



ST HELENA UTILITIES REGULATORY AUTHORITY

SEPTEMBER 2026

ANNUAL REPORT ON QUALITY OF SERVICES
PROVIDED BY CONNECT SAINT HELENA LTD –
2025/26

The Utilities Regulatory Authority has completed its review of the quality of services provided by Connect for the year to 31st of March 2026. The Authority acts entirely independently and is not subject to the direction or control of the Governor, the Executive Council, Legislative Council or any other person or authority. This report is an annual review and forms part of the ongoing regulation of Connect.

PART 1 – OVERVIEW

1.1 UTILITY SERVICES ORDINANCE 2013

On 1st April 2013 the Utility Services Ordinance 2013 came into force. This Ordinance established the Utilities Regulatory Authority and created a legal framework to facilitate the private sector provision of licensed public utility services.

These services are —

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

1.2 UTILITIES REGULATORY AUTHORITY

The members of the Authority are Chief Magistrate Duncan Cooke (as Chairman) and Mr Bill Scanes. David deCasseres resigned from the URA in May 2026 and Paul Scipio in August 2026. Jody O’Boyle is the Regulation Manager. It is anticipated two or three further members of the Authority will be appointed in this financial year. The Judicial Services Manager* is Secretary to the Authority, to whom any communication should be made. The Authority, and any person acting under its authority, act entirely independently and are not subject to the direction or control of the Governor, the Executive Council, Legislative Council or any other person or authority. *(yvonne.williams@judicialservices.sh)

1.3 OBJECTIVE OF AUTHORITY

The objective of the Authority is to regulate the development and provision of public utility services in a manner which—

- (a) ensures that users of such services are protected from both unreasonable prices and unreasonably low levels of service;
- (b) ensures (so far as is consistent with paragraphs (d) and (e)) that the prices charged for such services do not create unreasonable hardships for households or unreasonable hindrance to commercial and economic development in St Helena;
- (c) motivates Utilities Providers to improve the quality of the services they provide;

- (d) ensures stability and predictability in the public utilities industry in the medium and long terms;
- (e) supports a progressive reduction in levels of subsidy from public funds; and
- (f) has regard to such other regulatory objectives (if any) as may be prescribed.

1.4 DUTIES OF AUTHORITY

It is the duty of the Authority, having regard to its objectives, to carry out its functions and to ensure that Utilities Providers comply with—

- (a) ordinances, regulations and directives issued thereunder, regulating public utility services; and
- (b) the conditions of their licence, as extended and not replaced.

1.5 POWERS OF THE AUTHORITY

The Authority may, for the purpose of performing its duties, issue Directives to a Utilities Provider in connection with the provision of any public utility service; and, without prejudice to that generality, such Directives may impose requirements concerning –

- (a) the quality or standard of service which the Utilities Provider must deliver to its customers;
- (b) payments of compensation (or abatement of charges) to compensate customers when the service provided does not meet the standards so set;
- (c) the maximum charges or fees to be levied by a Utilities Provider for providing the public utility service;
- (d) the terms and conditions on which public utility services are to be provided; and
- (e) such other matters (if any) as may be prescribed.

1.6 PENALTIES BY THE AUTHORITY

If the Authority is satisfied that a Utilities Provider has failed to comply with a Directive, or with a condition of its licence, the Authority may order the Utilities Provider to pay a penalty not exceeding the sum of £100,000.

A licence may be revoked by the Governor in Council upon recommendation of the Authority, where the Utilities Provider is in substantial and continuing breach of—

- (a) any of the provisions of the licence;
- (b) any Directives issued by the Authority; or
- (c) any other obligations under the Ordinance.

1.7 UTILITIES PROVIDER - CONNECT SAINT HELENA LTD

With effect from 1st April 2013 Connect Saint Helena Ltd (“Connect” or “CSH”) were licensed by the Governor in Council to provide all public utility services in St Helena. The Authority was instrumental in the drafting of the licence. The licence contains a considerable number of conditions relative to the quality of the services to be provided by Connect.

