually, usually by way of an internal board effectiveness survey. Periodic external evaluations are undertaken. The full responses of the assessments, including any resultant actions, are reported to the shareholder in the annual Confidential Report.

Diversity and Inclusion

The Sub-Committee supports the company with its progress in developing an inclusive workplace culture that both enables us to attract and retain diverse talent.

The membership of this Sub-Committee during the financial period was as follows.

Chair:	T Songini
Members:	P Shaefer (to 12 August 2025) J Bellinger J Critchlow (from 12 August 2025)

In line with its terms of reference the principal activities of the Sub-Committee during the period were:

- Nominations. Concluding the recruitment exercise commenced in September 2024 to replace the retiring Non-Executive Director Chair, with a resultant appointment being made by the STSB in February 2025.
- Reviewing Board skills and succession planning. Commencement of updated succession and contingency plans for the Executive Directors.
- Board Effectiveness. Undertaking and reviewing the annual internal board effectiveness survey.
- Executive remuneration policy. The RNC ensured the policy remains fit for purpose and determined fixed and variable pay awards in line with that policy.
- Receiving updates from the Head of People on the workforce remuneration and benefits policy framework and workforce metrics.

The Sub-Committee provides more detailed information on its activities to the shareholder in its annual Confidential Report.

Audit & Risk Sub-Committee

The purpose of the Audit & Risk Sub-Committee (ARC) is to assist the Board of Directors of Guernsey Electricity Limited in the effective discharge of the Board's responsibilities for risk management, financial reporting, and internal control in order to ensure high standards of probity and good corporate governance. In doing so, the Audit & Risk Sub-Committee is required to act independently of the executive and seek to safeguard the interests of the shareholder.

Whilst the ARC has no executive powers, it has wide ranging terms of reference and reports to the Board on a regular basis.

The ARC members comprise solely of independent Non-Executive Directors. Joanne Peacegood is the Chair of the ARC, and the Board is satisfied that the Sub-Committee has, through its membership, access to recent and relevant experience to enable the duties of the Board to be fully discharged.

External Audit

The ARC receives regular updates from the external auditor at the quarterly meetings and has the opportunity to hold robust discussions as required.

Internal Audit

The ARC is supported by R Winter, Head of RQHSE (Risk, Quality, Health, Safety and Environment) who leads the Internal Audit programme, which is outsourced to a third party. The Sub-Committee meets with the Internal Auditor periodically to discuss the scope of reviews, and the ARC receives Internal Audit reports summarising the status and the findings at each quarterly meeting.

Risk

The company maintains a register of its financial and non-financial risks. ARC reviews the risk register at each quarterly meeting and discusses the principal risks, with particular focus on the risk appetite for each risk, those that have increased or decreased in risk and the effectiveness of material controls and mitigations. The Sub-Committee held a deep dive into the risk register in April, which was attended by all Executive and Non-Executive Directors. This included looking at the risk appetite, the principal risks and the material controls as well as the three lines of defence. This review involved a consideration of the strategic risks of the company including current and emerging risks.

The membership of this Sub-Committee during the financial period was as follows:

Chair: J Peacegood

Members: G Paterson-Jones
J Coleman

During the period the Sub-Committee considers that it has acted in accordance with its' terms of reference ensuring:

- The independence and effectiveness of internal and external auditors, overseeing periodic tendering of these services as required.
- Appropriate controls and measures are in place to mitigate against material risks, performing deep dive reviews on specific risk areas and monitoring the company's overall risk appetite and strategy.
- The integrity of the financial statements. Reviewing significant financial reporting issues and judgements they contain.
- Whistle blowing arrangements are in place.
- Cyber security risks are managed and reported.
- A full Board Risk Review Session was held during April 2025 as detailed within this report.

Land & Property Sub-Committee

The Chief Financial Officer is the Chair of the Land & Property Sub-Committee. The main terms of reference for this Sub-Committee are to review and approve all routine property transactions undertaken by the company up to a limit set by the Board and to undertake such other tasks relating to land and property as directed by the Board. This Sub-Committee comprises the Chair of the Board together with all the Executive Directors.

Relations with the shareholder

The company's issued share capital is wholly owned by the States of Guernsey. The States Trading Companies (Bailiwick of Guernsey) Ordinance, 2001, as amended, provided for the States of Guernsey Advisory & Finance Committee (subsequently the Treasury & Resources Department) to undertake, on behalf of the States, the role of shareholder representative.

Following the re-organisation of the States of Guernsey and the introduction of "The Organisation of States' Affairs (Transfer of Functions) Ordinance 2016" and the General Election of Deputies held in April 2016, the powers, duties, and responsibilities of the Treasury & Resources Department in relation to the company were transferred to the States Trading Supervisory Board. The shareholder functions, including holding equally the issued share capital of the company in trust on behalf of the States of Guernsey, of the Minister and Deputy Minister of the Treasury & Resources Department have also been transferred to the President and Vice President of the States Trading Supervisory Board by virtue of section 1.(1) The Organisation of States' Affairs (Transfer of Functions) Ordinance 2016.

Provision is also in place for the States to give guidance to the States Trading Supervisory Board on the policies it wishes to pursue in fulfilling its role. Each year, the company submits its forward plan to the States Trading Supervisory Board. In addition, the company has signed a Memorandum of Understanding with the States' shareholder representative concerning the manner in which the company and its shareholder's representatives will interact in respect of stewardship and corporate governance matters generally. In addition to the Annual General Meeting, quarterly meetings are held between the STSB and the company attended by the Non-Executive Chair, the Chief Executive Officer and the Chief Financial Officer plus other directors on request. Between meetings, the company maintains an active dialogue with the STSB as shareholder primarily through liaison between the CEO and Head of Shareholder Executive. In addition to the Annual Report, the shareholder is also in receipt of an annual Confidential Report, which provides more detailed information on the activities of the Board and its Sub-Committees, including Executive remuneration and Board performance.

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2025. These comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, the cash flow statement and notes to the financial statements set out on pages 44 to 77.

Incorporation

Guernsey Electricity Limited (the "company") was incorporated on 24 August 2001.

Principal activities

The principal activities of the company are the generation, importation and distribution of electricity and the sale of associated goods and services.

Dividend

No dividend was paid during the year (15-month period to 31 December 2024: £nil paid), representing £nil per share (2024: £nil per share paid). The company will not be proposing a dividend at the 2026 Annual General Meeting (2025: £nil proposed).

Customers

The number of customers as at 31 December 2025 is 29,923[1] (2024: 29,953).

Units

Importation through the cable link between Guernsey, Jersey and the European grid provided 92% (15-month period to 31 December 2024: 91%) of the island's electricity needs in the year ended 31 December 2025 and 8% (2024: 9%) was generated on the island, as shown by the units' analysis below.

	Year ended 31 Dec 2025	15 months ended 31 Dec 2024
Units imported MWh	**334,857**	427,333
Units generated MWh	**31,893**	41,046
Total units imported/ generated MWh	**366,750**	**468,379**

Average price

The average price per kWh sold in the year ended 31 December 2025 was 22.02 pence (15-month period to 31 December 2024: 19.85 pence).

Reliability

The reliability of Guernsey Electricity's supply is measured by minutes lost per customer. Power outages can be caused by failures of generators, the distribution network or the cable link. In the year ended 31 December 2025, customers lost zero minutes due to generation/importation activity (15-month period to 31 December 2024: zero minutes) and 27.49 minutes were lost per customer in respect of distribution (15-month period to 31 December 2024: 26.57 minutes).

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* and applicable company law.

The financial statements are required by 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.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

[1]Customer numbers is a count of all unique customer accounts with active electricity agreements.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors and their interests

The directors of the company, who served during the period and to date, are as detailed on page 1. The directors have no beneficial interests in the shares of the company.

Disclosure of Information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

These financial statements have been prepared on a going concern basis as detailed in note 3 to the financial statements.

Having taken advice from the Audit & Risk Sub-Committee, 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 performance, business model and strategy.

