

S.P. 13/26



**St Helena
Government**

ST HELENA GOVERNMENT

AUDIT ST HELENA

**PERFORMANCE AUDIT REPORT:
IMPLEMENTATION OF ST HELENA'S ENERGY
STRATEGY, MARCH 2026**

Laid upon the Table 19 March 2026



AUDIT ST HELENA
External Auditors

Performance Audit:
Implementation of
St Helena's Energy Strategy

March 2026

Audit St Helena is the body that carries out financial and performance audits of St Helena Government on behalf of the Chief Auditor.

The Chief Auditor is a statutory position required by the Constitution of St Helena (Section 110). The Chief Auditor's responsibilities are set out in the Constitution and the Public Finance Ordinance. Section 29(2) of the Ordinance requires the conduct of performance audits on behalf of the Legislative Council to determine whether resources have been used with proper regard to economy, efficiency and effectiveness.

This report has been prepared in accordance with section 29(2) and published by the Chief Auditor, Brendon Hunt. The Chief Auditor was assisted in the preparation of this report by Prime Risk & Advisory Services, former Deputy Chief Auditor Vimbai Chikwenhere and Performance Audit Manager David Brown.

CONTENTS

| | |
|--|----|
| ABBREVIATIONS | 4 |
| ABOUT THE AUDIT | 5 |
| FINDINGS | 6 |
| GLOBAL REVIEW OF RENEWABLE ENERGY | 6 |
| RENEWABLE ENERGY IN ST HELENA | 8 |
| CLOSING OBSERVATIONS | 19 |
| APPENDIX ONE: LIST OF RECOMMENDATIONS | 21 |
| APPENDIX TWO: OUR APPROACH AND EVIDENCE BASE | 26 |

ABBREVIATIONS

| | |
|---------|--|
| CEO | Chief Executive Officer |
| Connect | Connect Saint Helena Ltd |
| COP26 | UN Conference of the Parties Climate Change Conference of 2021 |
| COP28 | UN Conference of the Parties Climate Change Conference of 2023 |
| ENRP | Environment, Natural Resources and Planning |
| FCDO | Foreign, Commonwealth and Development Office |
| FY | Financial year |
| GWh | Gigawatt hour |
| kWh | Kilowatt hour |
| NGO | Non-governmental organisation |
| PASH | PASH Global |
| PPA | Power Purchase Agreement |
| SDG | Sustainable Development Goal |
| SHG | St Helena Government |
| URA | Utilities Regulatory Authority |

ABOUT THE AUDIT

The 2016 St Helena Government (SHG) Energy Strategy included the intention for the island “to become 100% self-sufficient on the national grid through renewable energy” by 1 April 2022, i.e. the beginning of financial year (FY) 2022/23.¹ This was to be achieved through the following:

- A mixed model of energy production and storage.
- A targeted strategy to reduce demand through greener practices and more energy efficient products including electric vehicles.
- Reducing energy costs for the community, including all public, private and non-governmental organisations (NGO).
- Contributing to the global drive to mitigate climate change and reduce fossil fuel use.
- Communicating the benefit and opportunities of renewables and efficient energy use.
- Establishing St Helena as a leader in the field and enhancing its tourism credentials.

This performance audit sought to answer the following high-level questions:

1. What progress did St Helena make toward its goal of becoming 100% self-sufficient through renewable energy by 1 April 2022?
2. Was there due regard for economy, efficiency and effectiveness in the implementation of SHG’s Energy Strategy?

The audit report describes the efforts undertaken in the operationalisation of SHG’s Energy Strategy across the public and private sectors. It reviews government’s actions as well as those of prominent stakeholders like Connect St Helena Ltd (Connect) who holds the utilities licence. The evidence examined in this report is primarily focussed on the period ending 1 April 2022 but we also consider more recent developments as warranted.

We reviewed information from SHG, Connect and the Utilities Regulatory Authority (URA) for this audit. Connect is a 100% state-owned entity and the URA is the regulatory board in charge of utilities providers in St Helena. The URA as a regulator is responsible for providing oversight while being independent of both St Helena and Connect. During our fieldwork we corresponded with and interviewed Connect’s Chief Executive Officer and SHG’s Portfolio Director for Environment, Natural Resources and Planning.

¹ https://www.sainthelena.gov.sh/documents/161025_St-Helena-Government-Energy-Strategy-FINAL-October-2016.pdf

GLOBAL REVIEW OF RENEWABLE ENERGY

Renewable energy has become an increasingly important focus for small island states around the world. These states, often characterised by their vulnerability to climate change and limited access to traditional energy sources, are recognising the need to transition towards renewable energy in order to achieve energy independence, reduce greenhouse gas emissions and increase their resilience to the impacts of climate change.² By harnessing the abundant natural resources available to them, such as solar and wind power, small island states are making significant strides in implementing renewable energy projects that are helping to meet their energy needs in a sustainable manner. This transition to renewable energy is not without its difficulties: small island states face unique challenges in implementing renewable energy projects, including limited land availability, high upfront costs and reliance on imported energy infrastructure. However, through collaboration with international organisations and support from global initiatives such as the United Nations' Sustainable Energy for All programme, small island states are finding innovative solutions to overcome these challenges.³ Some of these solutions include street lighting with solar panels and supercapacitors, micro-hydropower plants, electric power plants integrated with the grid and the implementation of 'smart grids'.

With the increasing momentum towards renewable energy, small island states are also reaping additional benefits beyond reduced carbon emissions and energy independence. The shift towards renewable energy is creating new job opportunities and contributing to economic development. The tourism sector, which is vital for many of these states, is also benefiting from the use of sustainable energy as it enhances the appeal of these destinations to eco-conscious travellers.