Connect is a private limited company which is wholly owned by the St Helena Government (“SHG”). The Board of Directors consist of Chairperson, four further non-executive directors and two executive directors.

1.8 EXERCISE OF POWERS BY THE AUTHORITY

It is important to note that, in performing its duties and in exercising its powers, the Authority must have regard to ensuring the stability and predictability of the provision of public utility services. The Authority would only impose a penalty if it were satisfied that it would be to the benefit of Connect’s customers to do so.

1.9 PURPOSE OF REPORT

This report is principally concerned with motivating the Utilities Provider to improve the quality of the services they provide. The Authority has a duty to adopt a reasonable approach in setting targets and expectations. Progressive targets and expectations have therefore been set, and amendments to those targets made over time. It would be unreasonable to expect an instantaneous improvement to the levels which the Authority will ultimately endeavour to motivate the Utilities Provider to achieve, consequently the URA view its role at this stage to encourage and assist Connect to achieve an ever-improving level of service appropriate to its development as a Utility Provider.

This report has been prepared, amongst other things, for the purpose of assessing performance against the targets established by the authority for the period of the review year. A new Public Utilities Development Plan (PUDP) came into effect on the 1st of April 2024 which reset the benchmark year from 2012/13 to 2023/24. This report therefore covers the second year of the new PUDP.

The additional purpose of this report is to inform the public on the level of services being delivered by Connect. In doing so it is hoped to motivate Connect to improve the quality of the services they provide. Connect are aware that such services are being monitored, scrutinised and will be publicly reported upon by the Authority.

The Authority has directed that the annual report sent to it by Connect St Helena not only looks at the provision of services for the year under review but what Connect St Helena propose to do to improve those services. The Connect annual report (as annexed to this report) covers the following:

Looking Back:

1. Compliance, or otherwise, with the PUDP and steps taken to ensure compliance
2. Compliance with the Codes of Practice and steps taken to ensure compliance
3. Capital investment over the year including sources of funds used
4. Efforts made to source external funding and for what purpose - EDIP, loans etc
5. Reduction (or otherwise) on reliance on the subsidy
6. Improved business efficiency measures taken
7. Compliance with the CSH strategic plan
8. Compliance with the CSH energy delivery plan
9. Progress with the CSH unaccounted for water programme
10. Compliance with the SHG renewable energy policy
11. Summary of the management accounts reports for the year being reported upon
12. Maintenance of safety standards for equipment and employees

Looking forward:

1. Proposed targets for the PUDP for the coming year and how CSH intends to achieve/better these
2. Capital Investment Plan for each separate business for the coming year and how CSH proposes to fund the plans
3. How CSH propose to reduce reliance on the subsidy in the coming year
4. How CSH propose to improve business efficiency for the coming year
5. How CSH propose to increase the use of renewable energy in the coming year
6. How CSH propose to reduce the extent of unaccounted for water in the coming year
7. Progress made in improvements in sewerage provision for HTH and Jamestown

This report is simply a short summary of the relevant issues as the Authority sees them and is part of the ongoing process of regulation.

PART 2 – THE REPORT

2.1 OBSERVATIONS

The URA acknowledges that the report was delivered by Connect in a timely manner and interactions with the new CEO Roeland van der Hoeven and his team have been characterised by realism, openness and an obvious desire to engage with the URA, SHG and customers. The URA notes that Mr van der Hoeven, along with Phanual Shangwa, have adopted a differing direction regarding renewable energy which is consistent with the URA's own views as to how the island can benefit from renewables sooner rather than later. It is unfortunate for Connect that Mr Van der Hoeven is leaving Connect so soon after his appointment and the URA looks forward to working with Phanual Shangwa from now on. We can only hope that a period of stability in senior management now follows.

Mr van der Hoeven was appointed on the 16th of March 2026 and the period of time that this report relates to primarily predates his appointment, however Connect's plans for improvement are also addressed. The Authority welcomes Connect's move from the previously proposed delivery timetable, which the Authority did not consider credible, to a phased programme aligned more closely with funding and delivery capacity.