Auditor

Ernst & Young LLP have expressed their willingness to continue in office as auditor.

Responsibility Statement

We confirm that to the best of our knowledge:

- the annual report and financial statements, taken as a whole, prepared in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, give a true and fair view of the assets, liabilities, financial position and profit of the company.
- the management report includes a fair review of the development and performance of the business and the position of the company.

For and on behalf of the Board of Directors.

J Critchlow	**A Bates**
Director	Director
29 May 2026	

Independent Auditor's Report to the Members of Guernsey Electricity Limited

Opinion

We have audited the financial statements of Guernsey Electricity Limited (the "company") for the year ended 31 December 2025 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the period then ended.
- have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 40 , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework United Kingdom Accounting Standards including FRS102, the Companies (Guernsey) Law 2008 and the relevant direct tax compliance regulation in the Bailiwick of Guernsey.
- We understood how Guernsey Electricity Limited is complying with those frameworks by making enquiries of the directors and those responsible for compliance matters and corroborated this by reviewing minutes of meetings of the Board of Directors and the Audit and Risk Committee. We gained an understanding of the Board's approach to governance, demonstrated by its review of reports from management, compliance and internal audit reports and review of internal control processes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by identifying electricity sales as a fraud risk. We considered the controls the company has established to address risk identified by the directors or that otherwise seek to prevent, detect or deter fraud and how management and those charged with governance monitor those controls. We also considered the existence of any stakeholder influences which may cause management to seek to manipulate the financial performance and did not note any.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the review of minutes of meetings of the Board of Directors and the Audit and Risk Committee, review of compliance and internal audit reports; making inquiries with those charged with governance; and performance of journal entry testing based on our risk assessment and understanding of the business, with a focus on non-standard journals and those relating to areas with an identified associated fraud risk, as described above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

/s/ Ernst & Young LLP
Guernsey, Channel Islands

4 June 2026

Statement of comprehensive income

for the year ended 31 December 2025

	Note	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Revenue	4	**80,029**	91,842
Cost of sales		**(64,221)**	(73,130)
Gross profit		**15,808**	18,712
Net operating expenses		**(12,542)**	(15,321)
Operating profit before pension settlement		**3,266**	3,391
Pension settlement gains	24	**35**	182
Operating profit after pension settlement		**3,301**	3,573
Net losses on derivatives at fair value	23	**(247)**	(548)
Finance income	6	**761**	1,079
Finance cost	6	**(2,372)**	(3,305)
Profit on ordinary activities before taxation		**1,443**	799
Movement in deferred tax provision	7, 14	**(417)**	3,827
Profit for the financial period after taxation		**1,026**	4,626
Other comprehensive income:			
Changes in fair value of cashflow hedges:	23		
• Effective portion		**1,287**	259
Remeasurement of net defined benefit liability	24	**(1,108)**	(605)
Tax credit on remeasurement of net defined benefit liability	14	**225**	90
Total comprehensive income for the financial period		**1,430**	4,370

All activities are derived from continuing operations.

The notes on pages 48 to 77 form an integral part of these financial statements.

Statement of financial position

at 31 December 2025

	Note	31 Dec 2025 £'000	31 Dec 2024 £'000
Non-current assets			
Property, plant and equipment	*9*	**159,967**	157,223
Intangible assets	*10*	**2,385**	2,717
Investments	*11*	**5**	5
		162,357	159,945
Pension surplus	*24*	**6,947**	8,023
Current assets			
Inventories	*12*	**6,981**	9,185
Trade and other receivables	*13*	**16,290**	16,375
Balances with States' Treasury	*15*	**21**	14
Cash		**5,628**	1,777
		28,920	27,351
Current liabilities			
Trade and other payables: amounts falling due within one year	*16*	**(23,888)**	(23,128)
Net current assets		**5,032**	4,223
Total assets less current liabilities		**174,336**	172,191
Non-current liabilities			
Trade and other payables: amounts falling due after more than one year	*17*	**(54,945)**	(54,230)
Net assets including pension surplus		**119,391**	117,961
Equity			
Share capital	*20*	**105,209**	105,209
Reserves		**14,182**	12,752
Total equity		**119,391**	117,961

The financial statements on pages 44 to 77 were approved by the Board of directors on 29 May 2026.

Signed on behalf of the Board of directors

J Critchlow Director

A Bates Director

The notes on pages 48 to 77 form an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2025

	Share capital £'000	Reserves £'000	Total equity £'000
1 October 2023	105,209	8,382	113,591
Profit for the financial period	–	4,626	4,626
Other comprehensive income for the period			
Remeasurement of net defined benefit liability	–	(605)	(605)
Tax charge on remeasurement of net defined benefit liability	–	90	90
Effective gains on hedging instruments in a cash flow hedge	–	259	259
Total comprehensive income for the period	**–**	**4,370**	**4,370**
31 December 2024	**105,209**	**12,752**	**117,961**
1 January 2025			
Profit for the financial year	–	1,026	1,026
Other comprehensive income for the year			
Remeasurement of net defined benefit liability	–	(1,108)	(1,108)
Tax credit on remeasurement of net defined benefit liability	–	225	225
Effective gains on hedging instruments in a cash flow hedge	–	1,287	1,287
Total comprehensive income for the year	**–**	**1,430**	**1,430**
31 December 2025	**105,209**	**14,182**	**119,391**

The notes on pages 48 to 77 form an integral part of these financial statements.

Cash flow statement

for the year ended 31 December 2025

	Note	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Net cash inflow from operating activities	*21*	**14,821**	13,988
Cash flow from investing activities			
Payments to acquire property, plant and equipment, including intangible assets		**(8,822)**	(15,818)
Proceeds of disposal of property, plant and equipment		**–**	1
Net cash outflow from investing activities		**(8,822)**	(15,817)
Cash flow from financing activities			
Finance income		**306**	599
Finance cost		**(2,423)**	(3,160)
Amounts drawn under credit facilities		**2,000**	27,500
Repayment of borrowings	*16*	**(1,667)**	(21,583)
Net cash (outflow)/inflow from financing activities		**(1,784)**	3,356
Increase in cash and cash equivalents during the period		**4,215**	1,527
Cash and cash equivalents at the beginning of the period		**1,791**	1,158
Exchange losses on cash and cash equivalents		**(357)**	(894)
Cash and cash equivalents at the end of the period		**5,649**	1,791
Cash and cash equivalents consists of:			
Balances with States' Treasury	*15*	**21**	14
Cash		**5,628**	1,777
		5,649	1,791

Movements in balances with States' Treasury (note 15) and the other income are deemed cash equivalents in accordance with Section 7 of FRS 102 (Cash flow statement).

The notes on pages 48 to 77 form an integral part of these financial statements.

Notes to the financial statements Year ended 31 December 2025

1. General information

Guernsey Electricity Limited was incorporated on 24 August 2001 and is registered in Guernsey. The company is governed by the provisions of the Companies (Guernsey) Law, 2008. The address of its registered office is PO Box 4, Electricity House, Northside, Vale, Guernsey, GY1 3AD.

The company was established in accordance with the provisions of the States Trading Companies (Bailiwick of Guernsey) Law 2001 (Commencement) Ordinance and the States Trading Companies (Bailiwick of Guernsey) Ordinance 2001 to take over the generation, importation and distribution of electricity previously carried out by the States of Guernsey Electricity Board with effect from 1 February 2002.

The principal activities of the company are the generation, importation and distribution of electricity and the sale of associated goods and services.

The company is classified as a Public Benefit Entity given that its primary objective is to seek value and an appropriate return that provides best value to the island's economy whilst striking a balance with its enabling role in supporting the social, economic, and environmental objectives for the long-term benefit of the island and its community.

The financial period end date was previously amended from 30 September to 31 December resulting in a transitional 15 month accounting period to 31 December 2024 which forms the comparative period within these financial statements. The amounts presented in the financial statements and related notes are therefore not entirely comparable.

2. Statement of compliance

The financial statements give a true and fair view, have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'' (''FRS 102'') and are in compliance with the Companies (Guernsey) Law, 2008.

3. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial periods presented, unless otherwise stated. Certain comparative numbers have been reclassified or included to align with current period disclosure or presentation.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention as modified by the fair value for derivative financial instruments.

Going Concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks.

Responsibility for tariff regulation is currently held by the States Trading Supervisory Board (STSB). In April 2026 the company submitted for STSB consideration a tariff application effective from July 2026 and is modelled for a series of variables to ensure the company remains within the financial facility covenants.

Directors have also considered cash flow forecasts including, but not limited to, 30 June 2027.

3. Principal accounting policies – *(continued)*

Going Concern – *(continued)*

The company holds credit loan facilities with total facility limits of £78m. The HSBC Revolving Credit Facility (RCF) was taken out on 26 April 2023 to replace the RBS International (RBSI) RCF which expired on 2 October 2023 and not to be drawn at the same time. The HSBC facility has an option to extend up to a maximum of £35m but this has not been fully exercised. £5.5m remained available to draw down as at 31 December 2025 as set out in the table below.

The RBSI RCF was taken out on 2 September 2025 and is yet to be drawn down on as at 31 December 2025.

Credit Facility	Facility Limit	Term	Expiry	Drawn down as at 31 Dec 2025	Available to draw
HSBC Revolving Credit Facility	£20m (with option to increase to £35m)	5 years	25 April 2028	£29.5m	£5.5m
RBSI Revolving Credit Facility	£15m	2.5 years	26 April 2028	£nil	£15m
RBSI Term Loan	£15m	10 years	31 May 2029	£5.8m	-
States of Guernsey Bond	£13m	25 years	30 June 2045	£13m	-
Total	£78m			£48.3m	£20.5m

The company also undertakes active monitoring of its loan covenants, maintaining sufficient headroom to ensure compliance and management have mitigating measures to deploy in order to avoid any potential breach.

As part of the 2026 budget setting, 4-year annual plan process and July 2026 tariff change proposals, the directors considered future business performance modelling and sensitivity with particular regard to euro exchange rates, SONIA interest rates, tariff increases, electricity load growth or decline, fuel oil prices, inflation, headcount, capital expenditure and liquidity to ensure modelled scenarios remained fully compliant with loan facility financial covenants.

Considering all the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence to 30 June 2027. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Revenue

a) Sales of electricity

Sales of electricity are accounted for on an accruals basis and includes an estimate of revenue recognition based on customer consumption for which bills have not been issued (unbilled units). Billable units are the units despatched, adjusted for estimated network losses (5.2% based on management judgement when comparing units billed, units generated and imported, works power and units dispatched to the network over the past 9 years) and works power consumed within the company. The unbilled units are valued at current tariff rates. Customer payments received in advance for electricity sales are included within trade and other payables.

3. **Principal accounting policies** – *(continued)*

Revenue – *(continued)*

b) Sales of goods, commercial and hire purchase

The company operates a retail sales section offering white and brown goods to customers across the Bailiwick of Guernsey. Sales of goods are recognised at the point that the customer takes custody of the goods, either on sale or on delivery. This is the point at which the company recognises the transfer of risks and rewards.

The company operates a commercial contracting division providing electrical and plumbing goods, installations and services to domestic, commercial and industrial clients. Sales of goods and associated installation costs are recognised when the risks and rewards of ownership of the goods are transferred. Revenue for services is recognised as the service is provided.

c) Rental income

Rental income is accrued over time by reference to the agreements entered.

d) Deferred income

Deferred income consists of customers' contributions towards capital expenditure are credited in equal annual amounts to the statement of comprehensive income over the estimated life of the assets to which they relate.

e) Other income

This represents minor income streams including, but not limited to, consultancy services. These sales are valued as the service is provided or receipt is due.

Employee benefits

The company provides a range of benefits to employees, including a defined benefit pension plan and holiday pay. The defined benefits pension plan was closed to new members from 1 October 2017. A new defined contributions pension plan was set up to receive members from 1 April 2018.

a) Short-term benefits

Short-term employee benefits such as salaries and compensated absence are recognised as an expense in the period employees render services to the company. Holiday leave accruals are recognised at each statement of financial position date to the extent that employee holiday allowance has been accrued but not taken, the expense being recognised as staff costs in the statement of comprehensive income.

b) Pension costs

The employees' pension scheme is a defined benefits scheme. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. When a member of the scheme ceases to be active, associated assets and liabilities will be transferred from the company's Actuarial Account to the States of Guernsey Combined Pool at the end of the company's financial year. Thereafter, the company has no further liability to fund benefits in respect of a member who has ceased to be active and so the accounting treatment adopted is to treat such a transfer of assets and liabilities as a settlement in the income statement in the year that a member of the scheme ceases to be active.

3. Principal accounting policies – *(continued)*

Employee benefits – *(continued)*

b) Pension costs – *(continued)*

The company applies Section 28 of FRS 102, "Employee Benefits". In so doing, current service cost and any past service cost is charged to the statement of comprehensive income, together with finance costs/income for the scheme which are recognised in the statement of comprehensive income. The difference between the expected and actual actuarial gains and losses are recognised in other comprehensive income. Annually, the company engages independent actuaries to calculate the defined benefit obligation. The present values of the defined benefit obligation, the related current service cost and any past service costs (if applicable) were measured using the projected unit method. Full actuarial valuations are carried out on a triennial basis and annual updates are carried out to disclose the values and assumptions in accordance with Section 28 of FRS 102. A triennial review and valuation for the whole States of Guernsey Superannuation Fund was performed as at 31 December 2023. The actuarial valuation is a publicly available document and was discussed at a States of Guernsey Policy & Resources Committee meeting on 20 November 2024. At that meeting it was agreed that the employer contribution rate for the company be decreased from 7.5% to 1.5% with effect from 1 January 2025.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are recognised in other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, comprises:

(i) the increase in pension benefit liability arising from employee service during the period; and
(ii) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the statement of comprehensive income within 'Finance income'.

This defined benefits scheme was closed to new members from 1 October 2017. A new defined contributions scheme was established and there were 144 members as at 31 December 2025 (2024: 155 members).

Leases

Operating lease rentals are recognised in the statement of comprehensive income in equal annual amounts over the lease term.

Finance income/cost

Finance income and finance costs are accounted for on an accruals basis using the effective interest rate method.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

3. Principal accounting policies – *(continued)*

Taxation – *(continued)*

(a) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference. The pension scheme surplus, in both 2025 and 2024, is shown in the accounts as gross of the deferred tax liability.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. This cost includes the cost of the item together with directly attributable costs including legal fees, import duties, inbound transport, site preparation, installation and handling. Assets transferred from the States of Guernsey Electricity Board as at 1 February 2002 are being depreciated over their residual estimated useful lives from that date applying the periods noted below. Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income and included within the operating profit.

Depreciation is calculated so as to write off the cost of property, plant and equipment over the period of their estimated useful lives using the straight-line method. The estimated life of each class of non-current asset is set out below. The estimated life of associated assets within each category are aligned to the remaining useful lives of the major asset to which they are associated with and therefore individual assets may have lives up to, but not exceeding, the time periods noted below. Depreciation commences in the period of acquisition, or on completion of construction. Any shortfall of depreciation arising on the disposal, or write-off, of non-current assets is charged to the disposals account and any proceeds arising from the disposal are credited to that account. Land is not depreciated. Major overhauls of generating assets are treated as separate components and depreciated on the basis of elapsed running hours for the relevant asset. PPE to generate electricity would need to remain in operational condition with the net zero strategy, in the event that low carbon energy is not sufficient to meet customer demands, and therefore estimated useful lives are appropriate.

3. Principal accounting policies – *(continued)*

Property, plant and equipment – *(continued)*

The estimated lives are as shown below:

		Estimated life in hours	Estimated life in years
Buildings			40
Buildings equipment			10
Cable link			25 – 30
Plant and machinery:	– Generation		20 – 35
	– Overhauls	24,000	
	– Distribution		20 – 35
	– Street lights		20
Distribution network comprising:	– Distributors		75
	– Meters		5 – 15
	– Streetlight controllers		5
Motor vehicles			7
Furniture and equipment			3 – 10
Minor plant			5 – 10

No decommissioning costs are provided for cable link as removal is not permitted without a FEPA (Food and Environmental Protection Act) licence.