In addition to utilising solar and wind power, small island states are exploring innovative technologies such as wave and tidal energy to further diversify their renewable energy sources. These efforts not only reduce dependence on imported fossil fuels but also contribute to the overall resilience of these island nations. Further, small island states are recognising the importance of integrating renewable energy with other practices such as energy efficiency measures and waste management. These synergistic approaches help maximise the benefits of renewable energy while minimising environmental impacts and promoting overall sustainability.

² Bishoge, Zhang and Mushi, Witness. *The Potential Renewable Energy for Sustainable Development in Tanzania: A Review* Clean Technologies, 2018.

³ <https://www.seforall.org/>

Renewable resources are being recognised and prioritised by governments and organisations around the world as essential components of a greener, more sustainable future. The integration of renewable energy in small island states is not only reducing carbon emissions and increasing energy independence but also creating new job opportunities and contributing to economic development. Moreover, this commitment to renewable energy is inspiring broader global efforts to combat climate change and transition towards more sustainable energy systems. As small island states continue to innovate and collaborate, their experiences and successes serve as lessons for larger nations as well as for other island states facing similar challenges.

The Sustainable Development Goals

On 25 September 2015, 193 countries of the United Nations General Assembly adopted a development agenda titled 'Transforming Our World: The 2030 Agenda for Sustainable Development'. At its core are 17 Sustainable Development Goals (SDGs), which collectively are a call for action by developed and developing countries in a global partnership.⁴ Figure 1 displays these agreed-upon goals.

FIGURE 1: THE SUSTAINABLE DEVELOPMENT GOALS



Source: United Nations

Goal 7 of the SDGs is affordable and clean energy, which is aimed at ensuring access to affordable, reliable, sustainable and modern energy for all. Besides that ambition, global 'net zero' commitments were made during the United Nations' Conference of the Parties international climate conference held in Glasgow in 2021 (COP26). These commitments aim to cut greenhouse gas emissions as close to zero as possible with any remaining emissions re-absorbed from the atmosphere.

⁴ <https://sdgs.un.org/goals>

Most countries across the globe remain committed to net zero as concluded in the COP28 held in Dubai, United Arab Emirates, in 2023.⁵ Some additional important commitments made on renewable energy were to:

1. Triple the world's installed renewable energy generation capacity to at least 11,000 GW by 2030, taking into consideration different starting points and national circumstances.
2. Double the global average annual rate of energy efficiency improvements from around 2% to over 4% every year until 2030.
3. Put the principle of energy efficiency as the 'first fuel' at the core of policymaking, planning and major investment decisions.
4. Take comprehensive domestic actions to contribute to the achievement of these goals, including adopting ambitious national policies on renewable energy and energy efficiency while working with cities and subnational governments.
5. Recognise the need to strengthen international collaboration on renewables and energy efficiency.

Fossil fuel supply disruptions, such as from the lingering effects of Covid-19 and Russia's invasion of Ukraine, have underlined the energy security benefits of domestically generated renewable electricity, leading many countries to strengthen policies supporting renewables. Meanwhile, higher fossil fuel prices worldwide have boosted the competitiveness of solar power and wind generation relative to other energy sources.

RENEWABLE ENERGY IN ST HELENA

On the first day of COP28, delegates agreed to formally establish a loss and damage fund to support vulnerable countries dealing with the effects of climate change, especially those facing the brunt of devastating floods, drought and sea-level rise. St Helena is generally less exposed to natural disasters compared to some other regions, as it is situated far from major tectonic plate boundaries which reduces the risk of earthquakes, volcanic eruptions and floods. However, like many other small island states, St Helena is vulnerable to diverse climate-related impacts like occasional droughts. A changing climate could have various adverse effects on the island, including altered rainfall patterns, sea-level rise and impacts on marine ecosystems.

Renewable Energy Milestones and the PPA

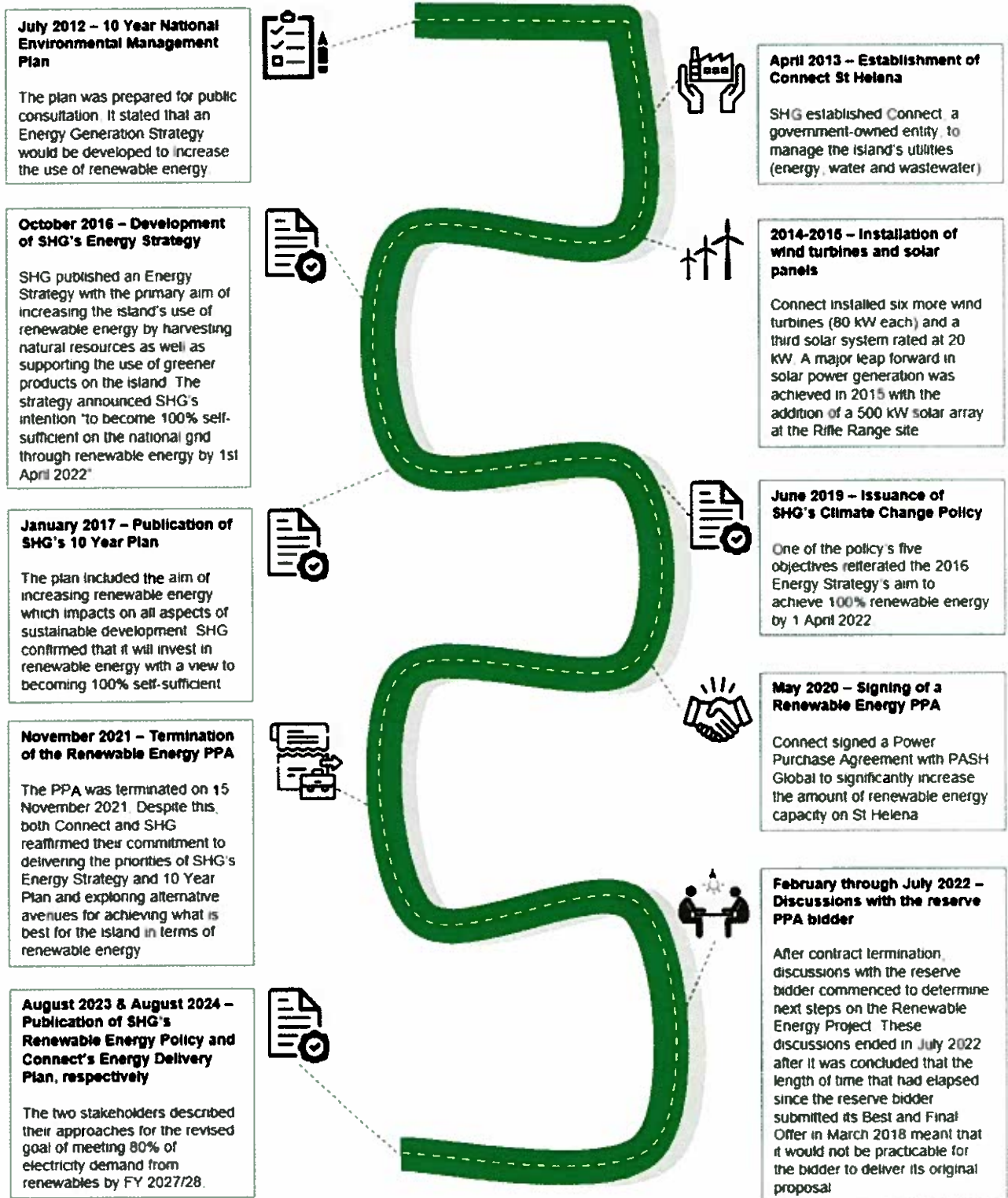
St Helena has been working towards increasing the use of renewable energy sources to reduce its dependence on fossil fuels. This effort is in line with the global