This report covers the second year of the new PUDP and targets being set under the plan are still developing. There are suggestions from Connect for additional or alternative targets which the Authority support. Despite the change in the benchmark year to 23/4 the Authority can look further back than that to identify if service levels are improving or not.

Electricity

Renewable energy generation 9% of electricity came from renewable sources, last year the figure was 11% and in 2017/18 25% came from renewable sources. As already noted Connect are moving away from unrealistic timetables for renewable energy generation and appear to be concentrating on one project at a time which should incrementally reduce reliance on diesel.

Six of the twelve wind turbines were decommissioned and useable components are being used to restore and repair the remaining six. Four are now operational and the final two are scheduled to be online by October 2026. The turbines produce a small amount of electricity and Connect will need to review whether this investment represents good value for money.

A final detailed design for renewable energy infrastructure is available and as part of the phased approach it is proposed to install a 1.9MW solar array and a 2MW/7MW battery storage system. The URA is particularly pleased to see that a battery storage system will be

in place which will enhance the new installation and the existing renewable generation systems. As with all investment around the world obtaining funding is a hurdle and on St Helena more so given the limited ability to borrow. The URA can only be supportive of Connect's application for EDIP funding for this essential project and require the company to provide a programme for the overall project and an estimate of the costs and benefits.

Electricity supply interruptions. The number of faults on the electricity network have increased over the last two years from 48 to 72 to 125. This means that the number of interruptions has more than doubled over a short period of time. However, this measurement gives no indication of the impact of those faults on customers in terms of how long they are without power but may be indicative of additional underlying problems in the network itself.

The CML ('Customer Minutes Lost') figure shows a modest improvement from 591 minutes a year per customer to 547. This figure is still far too high and can only be improved by improvements in the network which is sorely in need of investment.

Connect are proposing that the CML calculation is replaced by three alternatives, the System Average Interruption Frequency Index (the average number of power outages experienced by a customer in a year), the System Average Interruption Duration Index (average time power was lost during interruptions per customer) and the Customer Average Interruption Duration Index (average time taken to restore power to customers experiencing an interruption). These metrics are referred to by their acronyms of SAIFI, SAIDI and CAIDI respectively, the SAIDI figure is the same as that provided for CML. The data collected relates solely to unplanned interruptions and there is no minimum duration required for an interruption to be included.

The figures for 1st of January 2026 to 30th of June 2026 were:

- | | | |
|--|-------|-----------------------|
| • Average number of interruptions per customer | SAIFI | 1.49 times per annum |
| • Average time of power interruptions | SAIDI | 437 minutes per annum |
| • Average restoration time | CAIDI | 292 minutes |

The URA supports the use of these metrics.

These new metrics reflect the average level of service provided. Individual consumers will experience different levels of service within these averages. URA expects the company to assess the distribution of performance by identifying consumers who are worse served and report on its plans to address specific problems in a timely way.

The capital investment plan for 2026/27 shows a marked improvement as £152,000 is being used to replace transformers, £60,000 on monitoring and control systems and £30,000 on network upgrades. There will also be an assessment to identify future capital investment and readiness for renewable energy integration. Including the figures above the total investment is scheduled to be £310,000, which will come from the asset replacement/depreciation element of Connect's income from tariffs.

In addition to the above and in conjunction with Environment and Natural Resources Directorate, there is a tree clearing programme which is aimed at reducing the risk of outages.

Electricity connection times have shown improvement over last year, now being on target at 7 days. However this figure is an average and the URA require from now on that the figures for all connection times are provided, i.e. how customers many waited 3 days, how many 4 days etc. These figures will also need to be broken down into geographical locations (Sandy Bay, Alarm Forest etc.) to enable the URA to identify if any particular part of the island suffers from longer connection times than others.

Power quality targets were met this year which were a concern for last year.

Water

Connect continued to maintain microbiological quality of the water during 2025/26.