Joint Arrangements

The Channel Islands Electricity Grid Limited is a jointly controlled operation between Jersey Electricity plc and Guernsey Electricity Limited who each own an equal 50% shareholding. The company was formed to manage the cable link project and the ongoing operation of the cable links between Guernsey, Jersey and France. In accordance with Section 15 of FRS 102, “Investments in Joint Ventures”, these financial statements include the company’s entitlement to the assets, liabilities, cash flows and the shared items of this Joint Arrangement where the company’s entitlements are fully determined by contracts with the other party to the jointly controlled operation.

The Channel Islands Electricity Grid Limited is considered to meet the definition of a jointly controlled operation. As a result, for its interest in the Channel Islands Electricity Grid Limited, Guernsey Electricity Limited recognises the following in its financial statements in accordance with FRS 102, paragraph 15.5:

(a) the assets that it controls and the liabilities that it incurs; and

(b) the expenses that it incurs, and its share of the income that it earns from the sale of goods or services by the joint venture.

The jointly controlled operation assets are included within property, plant and equipment.

3. Principal accounting policies – *(continued)*

Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It is identifiable when it is separable, i.e. is capable of being separated or divided from the company, or when it arises from contractual or other legal rights. An intangible asset shall be recognised if, and only if:

(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the company; and

(b) the cost of the asset can be measured reliably.

On 4 May 2021, the company implemented a new Enterprise Resource Planning ("ERP") System which was developed over a two-year period. This intangible asset has been initially measured at cost. The cost comprises its purchase price, and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of developing and preparing the system for its intended use, including testing. Subsequent expenditure on intangible assets is capitalised only if it is probable that it will increase the future economic benefits associated with the specific asset. Other expenditure is recognised in profit or loss as incurred.

After initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values and amortisation methods are reviewed at each period end and any changes in estimates are accounted for prospectively.

The estimated life is as shown below:

Intangible asset type	Estimated useful economic life
Software	10 years

An intangible asset is tested for impairment if:

(a) there is a trigger for impairment; and

(b) annually for projects under development.

Intangible assets are derecognised from the statement of financial position on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of an intangible asset is recognised within the statement of comprehensive income at the moment of derecognition.

Inventories

Inventories are valued at the lower of cost and estimated selling price less cost to complete and sell. Inventories are valued at weighted average cost. In respect of goods held for resale, a provision is made based on the time elapsed since the goods were purchased. Provision is made for other inventories relating to strategic plant, based upon the remaining useful economic life of the assets to which they relate. The cost of work in progress includes costs directly related to the units of production and a systematic allocation of fixed and variable production overheads. Inventories are recognised as a cost of sale in the period in which the related revenue is recognised.

3. Principal accounting policies – *(continued)*

Inventories – *(continued)*

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

Foreign exchange

a) Functional and presentation currency

The company's functional and presentation currency is Pounds Sterling, being the primary economic environment in which the company operates. Except where otherwise stated, all amounts in the financial statements have been rounded to the nearest £1,000.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Financial instruments

a) Cash and cash equivalents

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

b) Trade and other receivables

Trade receivables are initially recognised at transaction price and do not carry any interest and are reduced by appropriate allowances for estimated irrecoverable amounts. The allowance on trade receivables is based on an evaluation of those at risk of non-payment. Various factors are considered, including the age of the receivable, past payment history, and communications with the customer. Where there is a known risk of recoverability relating to known customers then these balances are provided for in full.

c) Trade and other payables

Trade and other payables are initially recognised at transaction price 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.

d) Borrowings

Borrowings are measured initially at transaction price and subsequently at amortised cost using the effective interest rate method. Interest expense is recognised by applying the effective interest rate.

3. Principal accounting policies – *(continued)*

Financial instruments – *(continued)*

e) Derivative financial instruments

The company applies cash flow hedge accounting in accordance with Section 12 of FRS 102 "Other Financial Instrument Issues" to GBP/Euro forward foreign exchange contracts designated to hedge forecast import payments denominated in euros. Hedge effectiveness is assessed prospectively and retrospectively by comparing the critical terms of the hedging instruments and the hedged transactions.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. Changes in the fair value of derivative financial instruments which are designated as effective hedges of future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in unrealised foreign exchange in the income statement. When hedges mature the amounts previously recognised in other comprehensive income will be recognised in the income statement (effective portion against cost of sales and ineffective against realised foreign exchange).

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 (ineffective), the net cumulative gain or loss that has been recognised in other comprehensive income is transferred to realised foreign exchange.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Revenue

Sales of electricity include an estimate for the value of unbilled units at the end of each financial period which represents the estimated units consumed by customers since the last billing date. The estimate is calculated as the units produced, less works power and an estimate of losses on the distribution network to determine the units delivered to customers. Billed units are deducted from this amount to derive the unbilled units. These unbilled units are valued at current tariff rates. See note 4 for the value of unbilled units included in sales of electricity.

(ii) Future Tariffs

Responsibility for tariff regulation is currently held by the States Trading Supervisory Board (STSB). In April 2026 the company submitted for STSB consideration a tariff application effective from July 2026 and is modelled for a series of variables to ensure the company remains within the financial facility covenants. These tariff changes continue to be based on prior usage and in the judgement of the directors, the past usage basis for this tariff change will remain unchanged.

3. **Principal accounting policies** – *(continued)*

Critical accounting judgements and estimation uncertainty – *(continued)*

(iii) Assets Impairment Review

An annual impairment review on all intangible assets concluded that there were no grounds to impair the ERP project economic value or economic life.

It was also considered and concluded that there were no indicators present in the period to require impairment of property, plant or equipment.

The net zero strategy is not an impairment indicator for existing assets since plant, property and equipment to generate electricity would need to remain operational as back up or top up in the event that the availability of low carbon energy is not sufficient to meet demand.

(iv) Pension scheme

The triennial formal actuarial valuation of the company's Actuarial Account carried out as at 31 December 2023 indicated that the Actuarial Account was in surplus. The States of Guernsey approved that the company reduces the employers' contribution rate from 7.5% to 1.5% of pensionable pay with effect from 1 January 2025, using some of the surplus as a prudent margin to cover any adverse future experience within the Actuarial Account. The next triennial review and valuation for the whole States of Guernsey Superannuation Fund will be as at 31 December 2026.

The calculations for the FRS 102 disclosures have been carried out by running full actuarial calculations as at 31 December 2025.

The Actuarial Account had an FRS102 surplus of £12,063,000 (2024: £10,492,000) based on the assumptions as stated in note 24. The company can recognise this defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. This net overfunding is therefore restricted to £6,947,000 (2024: £8,023,000) in the company balance sheet with unrecognised assets totalling £5,116,000 (2024: £2,469,000).

(v) Deferred tax

Deferred tax in the financial statements is measured at the actual tax rates that are expected to apply to the income in the periods in which the timing differences are expected to reverse. Various rates of income tax are applied depending on the activity of the company. The rate applied in relation to the company's activities is a combination of the company standard rate and the company higher rate. Deferred tax has been provided on timing differences depending on which rate they are expected to reverse out in the future. Where deferred tax balances relate to items which may be taxed at either 20% or 0% a blended rate of 21.0% (2024: 20.0%) has been used to provide for deferred tax. The blended rate has been calculated by reference to the company's effective rate of tax in the year ended 31 December 2025.

(vi) Derivative valuation

Derivatives are remeasured and adjusted for on a regular basis and the remeasurements are undertaken by the financial institutions that the derivative has been executed through. The valuations are only relevant at a specific point in time and the prices they are measured at are open to fluctuations. The values used within these financial statements were accurate on 31 December 2025.