⁵ <https://www.cop28.com/en/global-renewables-and-energy-efficiency-pledge>

push for sustainable development and the transition to clean energy. It includes constructing a wind farm, installing solar panels and exploring the potential for hydroelectric power generation.

Figure 2 on the next page outlines the key events associated with the implementation of renewable energy in St Helena dating back to 2012. These events are discussed in more detail in the sections that follow.

FIGURE 2: KEY EVENTS ASSOCIATED WITH RENEWABLE ENERGY IN ST HELENA



Source: Audit St Helena analysis of SHG and Connect documents

Connect was established on 1 April 2013 and the Utility Services Ordinance came into force at that time. SHG granted Connect an exclusive 10-year licence as the utilities provider and created a legal framework to facilitate the private sector provision of licensed public utility services. These services were:

- (a) generation, distribution and supply of electricity;
- (b) collection, storage, treatment and distribution of water; and
- (c) disposal of wastewater.

As described above, the stated intent of SHG's 2016 Energy Strategy was for the island to become 100% self-sufficient through renewable energy by 1 April 2022. SHG formulated several policy documents and held consultations with the public to support the Energy Strategy and this goal.

In 2017 SHG through its shareholder intention mandated that Connect undertake a renewable energy project and instructed the utility to lead on the procurement of a Power Purchase Agreement (PPA).⁶ Connect then proceeded with a procurement process to identify a suitable partner to implement its renewable energy initiative. From the bids received, Connect selected PASH Global (PASH) as its preferred bidder in May 2020 and the two parties signed a PPA with the aim of significantly increasing St Helena's renewable energy capacity.⁷

One of the benefits of the Power Purchase Agreement was that no capital outlay was required from Connect or SHG. Instead PASH would procure and install the required infrastructure to meet demand and Connect would then pay PASH for each kilowatt hour (kWh) it consumed. While Connect was obligated to purchase power preferentially from PASH, there was no obligation for Connect to pay for electricity it could not sell.⁸

At the time of PPA contracting, Connect generated about 25% of the island's energy needs from renewable energy. The initial installation under the PPA was supposed to be:

- A 500 kilowatt peak solar array,
- 1.8 megawatt peak wind turbines and
- 2.7 megawatt hours of battery storage.

⁶ <https://www.sainthelena.gov.sh/documents/10-Yr-Plan-Six-Month-Review-2017-1.pdf>

⁷ <https://www.sainthelena.gov.sh/2020/public-announcements/connect-saint-helena-ltd-signs-contract-with-pash-to-meet-100-renewable-energy-target/>

⁸ <https://www.sainthelena.gov.sh/documents/St-Helena-2030-Vision-and-Infrastructure-Plan-.pdf>

Once commissioned, this site would produce up to 9.133 gigawatt hours (GWh) annually. This is in addition to Connect's existing infrastructure, which was expected to produce roughly 11.8 GWh in 2020. Thus the near-term total would be about 21 GWh, with the future expectation to at least double the incidence of renewable energy (increasing it from 25% to 50%). However, the emergence of the Covid-19 pandemic disrupted the supply chain, making it more difficult to achieve the target.

Governance from Connect's Board and Management

Connect did not have access to an internal renewable energy expert or specialist advisor to evaluate its plans, oversee its procurement and manage the contract implementation for its renewable energy project. As such, in September 2017 Connect retained a legal firm to assist with the procurement and contracting process. The firm's scope of work was as follows:

- Draft and agree the terms for wind, solar and battery storage variants;
- Draft and agree a PPA template for wind, solar and battery storage variants based on bids provided; and
- Assist in evaluation and strategy.

The scope however excluded important matters like procurement, energy regulatory advice and governance.