Turbidity levels remain stubbornly high and have been increasing over time. Turbidity is the cloudiness or haziness of the water caused by suspended particles that scatter and absorb light. Common causes are silt, clay, algae, microscopic organisms and decaying organic matter. Turbidity is measured in Nephelometric Turbidity Units (NTUs), the higher the number the greater the turbidity. The World Health Organisation guidance is that NTU levels for drinking water should ideally be below 1 and not exceed 5. Jamestown is a particular problem which last year showed an improvement from 9.97 NTU to 5.58 NTU but this year has gone out to 7.9 NTU. In last year's report we noted that in 2018 the turbidity level for Jamestown was 4 NTU and that was recognised as too high by the then CEO of Connect who advised, "....we are aware of and dealing with the issue of the higher than desired turbidity levels."

The URA is concerned that Connect has not been taking the issue of high turbidity seriously enough. Turbidity targets have not been met. The water is unpleasant to drink and is at times discoloured. Most people cannot afford bottled water or filter systems to improve their drinking water.

Turbidity is also well above target at Redhill, Hutts Gate and Levelwood and we are concerned that the ongoing problems experienced by residents of Jamestown are now being replicated across the island, although to a lesser degree.

A significant amount of capital expenditure is proposed to be spent on the water network over the coming year, £226,000 in total, but this is aimed primarily at water mains upgrades and replacements to reduce water losses.

The operational budget does have specific provision to enhance the catchment areas at Black Bridge and Drummonds Point which supplies water to Chubbs Spring with the aim of reducing

turbidity for Jamestown. In relation to all areas there are plans to replace filter media and increase cleaning of catchments to improve turbidity levels.

Water loss from the network is still high at 47% and this has been an ongoing problem for some time. Water Network Faults were 876 against a target of 850. Water reserves are above target at 89 days although at one point dropped to 60 days during a dry spell. This led to the drought management plan being activated leading to a reduction in consumption and improvement in reservoir levels over a short period of time.

As indicated above there is a significant capital investment plan for this year for water mains upgrades and replacements which should help address the level of leaks. The level of commercial losses and unbilled authorised consumption as a share of water losses appears to be much higher than previously reported, with the level of physical losses/leaks being lower, however the overall figure remains high.

The operational budget includes provision for the re-introduction of District Metered Areas (DMAs) and advanced leak detection processes. The careful design and implementation of DMAs and the introduction of leakage detection will allow the company to make a bottom-up assessment of leakage. This will form part of the work necessary to identify and reduce leakage which can reduce cost and improve resilience. URA expects Connect to set out a programme of work to implement DMAs, assess leakage and develop a plan to reduce losses.

Water connection times are one day above target at 5 days instead of 4. Like electricity connection times this figure is an average and the URA require from now on that the figures for all connection times are provided, i.e. how customers many waited 3 days, how many 4 days etc. These figures will also need to be broken down into geographical locations (Sandy Bay, Alarm Forest etc.) to enable the URA to identify if any particular part of the island suffers from longer connection times than others.

Wastewater

The problems with wastewater persist, especially in Half Tree Hollow where the upgrade to the network has been pressing for quite some time now with little or no progress. There are (again) preliminary designs for the Half Tree Hollow and Jamestown treatment plants in place and the next step is funding. This is very much dependent on the priorities for EDIP and careful thought will need to be given to how future replacement costs are expected to be funded without impacting too much on bills

There are plans for £100,000 in capital expenditure for wastewater this year which includes a replacement of the honeysucker truck at £70,000. This is to be funded from Connect's reserves.

Business Efficiency

Staff turnover in 23/4 was 9%, in 24/5 it was 12 % and has held steady at 12% this year. High staff turnover has a financial consequence and impacts upon service to the customer. The job evaluation and pay review is ongoing which the URA very much supports. Of concern is that of the 3 vacancies that need filling one is the project manager and the other the civil engineer which is detrimental to the implementation of projects.

There is in place a targeted recruitment programme to improve staffing levels and a salary review to improve retention. The URA is supportive of these initiatives.

The Lost Time Injury Rate was again 0 this year which Connect can be commended for.

Financial Performance showed a net profit (after subsidy) of £402,318 as against a loss of £78,330 last year. Turnover has increased by 8% due to tariff increases and increased consumption from One Web. The number of electricity units billed was 4% higher than last year and water units billed remained stable. All three services suffered a net loss before subsidy . Connect recognises that the most realistic route to subsidy reduction at present is through operation efficiency. The tariff structure is such that improvements in efficiency or otherwise will be noticed by the URA through the tariff submissions by Connect.