3. Principal accounting policies – *(continued)*

Critical accounting judgements and estimation uncertainty – *(continued)*

(vii) Property, plant and equipment

a) Recognition

The costs of property, plant and equipment are only recognised as an asset when there is sufficient certainty that the asset will be completed. For significant projects, an assessment is made at least annually, or at the time of key project milestones, and the associated costs are recognised in the statement of comprehensive income until such time that management considers it probable that the project will proceed to completion.

b) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property, plant and equipment.

c) Impairment/disposals

At each statement of financial position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset or cash generating unit (CGU) may be impaired. If there is such an indication, an estimation of the recoverable amount of the asset or CGU is determined which requires estimation of the future cash flows from the asset or CGU and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. No decommissioning costs are provided for cable link as removal is not permitted without a FEPA (Food and Environmental Protection Act) licence. The net zero timeline is by 2050. Part of this strategy requires that existing back up generation assets continue to be maintained ready for operation for the rest of their existing useful lives so no impairment is required at this time.

4. Revenue

	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Sales of electricity	**75,384**	87,211
Sale of goods, commercial and hire purchase	**3,852**	3,954
Rental income	**376**	384
Deferred income	**273**	250
Other income	**144**	43
	80,029	91,842

All sales of electricity arise from customers on the island of Guernsey. Sales of goods, commercial and hire purchase are made to customers throughout the Bailiwick of Guernsey. As stated in the accounting policy for sales of electricity, at the end of each financial period an estimate of the unbilled units is determined.

The value of unbilled units included in sales of electricity above is £6,150,000 (15-month period to 31 December 2024: £6,603,000).

5. Operating profit

Operating profit is after charging/(crediting)

		Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Depreciation (note 9)		**7,293**	8,920
Amortisation (note 10)		**374**	469
Pension settlement gain (note 24)		**(35)**	(182)
Rentals under operating leases		**–**	271
Auditor's remuneration	– Audit of financial statements	**260**	331
	– Audit related services – group reporting	**68**	197
Bad debts		**1**	441
Director fees, salaries and other benefits*		**922**	960
Non-Executive Director fees		**104**	112
Regulatory costs	– external	**111**	260
	– internal	**47**	61
Foreign exchange loss		**441**	894
Loss on disposal of assets		**60**	10

*Due to the normal mechanics of the Executive performance related pay scheme, this includes the deferred portion of the payment related to the extended 15-month period to 31 December 2024.

The value of inventories recognised as an expense during the period is as follows:

	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Inventory write-offs	**223**	81
Inventory discrepancies	**40**	66
Inventory provision	**119**	703

6. Finance and income cost

	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Finance income:		
Deposits with banks and States' Treasury	**306**	504
Pension Finance Income (note 24)	**455**	575
	761	1,079
Finance cost:		
Medium-term credit facilities	**1,891**	2,702
Long-term credit facility	**471**	589
Other interest payable	**10**	14
	2,372	3,305

7. Taxation

The company's profits, or losses, from the activities subject to licence from the Guernsey Competition and Regulatory Authority will be chargeable to tax at the company higher rate of 20%, as will rental income from Guernsey properties. For all other company activities, the company standard rate of 0% is applicable. The tax adjusted profits of the company have been determined so that the appropriate amounts are taxed at the applicable rate.

The basis of assessment to Guernsey tax continues to be on an actual current period basis. The assessable profits for the current period have been offset against the unrelieved trading losses and excess capital allowances carried forward from prior periods. Consequently, all tax is deferred and there is no tax payable for the current period.

Deferred tax in the financial statements is measured at the actual tax rates that are expected to apply to the income in the periods in which the timing differences are expected to reverse. Various rates of income tax are applied depending on the activity of the company. The rate applied in relation to the company's activities is a combination of the company standard rate and the company higher rate. Deferred tax has been provided on timing differences depending on which rate they are expected to reverse out in the future. Where deferred tax balances relate to items which may be taxed at either 20% or 0% a blended rate of 21.0% (15-month period to 31 December 2024: 20.0%) has been used to provide for deferred tax. The blended rate has been calculated by reference to the company's effective rate of tax in the year ended 31 December 2025.

The actual tax charge differs from the expected tax charge computed by applying the higher company rate of Guernsey income tax of 20% as follows:

7. **Taxation** – *(continued)*

	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Profit on ordinary activities before taxation	**1,443**	799
Expected tax charge at 20%	**289**	160
Effects of adjusting items:		
Income not taxable	**(130)**	68
Disallowed items	**1,559**	1,811
Income taxable at the company standard rate (0%)	**(40)**	4
Timing differences	**(1,555)**	(1,909)
Excess allowances transferred	**(123)**	(134)
Current tax charge	**–**	–
Deferred tax charge		
Timing differences on capital allowances and depreciation	**529**	(3,669)
Short-term timing differences;		
– Pension assets or liabilities	**9**	204
– Stock provision	**(24)**	(390)
– Rental expenses	**1**	1
– Bad debt provision	**22**	(200)
Movement on unrelieved trading losses	**(120)**	227
Deferred tax charge/(credit) in the statement of comprehensive income	**417**	(3,827)

The tax charge/(credit) relates to changes in deferred tax and there is no tax payable for the current period.

8. **Dividend**

No dividend was paid during the year (15-month period to 31 December 2024: £nil paid), representing £nil per share (15-month period to 31 December 2024: £nil per share). The company will not be proposing a dividend at the 2026 Annual General Meeting (2025: £nil proposed).

9. Property, plant and equipment

Cost	Land and buildings £'000	Cable link £'000	Plant and machinery generation £'000	Plant and machinery distribution £'000	Distribution network £'000	Vehicles, furniture and equipment, minor plant £'000	Assets under construction £'000	Total £'000
At 1 January 2025	38,994	84,077	66,751	22,689	56,881	8,960	17,360	295,712
Additions	–	–	–	–	–	–	10,097	10,097
Transfers from work in progress	278	–	2,719	1,660	4,402	830	(9,889)	-
Disposal or impairment	(25)	(24)	(35)	(113)	–	(157)	–	(354)
At 31 December 2025	**39,247**	**84,053**	**69,435**	**24,236**	**61,283**	**9,633**	**17,568**	**305,455**
Depreciation								
At 1 January 2025	18,513	41,843	42,567	7,981	20,498	7,087	–	138,489
Charge for the period	474	2,089	2,264	732	1,146	588	–	7,293
Disposal	(25)	(24)	(33)	(59)	–	(153)	–	(294)
At 31 December 2025	**18,962**	**43,908**	**44,798**	**8,654**	**21,644**	**7,522**	**–**	**145,488**
Net book value at								
31 December 2024	20,481	42,234	24,184	14,708	36,383	1,873	17,360	157,223
31 December 2025	**20,285**	**40,145**	**24,637**	**15,582**	**39,639**	**2,111**	**17,568**	**159,967**

10. Intangible assets

Cost	Software under development £'000	Software £'000	Total £'000
At 1 January 2025	344	3,714	4,058
Additions	42	–	42
Transfers from work in progress	(386)	386	-
Disposals	–	–	–
At 31 December 2025	**–**	**4,100**	**4,100**
Amortisation			
At 1 January 2025	–	1,341	1,341
Charge for the period	–	374	374
Disposals	–	–	–
At 31 December 2025	**–**	**1,715**	**1,715**
Net book value at			
31 December 2024	344	2,373	2,717
31 December 2025	**–**	**2,385**	**2,385**

11. Investments

	31 Dec 2025 £'000	31 Dec 2024 £'000
Channel Islands Electricity Grid Limited	**5**	5

The Channel Islands Electricity Grid Limited is incorporated in Jersey and is a joint arrangement between Guernsey Electricity Limited and Jersey Electricity plc who each own an equal 50% shareholding. The company was formed to manage the cable link project and the ongoing operation of the cable links between Guernsey, Jersey and France. Guernsey Electricity Limited holds 5,000 Ordinary shares of £1 each.