Connect's intention was to implement renewable energy so that it contributed the majority if not all of St Helena's grid supply. The utility had eight executive and non-executive directors on its Board of Directors when the PPA procurement was initiated in 2017. The make-up of the board included an engineer, bank CEO, business owner, economist, chartered accountant, environmental risk specialist and marine/fisheries specialist. While the board possessed a wide variety of expertise, we found no evidence that its members had undertaken a specialised PPA deal before, and SHG as a shareholder did not recommend the appointment of directors who had experience implementing renewable energy projects. Further, the PPA deal's advisory scope with the legal firm had many exclusions which left the board exposed in trying to negotiate and finalise any appropriate PPA.

In June 2021 the legal firm Connect had retained to advise on PPA procurement further contracted an independent engineering and consultancy enterprise active in the energy and infrastructure sectors to assist with pricing variations requested by PASH. Even though the skills gap could have been mitigated by this arrangement, the lack of an in-house energy expert meant that there was no one to provide appropriate oversight for the work that the consultants would perform.

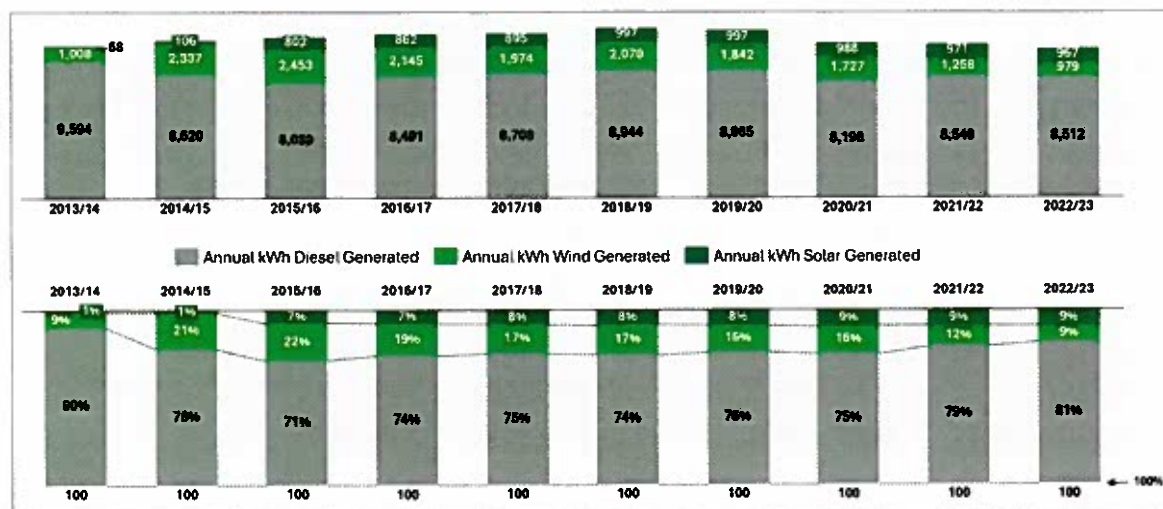
The End of the PPA

On 15 November 2021, 18 months after signing the contract, Connect and PASH reached a decision to terminate the PPA. PASH indicated that some of the terms of the contract signed in 2020 could not be fulfilled because of Covid-19's inflationary pressure on the price of raw materials and longer lead times for procurement. After contract termination, discussions with the reserve bidder commenced in February 2022 to determine whether it would be possible to advance the renewable energy project despite losing PASH. However, those discussions were closed 5 months later, as the parties concluded that the length of time elapsed since the reserve bidder submitted its 'best and final offer' in March 2018 meant that it would not be feasible to deliver the bidder's original proposal. The tender process for a renewable energy project was therefore concluded in July 2022.⁹

Electricity Generation Before and After the Renewable Energy Initiative

Figure 3 below presents an analysis of electricity generation by diesel generators, wind turbines and solar panels in St Helena from FY 2013/14 through 2022/23.

FIGURE 3: ELECTRICITY GENERATION BY SOURCE, FY 2013/14 THROUGH 2022/23



Source: Audit St Helena analysis of Connect and URA data

Note: Raw numbers in the top half of the chart are in thousands of kWhs.

⁹ <https://www.sainthelena.gov.sh/documents/10-Yr-Plan-Six-Month-Review-2022-23-April-Sept-2022.pdf>