In 2025/26, the company only invested £86k from its own funds, highlighting the availability of project management resources as a constraint. The company has set out its plans to increase capital investment in 2026/27.

Connect maintains a long term balance of amount raised from consumers in tariffs against asset depreciation and amount spent on long term asset maintenance. To date, the company has invested £3.91m less than that funded by consumers. The company had a cash balance of £3.41m at the end of the year leaving the depreciation/asset replacement fund in deficit by £500,000.

Given the performance issues outlined in the company's report, URA considers it important that investment continues to be directed towards delivering the level of service that consumers expect and have contributed towards funding. URA encourages and expects the company to develop a three-year investment plan, supported by improved asset information, to help ensure that future investment is efficient, targeted and affordable.

Debtors figure remains high, although there was a slight improvement on last year. The high debtors figure reflects that tariffs for some have become highly challenging. The transition to monthly billing is designed to help customers budget for bills in line with their salary receipts and reduce debt to Connect, this is supported by the URA.

2.2 PUBLIC UTILITIES DEVELOPMENT PLAN

This is the second year of the PUDP and targets are developing. In addition to the use of SAIFI, SAIDI and CAIDI as already indicated there are proposals for other changes. Total staff numbers to be replaced by a staff productivity index, i.e. MWh generated per employee per customer a year. Cost to customers of a certain level of services to be replaced by an affordability index, i.e. average household utility bill as a percentage of median income. Electricity disconnections to be replaced by percentage of vulnerable customers supported before disconnection. Amount on R & D to be replaced by innovation outcome, i.e. a percentage of generation from new technologies.

The URA are in agreement with these new indices but would like to see the following information; the number of electricity disconnections and the amount spent on R & D in addition to the replacement indicators. In relation to utility bills as a percentage of median income we also require this information for those in the lower income quartile as calculated by the statistics office.

The figures for the PUDP are contained in Connect's annual report to the URA which is annexed to this report.

2.3 CODES OF PRACTICE

The Authority notes that compliance with the Codes of Practice is good as it has been for many years and Connect clearly work hard to maintain this.

PART 3 – CONCLUSIONS

3.1 ELECTRICITY

Last year the URA warned against the approach being taken by Connect in relation to renewables which seemed to us likely to fail. Thankfully that message has been taken on board and an incremental approach is proposed. The proposed installation of additional solar capacity coupled with battery storage is a good first step. However, it must be a first step towards significant reliance on renewables and not be seen as the end of project. Much greater use of renewables is within the grasp of Connect and the work that has been done so far on design and modelling for increased wind turbine use should not go to waste once the first stage of the project is in place.

3.2 WATER

Water losses are still far too high but there will be increased spending this year on water mains replacement and leak detection. This represents a marked improvement over recent years which should benefit customers.

Turbidity is still far too high and requires urgent attention.

3.3 WASTEWATER

Half Tree Hollow and Jamestown sewerage projects are long overdue and although we have a further iteration of plans to improve matters funding remains the major obstacle.

3.4 SUMMARY OF FINDINGS

We summarise the position of the performance of Connect in the table below

Area	Assessment	Direction	Material regulatory concern
Electricity reliability	Not met	Deteriorating fault frequency	Yes
Renewable generation	Not met	Deteriorating annually	Yes
Power quality	Met	Improved	No

Area	Assessment	Direction	Material regulatory concern
Drinking-water turbidity	Not met	Deteriorating	Yes
Microbiological quality	Met	Stable	No
Non-revenue water	Not met	Marginal improvement, data uncertain	Yes
Wastewater investment	Not met/not delivered	Delayed	Yes
Customer complaints	Not met	Deteriorating	Yes
Safety	Met	Stable	No
Financial sustainability	Qualified	Improved after subsidy	Yes

Utilities Regulatory Authority
September 2026

ANNEX

ANNUAL REPORT BY CONNECT ST HELENA TO THE UTILITIES REGULATORY AUTHORITY

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1. EXECUTIVE SUMMARY

Connect St Helena Limited (CSH) delivered a net profit before tax of £402k in 2025/26, a turnaround from the prior year's £78k loss and ahead of the budgeted £362k. This result was achieved despite operating in a challenging small-island environment marked by a declining population, ageing infrastructure, high diesel dependency, and affordability pressures.