12. Inventories

	31 Dec 2025		31 Dec 2024	
	£'000	£'000	£'000	£'000
Fuel inventories		**2,358**		3,752
Purchased goods for resale		**318**		550
Other inventories	**7,628**		8,071	
Provision	**(3,745)**		(3,626)	
		3,883		4,445
Work in progress		**422**		438
		6,981		9,185

The replacement cost of inventories was lower than the statement of financial position carrying amounts as follows:

	31 Dec 2025 £'000	31 Dec 2024 £'000
Fuel inventories	**(309)**	(558)

There is no significant difference between the replacement cost of purchased goods for resale, other inventories and work in progress and their carrying amounts.

13. Trade and other receivables

	31 Dec 2025 £'000	31 Dec 2024 £'000
Estimated value of unbilled units (note 4)	**6,150**	6,603
Customer accounts outstanding	**7,496**	6,819
Other receivables	**507**	686
Prepayments	**1,630**	1,750
Derivative financial instruments (note 23)	**507**	517
	16,290	16,375

Customer account balances outstanding total is £8,388,000 (2024: £7,821,000) before the deduction of an allowance for doubtful debts of £892,000 (2024: £1,002,000).

14. Deferred tax liability

Deferred tax liabilities comprise of:	31 Dec 2025 £'000	31 Dec 2024 £'000
Deferred taxation:		
Opening balance – tax liability	**(1,246)**	(5,163)
Statement of comprehensive income (charge)/credit	**(417)**	3,827
Statement of other comprehensive income credit	**225**	90
Balance at 31 December – tax liability	**(1,438)**	(1,246)
Which comprises:		
Capital allowances in excess of depreciation	**13,955**	13,425
Short-term timing differences (other)	**(923)**	(922)
Unrelieved loss for tax purposes	**(12,983)**	(12,862)
Deferred tax asset/(liability)	**49**	(359)
Deferred tax liability on pension surplus (note 24)	**1,389**	1,605
Net deferred tax liability (note 17)	**1,438**	1,246

15. Balances with States' Treasury

The Treasury Department of the States of Guernsey is engaged to invest the company's liquid funds in excess of its daily requirements.

16. Trade and other payables: amounts falling due within one year

	31 Dec 2025 £'000	31 Dec 2024 £'000
Trade payables	**7,128**	5,417
Customer payments received in advance	**12,084**	12,295
Deferred income	**145**	122
Accruals and other payables	**2,838**	2,956
Amount drawn under medium-term credit facilities (note 23)	**1,667**	1,667
Derivative financial instruments (note 23)	**26**	671
	23,888	23,128

The company has a £1m overdraft facility with Barclays Bank Plc (2024: £1m), and interest is payable quarterly at 1.75% over Bank of England base rate. This facility is unsecured, is repayable on demand and is reviewed and approved by the Board annually. As at 31 December 2025, £nil was drawn on the Barclays Bank Plc overdraft facility (2024: £nil).

17. Trade and other payables: amounts falling due after more than one year

	31 Dec 2025 £'000	31 Dec 2024 £'000
Deferred income	**6,645**	6,270
Accruals and other payables	**154**	228
Deferred tax liability (note 14)	**1,438**	1,246
Derivative financial instruments (note 23)	**41**	153
Amount drawn under medium-term credit facility (note 23)	**33,667**	33,333
Amount drawn under long-term credit facility (note 23)	**13,000**	13,000
	54,945	54,230

Under FRS 102, the pension scheme surplus is presented in the statement of financial position gross of deferred tax. The deferred tax relating to the pension scheme surplus at 31 December 2025 is recognised as part of the net deferred tax liability included within trade and other payables.

18. Trade and other payables: ageing analysis

	Demand and less than one year £'000	From 1 to 5 years £'000	Later than five years £'000	**Total £'000**
Trade payables	7,128	–	–	**7,128**
Customer payments received in advance	12,084	–	–	**12,084**
Deferred income	145	307	6,338	**6,790**
Accruals and other payables	2,838	154	–	**2,992**
Deferred Tax Liability	–	–	1,438	**1,438**
Amount drawn under medium-term credit facilities (note 23)	1,667	33,667	–	**35,334**
Derivative financial instruments (note 23)	26	41	–	**67**
Amount drawn under long-term credit facility (note 23)	–	–	13,000	**13,000**
	23,888	34,169	20,776	**78,833**

19. Reconciliation of net debt

	1 Jan 2025 £'000	Cash flow £'000	**31 Dec 2025 £'000**
Net debt	(46,209)	3,525	**(42,684)**

	1 Oct 2023 £'000	Cash flow £'000	31 Dec 2024 £'000
Net debt	(40,925)	(5,284)	(46,209)

20. Share capital

	31 Dec 2025 £'000	31 Dec 2024 £'000
Authorised:		
125,000,000 ordinary shares of £1 each	**125,000**	125,000
Issued and fully paid:		
105,208,844 ordinary shares of £1 each	**105,209**	105,209

Two shares were issued on formation of the company and the remaining 109,208,842 shares were issued to equate to the consideration of £109,208,844 for the net assets acquired by the company from the States of Guernsey with effect from 1 February 2002.

On 13 December 2016, the company completed a share buyback of £4m of company shares from the States of Guernsey leaving the company with 105,208,844 issued shares equating to share capital of £105,208,844.

The ordinary shares do not confer any rights or preferences other than the right to vote, the right to participate in dividends or distributions that the company may make and such other rights, generally from time to time, including but not limited to, the rights, if any, to the repayment of capital as may be laid down in the company's Articles of Incorporation.

Dividends and distributions in particular are subject to the provisions of Guernsey Company law and specifically, the Companies (Guernsey) Law, 2008 as amended or replaced.

The ordinary shares are subject to certain restrictions, including specifically, a restriction on the transfer of shares. In all cases, such restrictions are as laid down in the company's Articles of Incorporation and the provisions of any ordinance made by the States of Guernsey in exercise of its powers under the States Trading Companies (Bailiwick of Guernsey) Law 2001, as amended or replaced from time to time.

21. Reconciliation of operating profit to net cash flow from operating activities

	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Profit for the period	**1,026**	4,626
Tax on profit on ordinary activities	**417**	(3,827)
Finance income pension interest	**(455)**	(575)
Other finance income	**(306)**	(504)
Finance costs	**2,372**	3,305
Net loss on derivatives at fair value	**247**	548
Operating profit after pension settlement gain	**3,301**	3,573
Net losses on derivatives on matured hedges	**293**	895
Exchange losses on cash and cash equivalents	**441**	894
Depreciation charge	**7,293**	8,920
Amortisation	**374**	469
Loss on disposal of non-current assets	**60**	10
Pension service cost	**512**	639
Pension settlement gain	**(35)**	(182)
Employer's pension cash contributions	**(74)**	(482)
Pension administration costs	**20**	25
Deferred income receipts	**(273)**	(250)
Working capital changes:		
Customers' contributions towards capital expenditure	**672**	2,231
Decrease/(Increase) in inventories	**2,204**	(1,124)
Increase in receivables, including estimated unbilled units	**194**	(1,324)
(Decrease)/Increase in provision on doubtful debts	**(109)**	408
Decrease in payables	**(52)**	(714)
	14,821	13,988

22. Commitments

Capital commitments, for which no provision has been made in these financial statements, amounted to £4,102,000 (15-month period to 31 December 2024: £862,000). This relates to outstanding commitments on capital projects.

Commodity risk

For the import of power from the European Grid, the company has a contract with Electricité de France ("EDF"). The existing electricity import contract with EDF was effective for a 10-year period which commenced from 1 January 2013 – this period was extended for a further 5 years on 25 June 2017 to December 2027. The related transmission agreement with Réseau de transport d'électricité ("RTE") also commenced from 1 January 2013. Under the import contract, there is a take or pay commitment, whereby the company is jointly and severally liable, along with the Channel Islands Electricity Grid Limited and Jersey Electricity plc, for a block of power over the term of the contract. The remainder of the requirement will be decided by a market pricing mechanism with no volume commitment. The price at which the take or pay block is agreed for the period of the contract and for calendar year 2025 this results in a total commitment for Guernsey Electricity Limited of €9.010m, equating to £7.862m at the Euro/Sterling rate at 31 December 2025 of 1.14595, (15-month period to 31 December 2024: €8.953m, equating to £7.419m at the Euro/Sterling rate at 31 December 2024 of 1.20672).