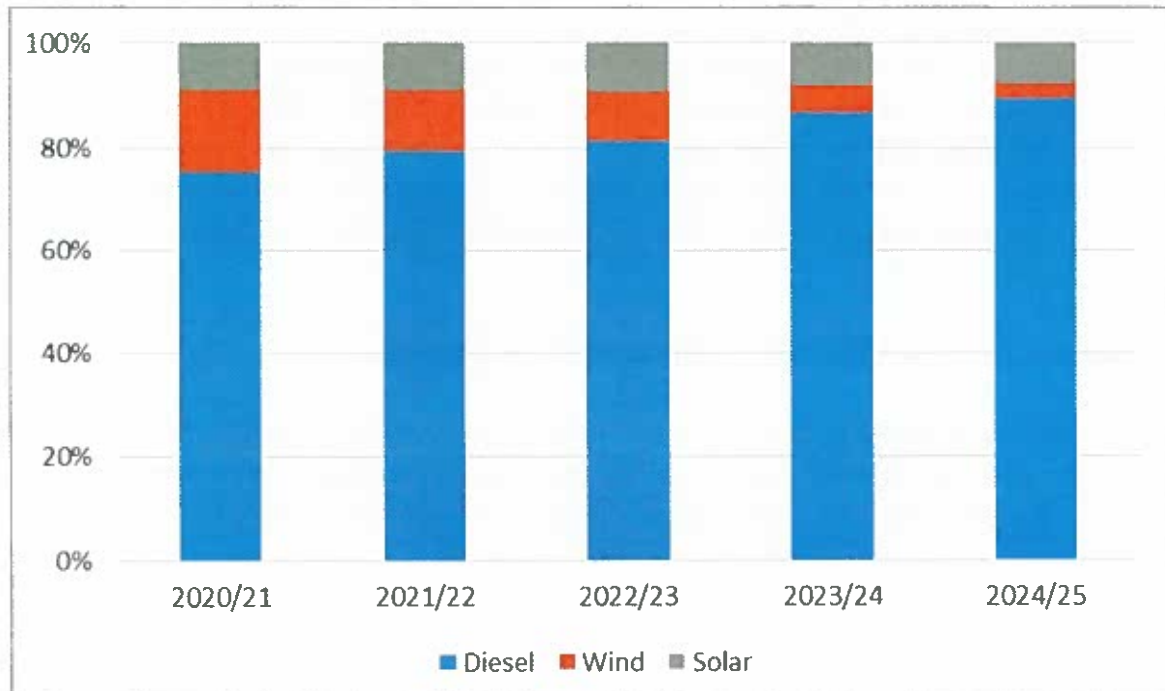
Diesel was the dominant electricity mode of the three energy sources, responsible for 71% to 90% of electricity generated annually across the 10-year period. This means that Connect incurred relatively high generation costs because, in addition to its market price, diesel has substantial transport costs along with maintenance costs associated with generators. However, while diesel's contribution to electricity generation was 8.9 times greater than that of renewable energy at the beginning of the period, it was only 4.4 times greater by the end. This proportional increase in the influence of renewable energy relative to diesel was solar-power driven: wind power production had actually fallen slightly by the end of the period (after growing during the early and middle years) but solar production grew more than 14-fold until it was nearly on par with wind by the end of FY 2022/23. Still, the final tally of just 19% of Connect's energy generation coming from renewable sources by the end of that financial year is far short of the 100% target (which was supposed to be reached by the beginning of it). Connect was also generating fewer overall kWhs at the end of the 10-year period than at the beginning as a result of falling demand – down just 2% by the end of the period but down 13% from the FY 2018/19 peak.

Further, there was a stark decline in renewable's portion of overall energy production from 29% in 2015/16 to the aforementioned 19% in 2022/23 due in part to the ageing wind turbines (installed 12 to 26 years ago), with total kWhs generated by wind falling from 2,453,000 to 979,000. Ageing infrastructure has resulted in fewer of the 12 turbines being operational, thereby reducing wind power's contribution to the national grid. Thus, as of the end of FY 2022/23, SHG was in a position where the benefits of renewable energy to the consumer had been recognised for some time, yet the relative amount of electricity generated by renewables had fallen significantly. The situation worsened considerably the following year, with just 13% of electricity generated from renewable energy sources in FY 2023/24 compared to 19% in the prior year and 26% as recently as FY 2018/19.¹⁰ Finally, in January 2026 the URA released its report on the quality of Connect's service provision in FY 2024/25, which revealed that only 11% of electricity came from renewable sources during that year.¹¹ Figure 4 displays the past 5 years of this downward trend.

¹⁰ http://www.connect.co.sh/uploads/2/9/0/2/29020443/240531_annual_report_2023-24_final.pdf

¹¹ http://www.connect.co.sh/uploads/2/9/0/2/29020443/ura_report_on_usp_2024-25.pdf

FIGURE 4: PROPORTION OF ELECTRICITY GENERATION BY SOURCE, FY 2020/21 THROUGH 2024/25



Source: Connect

The Future of Renewable Energy in St Helena

According to the Utilities Regulatory Authority, Connect in late FY 2022/23 participated in a working group led by SHG to develop a renewable energy policy for the island. SHG adopted this policy in August 2023. A year later, in August 2024, Connect published an Energy Delivery Plan that detailed the utility's strategy for reaching 80% electricity generation from renewables by FY 2027/28.¹²

Moving forward, SHG's Vision and Strategy 2022-2025 acknowledges that "St Helena, like other Islands, has relatively expensive electricity costs; it is also subject to unplanned outages and downtime which impacts negatively on businesses and daily living. The implementation of the renewable energy strategy will see the cost of producing energy stabilise and over time decrease so prices become more affordable to consumers."¹³ According to the strategy, the government's areas of focus would include "[i]mplementing policies which will facilitate all of our energy being generated (over time) using renewable sources", so clearly the will to reach the 100% target was still present when this strategy was drafted. However, in its June 2024 Report on Tariffs (i.e. utility rates) the URA criticised Connect's lack of urgency:

¹² <https://audit.gov.sh/wp-content/uploads/2026/02/Connect-Energy-Delivery-Plan-Aug-2024.pdf>

¹³ <https://www.sainthelena.gov.sh/documents/SHG-Strategy-2022-2025-FINAL.pdf>

Having said that Connect have little control over fuel costs the URA makes the point, again, that renewable energy solutions would reduce the reliance on diesel and had Connect kept to their stated aims Connect's customers would not be in this position now. That Connect are again going through the process of a renewable energy project does not fill the URA with much confidence that the stated aims will come to fruition any time soon. Those that suffer from this are consumers... We emphasise that the failure to introduce renewable energy to the island is a corporate failing that has been ongoing for some time.¹⁴

In January 2026 the URA again addressed this shortcoming:

As has been previously noted by the URA, promises by Connect to increase reliance on renewable energy have been found wanting. Had Connect kept to their timetable 80% of energy on the island would have been generated by renewables by 2019/20. Instead we have another iteration of a renewable energy project where progress is being measured in terms of completion of planning stages, not by an increasing use of renewables.¹⁵

Finally, SHG's Sustainable Economic Development Strategy affirms that "St Helena's current energy mix is too expensive and does not provide the capacity or stability the island needs".¹⁶ However, it goes on to state that the island's "remote location and unique geography make it particularly well-placed to benefit from the global renewable energy revolution. SHG is planning for the island to grow, therefore the energy supply needs to increase." The strategy commits SHG "to harness[ing] the capacity of the private sector to deploy mature and emerging renewable energy technologies across the island" in an environmentally sustainable way that nonetheless delivers "more reliable energy at affordable prices".