Operating lease commitments

Commitments to make payments in respect of operating leases are as follows:

	31 Dec 2025 £'000	31 Dec 2024 £'000
Operating leases which expire:		
Within one year	**–**	–
Between one to five years	**–**	–

23. Financial instruments and associated risk management

The categories of financial assets and financial liabilities, at the reporting date, in total, are as below:

	Note	**31 Dec 2025 £'000**	31 Dec 2024 £'000
Financial assets at fair value through profit or loss			
Derivative financial instruments:	*13*		
– Interest rate caps		**260**	508
Financial assets at fair value through other comprehensive income			
Derivative financial instruments:	*13*		
– Forward foreign currency contracts		**247**	9
Financial assets that are debt instruments measured at amortised cost			
Estimated value of unbilled units	*13*	**6,150**	6,603
Customer accounts outstanding	*13*	**7,496**	6,819
Other receivables	*13*	**507**	686
Cash and cash equivalents		**5,649**	1,791
Financial liabilities measured at amortised cost			
Trade payables	*16*	**7,128**	5,417
Accruals and other payables	*16, 17*	**2,992**	3,184
Amount drawn under medium-term credit facilities	*16, 17*	**35,334**	35,000
Amount drawn under long-term credit facility	*17*	**13,000**	13,000
Financial liabilities measured at fair value through other comprehensive income			
Derivative financial instruments – Forward foreign currency contracts	*16, 17*	**67**	824

23. Financial instruments and associated risk management – *(continued)*

Financial assets at fair value through profit or loss

(a) Classification of financial assets at fair value through profit or loss

Derivative financial instruments – Interest Rate Caps

Interest rate risk

The company is exposed to interest rate risk primarily through its loan financing arrangements. The company had a five-year interest rate cap to hedge part of the interest rate risk associated with the £22m revolving credit facility held with RBSI. This cover expired on 2 October 2023 when the facility ended. The valuation of this instrument as at 31 December 2025 was £nil (2024: £nil).

The company also holds a ten-year interest rate cap in relation to a ten-year loan facility with RBSI. An interest rate cap of 2.0% has been applied to a notional amount of £7.1m and is also referenced against the 5-day aggregate SONIA rate. The valuation of this instrument as at 31 December 2025 was £248,000 (2024: £508,000).

During 2025 the company took out a revolving credit facility with a term of two and a half years and in turn took out an interest rate cap in relation to this facility with HSBC. An interest rate cap of 4.5% has been applied to a notional amount of £15.0m and is also referenced against the 5-day aggregate SONIA rate. The valuation of this instrument as at 31 December 2025 was £12,000.

A loss of £247,000 (15-month period to 31 December 2024: a loss of £548,000) is included within the statement of comprehensive income.

Loan Commitments

(a) Revolving credit facility

The company held a five-year, £22m revolving credit loan facility with RBSI which expired on 2 October 2023. This loan facility had been for general working capital and capital expenditure purposes.

The company entered into a replacement revolving credit facility agreement with HSBC Bank Plc in April 2023 in order to replace the RBSI facility when it expired on 2 October 2023. The HSBC facility was for £20m with an option to increase this by a further £15m to a total of £35m. As at 31 December 2025, the balance drawn on the loan was £29.5m. Interest costs for this commercial loan were at commercial rates of less than 5.82%. A commitment fee is payable on any undrawn amount in line with the terms of the arrangement. As at 31 December 2025, the company had utilised £29.5m of the loan (2024: £27.5m). The drawn amount has been classified as a financial liability measured at amortised cost.

The company entered into a revolving credit facility with RBSI in September 2025 for the amount of £15m. Interest costs for this commercial loan were at commercial rates of less than 5.82%. A commitment fee is payable on any undrawn amount in line with the terms of the arrangement. As at 31 December 2025, the company had utilised £nil of the loan.

(b) Term loan facility

The company has a ten-year, £15m term loan facility with RBSI, effective from 1 June 2019. The purpose of this loan facility was for the part funding of the replacement Guernsey to Jersey interconnector. Interest costs for this commercial loan were at commercial rates less than 6.05%. As at 31 December 2025, the balance drawn on the loan was £5.8m (2024: £7.5m). The loan balance is reducing over the term of the loan.

(c) States of Guernsey Bond

The company has a twenty five-year, £13m loan agreement with the States of Guernsey. The purpose of this loan was for the part funding of the replacement Guernsey to Jersey interconnector. The interest rate for the loan is fixed at 3.625% for the loan term. As at 31 December 2025, the balance payable on the loan was £13m (2024: £13m).

23. Financial instruments and associated risk management – *(continued)*

Financial liabilities measured at fair value through profit or loss

Derivative financial instruments – Forward Contracts

(a) Import Financial Hedge

Currency risk

The company is exposed to currency risk through its import contracts with EDF and RTE which are denominated in Euros. The company manages the currency risk through derivative contracts. The company has entered into forward contracts for the purchase of the Euro. The company's commitment to forward contracts at the previous 15-month period ending 31 December 2024 was as follows:

Maturity	Notional amount €'000	Average hedged rate €/£
Less than one year	20,821	1.1478
Greater than one year and less than two years	15,845	1.1537
Greater than two years and less than three years	2,000	1.1535

As at 31 December 2025, the company is holding the following Euro forward contracts to hedge the exposure on its electricity import over the next 24 months. These dates represent when the cash flows are expected to occur and when they are expected to affect profit or loss:

Maturity	Notional amount €'000	Average hedged rate €/£
Less than one year	19,025	1.1485
Greater than one year and less than two years	8,000	1.1204
Greater than two years and less than three years	–	n/a

The impact of hedging instruments designated in cash flow hedging relationships as of 31 December 2025 on the statement of financial position of the company is as follows:

Line item in the statement of financial position	Notional amount €'000	Carrying amount £'000
Trade and other receivables (note 13)	27,025	507
Trade and other payables: amounts falling due within one year (note 16)	19,025	26
Trade and other payables: amounts falling due after one year (note 17)	8,000	41

As at 31 December 2025, the outstanding contracts for import all mature within 24 months of the period end. These contracts are measured at fair value utilising the third-party market valuations provided by the relevant counterparties. A gain of £1,287,000 (15-month period to 31 December 2024: a gain of £259,000) was recognised in other comprehensive income during the period reflecting the effective change in value of hedging instruments designated for hedge accounting. Losses totalling £293,000 (15-month period to 31 December 2024: £895,000 losses) have been recycled through Profit and Loss.

Determination of fair value on contracts

These contracts are measured at fair value utilising the third-party market valuations provided by the relevant counterparties on the basis of 'exit' model methodologies.

24. Pension scheme

Nature of the Guernsey Electricity Limited Actuarial Account

Some employees of the company are members of the States of Guernsey Public Servants Pension Scheme ("PSPS"), in which the company has its own Actuarial Account. The company's Actuarial Account operates as a separate ring-fenced arrangement within the PSPS, with its own assets to fund the pension benefits of the company's employees who are members of the PSPS. This is a defined benefits pension scheme funded by contributions from both employer and employee at rates which are determined on the basis of independent actuarial advice.

Employees not eligible to participate in the PSPS defined benefit scheme may be entitled to participate in the defined contribution pension scheme. Contributions are made to this scheme by eligible employees on a ratio of 1:2 with contributions made by the company.

The Actuarial Account operated by the company provides retirement benefits based on final pensionable pay for service to 29 February 2016 and based on career average revalued earnings from 1 March 2016. Some protected members will continue to accrue benefits from 1 March 2016 linked to final pensionable pay. Employees recruited after 1 May 2015 accrue benefits based on career average revalued earnings. The Actuarial Account forms part of the PSPS. The PSPS is currently open to both future accrual and new members. However, the Actuarial Account was closed to new members during the financial year to 31 March 2018.