Socio-Economic Implications of Renewable Energy

The adoption of renewable energy as the main source of electricity has far-reaching implications which highlight its importance to St Helena. High energy prices impose inflationary pressures that work against the creation of an enabling environment in the economy. The cost of energy on the island contributes to fuel poverty and is a risk to social mobility, economic growth and the environment. Renewable energy has significant local socio-economic considerations for the island such as:

¹⁴ http://www.connect.co.sh/uploads/2/9/0/2/29020443/report_on_tariffs_from_1_july_2024.pdf

¹⁵ http://www.connect.co.sh/uploads/2/9/0/2/29020443/ura_report_on_usp_2024-25.pdf

¹⁶ <https://audit.gov.sh/wp-content/uploads/2026/02/Sustainable-Economic-Development-Strategy.pdf>

Efforts to offset electricity costs

SHG has recognised the importance of power generation and supply to the island and how an increase in the price of diesel could severely affect the affordability of electricity, fuel and household goods. To partially mitigate this risk SHG has a fiscal tool in place to control the price of diesel delivered to a strategic customer like Connect. SHG provides Connect with an annual subsidy that totalled £1.9 million in FY 2023/24, up from £1.8 million in the prior financial year; according to URA reports, SHG funded a subsidy totalling £7.7 million for the 10 financial years from FY 2013/14 through FY 2022/23.¹⁷ Its purpose is to cover some of Connect's running costs for energy generation such that the savings are passed on to the island's consumers. In addition to this, SHG provides Connect with customs rebates for diesel fuel used in electricity generation (£0.8 million in FY 2023/24).¹⁸

Clause 17.1 of SHG's Energy Strategy states that incentivising the community, public, private and NGO entities to employ 'greener' more efficient technology through a range of financial and practical government-led support will be necessary on the demand side. Clause 24 further declares that SHG will take a leading role in this area and work to make being greener easier and more cost effective through incentivising and investing in energy efficient products. In addition, the strategy highlights several successful renewable energy initiatives implemented by other nations, indicating that SHG was aware of success stories stemming from rebates and subsidies at the time of the strategy's publication.

Tax incentives

SHG's Vision and Strategy 2022-2025 states that the government is "committed to working towards being powered through 100% renewable sources (wind, solar) and... working with Connect to develop and implement solutions to achieve this".¹⁹ Strategic objective 26 (Maximise the potential of Blue and Green resources) states that "[w]e will use our taxation strategy to support policies to reduce CO2 emissions and to encourage the use of green technologies in building, waste management and recycling". Meanwhile one of the proposed solutions in the Energy Strategy is reduced taxation on goods that have a low or zero carbon footprint and consume little energy which could encourage people and businesses to live in a more environmentally friendly way.

Public interest

In 2022, Connect submitted a request to increase the electricity tariffs that was met with negative publicity. The URA rejected this tariff review and raised concerns in

¹⁷ <http://www.connect.co.sh/utilities-regulatory-authority.html>

¹⁸ <https://audit.gov.sh/wp-content/uploads/2025/05/Audited-SHG-Financial-Statements-2023-24.pdf>

¹⁹ <https://www.sainthelena.gov.sh/documents/SHG-Strategy-2022-2025-FINAL.pdf>

relation to the organisation's performance in delivering the Energy Strategy. According to the URA, Connect's reliance on diesel fuel highlights the need for renewable energy: underinvestment in these technologies has placed the population of St Helena at risk of significant hikes in the cost of utilities and provided no opportunity for reduction in tariffs. Renewable energy projects could yield further cost savings through substantial reductions in the cost of imported diesel with one consultant's estimate of these potential savings ranging from £1.6 million to £2.6 million per year.²⁰

Reliability of the power supply

The diesel-powered generators Connect relies upon as its main island-wide power generation source are approximately 12 years old. On the 2nd of January 2023, the island experienced a power outage for 9 hours due to a failure of the generators. Throughout early 2023 the island also experienced unplanned outages due to the electricity load exceeding Connect's generation and distribution capacity. Press releases were issued in January and February 2023 regarding faults of Connect generators at the power station and the likelihood of load shedding. SHG enacted its emergency planning protocols and convened an Incident Command and Control Group between 20 January and 17 February 2023.

Power outages are a significant risk for the island's continuity of operations. For example, an inadequate supply of electricity could affect the island's frozen food stock in businesses and homes, life-supporting equipment at the hospital and water distribution across the island.

Sustainability

The June 2019 Climate Change Policy for St Helena reiterated the 2016 Energy Strategy's aim of achieving 100% renewable energy by 1 April 2022.²¹ This target reflected the commitment of St Helena to reduce its carbon footprint and transition to a sustainable energy future. Meeting this target is crucial for the island's aspirations in addressing climate change and achieving long-term environmental sustainability. The failure to transition to 100% renewable energy by 1 April 2022 resulted in continued reliance on fossil fuels, leading to higher carbon emissions and a slower transition towards a sustainable, low-carbon economy.