The most recent formal actuarial valuation of the company's Actuarial Account carried out as at 31 December 2023 indicated that the Actuarial Account was in surplus. The company chose to reduce the contribution rate from 7.5% to 1.5% of pensionable pay with effect from 1 January 2025, using some of the surplus as a prudent margin to cover any adverse future experience within the Actuarial Account. This contribution rate was approved by the States of Guernsey.

The calculations for the FRS 102 disclosures have been carried out by running full actuarial calculations as at 31 December 2025.

The Actuarial Account had an FRS102 surplus of £12,063,000 based on the assumptions as stated in note 24. This surplus was restricted in the balance sheet to £6,947,000. The directors have considered the sensitivity of this surplus to changes in the key assumptions of discount rate (+/- 0.5%), inflation (+/- 0.5%) or a 30% fall in the market value of equities and alternatives. The assets would remain in surplus by at least £5,370,000 (2024: £5,825,000 surplus) under all these considered changes.

Funding policy

The company's Actuarial Account is funded by means of regular contributions to cover current benefit accrual, with the rates of contribution set after each triennial actuarial valuation. The funding method currently employed is the Projected Unit Method, which sets contribution rates based on the benefits expected to be accrued in the period following the valuation date. This contribution rate is then adjusted to take account of any surplus or shortfall in the Actuarial Account. The States of Guernsey determine the level of contributions payable to the Actuarial Account following advice from the Scheme's Actuary.

Actuarial Account

There was a settlement gain of £35,271 on 31 December 2025 in relation to a transfer of assets and liabilities in relation to active leavers over the period from 1 January 2025 to 31 December 2025. A transfer value was paid on 31 December 2025 from the Actuarial Account to the Combined Pool in respect of these liabilities.

24. Pension scheme – *(continued)*

Employee benefit obligations for Guernsey Electricity Limited in respect of the Guernsey Electricity Limited Actuarial Account of the States of Guernsey Superannuation Fund

The amounts recognised in the statement of financial position are as follows:

	31 Dec 2025 £'000	31 Dec 2024 £'000
Fair value of Actuarial Account Assets	**30,741**	29,113
Present value of funded obligations	**(18,678)**	(18,621)
Net over funding in Actuarial Account	**12,063**	10,492
Unrecognised assets	**(5,116)**	(2,469)
Recognisable net over funding in Actuarial Account	**6,947**	8,023
Related deferred tax liability (note 14)	**(1,389)**	(1,605)
Net defined pension asset	**5,558**	6,418

The amounts recognised in the statement of comprehensive income are as follows:

	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Service cost	**512**	639
Settlement gains	**(35)**	(182)
Net interest on Net Defined Benefit Liability	**(455)**	(575)
Income recognised in the statement of comprehensive income	**22**	(118)

The net interest on Net Defined Benefit Liability is comprised as follows:

	31 Dec 2025 £'000	31 Dec 2024 £'000
Interest on obligation	**1,001**	1,236
Interest on assets	**(1,591)**	(1,811)
Interest on unrecognised assets	**135**	–
Net interest on Net Defined Benefit Liability (note 6)	**(455)**	(575)

24. Pension scheme – *(continued)*

The amounts recognised as Remeasurements in Other Comprehensive Income are as follows:

	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Return on assets (not included in interest)	**(160)**	1,802
Actuarial gains on obligation	**1,564**	62
Change in unrecognised assets (other than interest)	**(2,512)**	(2,469)
Total remeasurements recognised in other comprehensive income	**(1,108)**	(605)

The following other costs have been recognised in the relevant sections of the accounts.

	Year ended 31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Administration expenses paid from Actuarial Account	**20**	25
Other items	**20**	25

In addition, the company has charged any other administration expenses relating to the Actuarial Account which are paid directly from company funds.

From 1 January 2025 the employer contribution rate has dropped from 7.5% to 1.5%. The company contributed £107,000 to the Actuarial Account over the period from 1 January 2025 to 31 December 2025. Members of the Actuarial Account contributed £378,000 to the Actuarial Account over the same period.

Changes in the present value of the Actuarial Account's Defined Benefit Obligation are as follows:

	31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Opening Defined Benefit Obligation	**18,621**	18,313
Service cost	**512**	639
Contributions by members	**361**	454
Liabilities extinguished on settlements	**(253)**	(1,959)
Interest on obligation	**1,001**	1,236
Experience losses	**(529)**	662
Gains from changes in assumptions	**(1,035)**	(724)
Closing Defined Benefit Obligation	**18,678**	18,621

The weighted average duration of the liabilities of the Actuarial Account was 20 years as at 31 December 2025 (2024: 21 years).

24. Pension scheme – *(continued)*

Changes in the fair value of Actuarial Account assets are as follows:

	31 Dec 2025 £'000	15 months ended 31 Dec 2024 £'000
Opening fair value of Actuarial Account assets	**29,112**	26,366
Interest on assets	**1,591**	1,811
Return on assets (not included in interest)	**(160)**	1,802
Assets distributed on settlements	**(217)**	(1,777)
Contributions by employer	**74**	482
Contributions by members	**361**	454
Administration expenses	**(20)**	(25)
Closing fair value of Actuarial Account assets	**30,741**	29,113

The major categories of Actuarial Account assets as a percentage of the total are as follows:

	31 Dec 2025 %	31 Dec 2024 %
Equities & Alternatives	**65**	65
Bonds, Fixed Interest Securities & Short-Term Securities	**30**	31
Property	**5**	4

All the Actuarial Account's assets have a quoted market price in an active market. The Actuarial Account holds no financial instruments issued by the company (other than incidentally through investment in pooled funds), nor does it hold any property or other assets used by the company.

Principal actuarial assumptions used for the FRS 102 disclosures:

	31 Dec 2025 % p.a.	31 Dec 2024 % p.a.
Discount rate at end of period	**5.60**	5.50
Discount rate at start of period	**5.50**	5.40
Inflation	**2.90**	3.10
Rate of increase in pensionable salaries	**3.65***	3.85*
Rate of increase in deferred pensions	**2.90**	3.10
Rate of increase in CARE benefits	**2.90**	3.10
Rate of increase in pensions in payment	**2.90**	3.10

* Pensionable salaries are assumed to increase at a rate of 3.0% for next year and then drop to the long-term assumption of 3.65% thereafter.

24. Pension scheme – *(continued)*

Mortality Assumptions

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements.

The assumptions are that a member aged 65 will live on average until age 87 (2024: 86 years) if they are male and until age 89 (2024: 89 years) if female.

For a member currently aged 45, the assumptions are that if they attain age 65, they will live on average until age 88 (2024: 87 years) if they are male and until age 91 (2024: 90 years) if female.

Amounts for the current year and previous periods are as follows:

	Dec 2025 £'000	Dec 2024 £'000	Sept 2023 £'000	Sept 2022 £'000	Sept 2021 £'000
Defined benefit obligation	**18,678**	18,621	18,313	24,616	53,999
Actuarial Account assets	**30,741**	29,113	26,366	29,400	38,189
Surplus/(Deficit) (gross)	**12,063**	10,492	8,053	4,784	(15,810)
Unrecognisable assets	**(5,116)**	(2,469)	–	–	–
Actuarial gains/(losses) on Actuarial Account assets	**(160)**	1,802	246	(5,292)	4,802
Experience (losses)/gains on Actuarial Account liabilities	**529**	(662)	(680)	(872)	1,889
Gains/(losses) from changes in assumptions	**1,035**	724	3,315	23,578	(1,085)
Total Actuarial gains/(losses) on Actuarial Account liabilities	**1,564**	62	2,635	22,705	804

25. Statement of control

The company is wholly owned and ultimately controlled by the States of Guernsey.

26. Related party transactions

There are no disclosable related party transactions in this financial period. See note 5 for disclosure of directors' remuneration. Within the company, only the directors meet the definition of Key Management Personnel.

27. Subsequent events

There are no subsequent events requiring disclosure.

Guernsey Electricity Limited
PO Box 4
Electricity House
Northside
Vale
Guernsey GY1 3AD

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