²⁰ <https://www.sainthelena.gov.sh/documents/URA-Report-Tariffs-Sept-2022>

²¹ <https://www.sainthelena.gov.sh/documents/Climate-Change-Policy-ExCo-approved-18-JUL-19.pdf>

CLOSING OBSERVATIONS

SHG took a series of steps to support the delivery of a strategy to become 100% self-sufficient on the national grid through renewable energy by 1 April 2022. While it is commendable that SHG set such an aspirational goal, its own actions and omissions contributed to the failure to meet or even approach this target during the performance period. As of the end of FY 2021/22, renewable energy as a proportion of overall generation was at 21% with annual kWhs of 1,258,000 and 971,000 being generated from wind and solar sources, respectively: that percentage has declined every year since. We identified a number of deficiencies that made this unsatisfactory outcome more likely to occur, with additional details about each found in Appendix One:

Strategic planning

- SHG's 2016 Energy Strategy was not robust, with typical strategic elements such as defined metrics, established timeframes, and plans for both implementation and ways to track progress.
- SHG did not develop an energy policy to support its Energy Strategy.
- SHG did not develop an energy plan to support its Energy Strategy.
- The Energy Strategy's targets were not included in Connect's Strategy and Energy Delivery Plan.

Governance

- No governance structures were put in place to ensure effective oversight and monitoring of the Energy Strategy.
- There was no in-house renewable energy expert or specialist advisor for SHG or Connect.
- SHG did not recommend the appointment of directors with renewable energy backgrounds to Connect's board.

Project management

- There was a lack of proper contract management after the signing of the Power Purchase Agreement.
- There was no performance monitoring or evaluation of performance against targets during the Energy Strategy's 5-year term.
- No rebates or subsidies were offered to key stakeholders to accelerate implementation of renewable energy.

The failure to meet the ambitious target for the renewable energy project has resulted in SHG and island consumers continuing to subsidise outdated infrastructure, which could have subsided or ceased altogether had the project been successful. For example, according to SHG's audited financial statements, in FY 2023/24 total payments amounting to £2.7 million were made to subsidise Connect's operations and provide customs rebates for duties paid on diesel fuel for the utility's generators.²² We did not have sight of how much funding SHG contributed to renewable energy infrastructure during the period we evaluated, but all other things equal and with appropriate accountability measures in place, **greater value for money would be attained by offsetting Connect's cost to implement technologies that promise to reduce the cost of electricity generation as opposed to continuing to subsidise the cost of diesel fuel as the primary input to that generation.**

Our findings lead to recommendations as detailed in Appendix One. We acknowledge that progress has been made in some of the above-mentioned areas since 1 April 2022, but we have generally limited our evidence base to this target achievement date. Any significant actions or decisions since then have been noted by SHG leadership in their responses in Appendix One.

²² <https://audit.gov.sh/wp-content/uploads/2025/05/Audited-SHG-Financial-Statements-2023-24.pdf>

APPENDIX ONE: LIST OF RECOMMENDATIONS

| No. | Deficiency and Recommendation | Management Response |
|-----|---|---|
| 1 | <p>SHG's Energy Strategy was not robust.</p> <p>SHG should define metrics, set timelines, track progress and plan for implementation and the future, for the Energy Strategy to become a robust and comprehensive guide for achieving organisational goals and objectives.</p> | <p>Recommendation agreed. Implementation of recommendation to be in place once revised Energy Strategy and Action Plan or Energy Policy developed and agreed.</p> <p>Responsible official: ENRP Portfolio Director Timeline: March 2026</p> |
| 2 | <p>SHG did not develop an energy policy to support its Energy Strategy.</p> <p>SHG should develop an energy policy that aligns with the goals and objectives of the Energy Strategy. The policy should include the following elements as appropriate: clear guidance and direction for decision-making, actions related to renewable energy, guidelines and procedures for implementing renewable energy projects, procurement processes, project development and financing, and strategies for transitioning to renewable energy sources.</p> | <p>A Renewable Energy Policy has been developed and agreed. An Action Plan is still to be developed. Ministerial direction is required to determine if an overarching Energy Policy is required or a review and update of the Energy Strategy should be pursued. The policy follows the SHG strategic policy format and so does not include the requirements of the second part of the recommendation.</p> <p>Governance arrangements are in place for workstreams and projects related to renewable energy.</p> <p>Responsible official: ENRP Portfolio Director Timeline: June 2026</p> |

| No. | Deficiency and Recommendation | Management Response |
|-----|---|---|
| 3 | <p>SHG did not develop an energy plan to support its Energy Strategy.</p> <p>SHG should develop a plan that outlines specific initiatives and targets for achieving the goals of the Energy Strategy. The plan should identify the resources required to implement the initiatives and establish timelines and accountability mechanisms for achieving the desired outcomes.</p> | <p>Recommendation will be implemented as part of the development of the revised Energy Strategy/new Energy Policy.</p> <p>Responsible official: ENRP Portfolio Director Timeline: June 2026</p> |
| 4 | <p>The Energy Strategy's targets were not included in Connect's Strategy and Energy Delivery Plan.</p> <p>All relevant Energy Strategy targets and goals should be included in Connect's Strategy and Energy Delivery Plan to ensure that SHG and Connect are aligned with respect to objectives, resources are allocated efficiently and progress toward achieving targets is adequately monitored and evaluated. A systematic and coordinated effort involving all stakeholders should be followed which will help SHG and Connect ensure that each target is integrated into the planning process and that progress towards achieving the targets is monitored and evaluated regularly.</p> | <p>Renewable Energy Policy target has been included in SHG planning. Energy Programme Board and Renewable Energy Project Board monitor progress with current renewable energy target. Recommendation to be implemented fully once revised Energy Strategy/new Energy Policy is in place.</p> <p>Responsible officials: ENRP Portfolio Director and CEO of Connect St Helena Timeline: June 2026</p> |
| 5 | <p>No governance structures were put in place to ensure effective oversight and monitoring of the Energy Strategy.</p> <p>SHG should establish structures that provide oversight and monitoring of the Energy Strategy. These structures should include clear roles and responsibilities for stakeholders involved in implementing the strategy, as well as processes for monitoring and evaluating progress towards achieving the desired outcomes.</p> | <p>SHG has put in place governance arrangements for an energy programme in the form of an Energy Programme Board and a Renewable Energy Project Board to oversee the development and implementation of renewable energy workstreams and projects.</p> <p>Responsible official: ENRP Portfolio Director Timeline: Ongoing</p> |

| No. | Deficiency and Recommendation | Management Response |
|-----|--|--|
| 6 | <p>There was no in-house renewable energy expert or specialist advisor for SHG or Connect.</p> <p>SHG and/or Connect should engage a renewable energy expert or specialist advisor to evaluate plans, oversee procurement and manage contract implementation for renewable energy projects. The individual should have the necessary technical expertise and experience to provide guidance and support to ensure that renewable energy projects are planned and implemented effectively, efficiently and in compliance with relevant regulations and standards.</p> | <p>Recommendation has been implemented. SHG has funded, through its Economic Development Investment Programme, technical assistance support to undertake the energy modelling and renewables infrastructure design work for a new renewables infrastructure project.</p> <p>Responsible officials: ENRP Portfolio Director and CEO of Connect St Helena</p> <p>Timeline: Completed as this report was being reviewed and finalised</p> |
| 7 | <p>SHG did not recommend the appointment of directors with renewable energy backgrounds to Connect's board.</p> <p>SHG should recommend the appointment of directors to the Connect board who have knowledge of renewable energy implementation and climate finance experience. These directors should possess the necessary skills, qualifications and experience to provide sufficient oversight and strategic direction for renewable energy projects, as well as to leverage zero to low-cost financing options for sustainable development.</p> | <p>Connect Saint Helena Ltd has appointed a Technical Director to its Board, an individual with civil engineering background. Work will commence later in 2025/26 to establish a Technical Committee.</p> <p>The company is currently being advised by Rocky Mountain Institute (RMI) who are specialists in renewable energy in small islands.</p> <p>Responsible officials: ENRP Portfolio Director and CEO of Connect St Helena</p> <p>Timeline: Arrangements for the Technical Committee likely to be finalised in 2026/27</p> |

| No. | Deficiency and Recommendation | Management Response |
|-----|---|---|
| 8 | <p>There was a lack of proper contract management after the signing of the Power Purchase Agreement.</p> <p>Connect should ensure proper contract management, to include clearly defining terms and conditions before signing the contract, assigning a manager to oversee the contract's implementation and communications with stakeholders, developing a communication plan, tracking performance against the terms and conditions, and maintaining accurate records of all contract-related activities. Regular reviews and revisions of the terms and conditions should also be performed as necessary.</p> | <p>Contract management will be in place for the remaining phases of the renewables project, to include infrastructure installation, commissioning and training prior to procurement for these phases of the project. The Renewable Energy Project is well advanced in its design phase with the Modelling and Design Phase 2 currently underway.</p> <p>Responsible official: CEO of Connect Saint Helena Timeline: Final designs are due December 2026</p> |
| 9 | <p>There was no performance monitoring or evaluation of performance against targets during the Energy Strategy's 5-year term.</p> <p>SHG and Connect should monitor and evaluate the targets set in the Energy Strategy. This could be done by integrating monitoring and evaluation into the renewable energy project. To adequately integrate, SHG and Connect should take the following steps:</p> <ul style="list-style-type: none"> • Develop a monitoring and evaluation plan. • Assign responsibility for monitoring and evaluation. • Incorporate monitoring and evaluation into project milestones. • Analyse the progress. • Communicate results. | <p>SHG will establish a monitoring and evaluation system for outputs/targets set in a revised Energy Strategy/new Energy Policy for monitoring purposes by the Energy Programme Board and Connect St Helena's Board of Directors.</p> <p>Responsible officials: ENRP Portfolio Director and CEO of Connect St Helena Timeline: At time of adoption of revised Energy Strategy/new Energy Policy</p> |

| No. | Deficiency and Recommendation | Management Response |
|-----|--|--|
| 10 | <p>No rebates or subsidies were offered to key stakeholders to accelerate implementation of renewable energy.</p> <p>SHG should consider providing rebates and subsidies to support the implementation of an updated Energy Strategy and its initiatives. This could help to create incentives for stakeholders to adopt energy-efficient practices and technologies, reduce costs and achieve the desired outcomes.</p> | <p>SHG will consider whether rebates and subsidies should continue to be included in support of implementation of a revised Energy Strategy/new Energy Policy.</p> <p>Responsible official: ENRP Portfolio Director Timeline: During development of the revised Energy Strategy/new Energy Policy</p> |

APPENDIX TWO: OUR APPROACH AND EVIDENCE BASE

| | |
|---|---|
| <p>Our key lines of enquiry:</p> | <ol style="list-style-type: none"> 1. What progress did St Helena make toward its goal of becoming 100% self-sufficient through renewable energy by 1 April 2022? 2. Was there due regard for economy, efficiency and effectiveness in the implementation of SHG's Energy Strategy? |
| <p>Our evidence base:</p> | <p>To answer these questions, we researched, reviewed, compared and analysed the following documents, among others:</p> <p>SHG's 2016 Energy Strategy; Renewable Energy Policy; 10 Year Plan; 10 Year National Environmental Management Plan; Climate Change Policy; Sustainable Economic Development Plan 2018-2028; Capital Programme 2020-2030; Vision and Strategy 2022-2025; Sustainable Economic Development Strategy 2023-33; 2030 Vision and Infrastructure Plan; Investment Strategy; Subsidies Policy; and quarterly performance reports.</p> <p>Connect St Helena's Strategic Plan; Energy Delivery Plan; Power Purchase Agreement; audited annual financial statements; consultant proposals, contracts and invoices; and project management fees; and</p> <p>Utilities Regulatory Authority's annual reports on Connect tariffs and quality of service.</p> <p>Throughout our work, we engaged with officials from SHG and Connect as well as other relevant entities.</p> |