Performance Highlights 2025/26

Financial

- Turnover: £6.35 million, which represents an 8% (£475k) growth year-on-year
- Cost of Sales: £6.48 million, an increase of 3% from the prior year
- Net Profit before Tax: £402k a turnaround from prior year loss before tax of £78k
- Cash balance: £3.41 million (up £1.20 million)
- Depreciation Fund Deficit: £500k (£3.41m cash vs £3.91m fund) after factoring in all asset replacements and losses incurred, which will affect long-term asset replacements.

Operational and Service Delivery

- Total Electricity Generation: 11,284 MWh (3.2% above target)
- Renewable Generation: 1,026 MWh (9%) below 15% target due to wind turbine maintenance delays
- Fuel Efficiency: 0.1952 l/kWh (5% improvement)
- Billed Electricity: 9,551 MWh, growth of 4% year-on-year
- Non-Revenue Water (NRW): 47% (target 46%)
- Microbiological Water Quality: 100% compliant

Reliability and Quality

- Electricity Network Faults: 125 (target 60)
- Customer Minutes Lost: 547 (target 502)
- Water Turbidity: Above target at all four monitoring sites

Strategic Progress

- Secured £296k external funding (£261k EDIP + £35k Darwin Plus)
- Completed detailed modelling and design for the large-scale renewable energy project
- Delivered internal capital investment of £86k
- Restored four of six Deadwood wind turbines to service
- Completed the 40-year Water Resources Management Plan

Key Challenges

- High diesel dependency (91%) and low renewable output
- Persistent network faults and elevated water turbidity
- Structural losses in the water service and £500k depreciation fund shortfall
- Staffing below establishment (72 vs 75) and rising affordability pressures

2026/27 Priorities & Targets

- Increase renewable penetration to 15% with all six wind turbines operational by October 2026. The Deadwood wind farm originally comprised twelve turbines; six have been decommissioned, with six remaining for restoration.
- Reduce electricity faults to 60 and Customer Minutes Lost to 500

- Lower Non-Revenue Water to 45%
- Deliver expanded £868k capital investment programme (+37%)
- Implement new ERP system targeting £50k annual savings
- Progress toward greater cost recovery and reduced subsidy dependency

Connect St Helena remains committed to delivering safe, reliable, and affordable utility services while advancing renewable energy integration, improving operational efficiency, and strengthening long-term financial sustainability. The coming year will focus on execution and delivery of the capital programme and efficiency initiatives to build resilience and restore stakeholder confidence.

2. INTRODUCTION

Connect St Helena Limited (CSH) is the sole provider of electricity, water, and wastewater services to the island of St Helena. Operating under the Public Utilities Development Plan (PUDP) and associated Codes of Practice, the company is accountable to the Utilities Regulatory Authority (URA) for the quality, reliability, affordability, and sustainability of the services it delivers to the community.

This report fulfils CSH's obligation to provide an annual account of its compliance and performance to the URA. It covers the financial year ended 31 March 2026 and sets out the company's performance against the PUDP targets established at the start of the year, together with a forward-looking plan detailing proposed targets, capital investments, and efficiency initiatives for 2026/27.

St Helena presents a uniquely challenging operating environment. The island's remote location, small and declining population, ageing infrastructure, and near-total dependence on imported diesel fuel for electricity generation create structural cost pressures that cannot be resolved through tariff adjustments alone. Against this backdrop, Connect has continued to invest in the operational and strategic foundations required for a more sustainable and resilient utility network.

The year under review was defined by three major themes. First, advancing the renewable energy agenda: the completion of the modelling and design phase for the large-scale renewable energy project, alongside the partial restoration of the Deadwood wind turbines, represents meaningful progress toward the island's target of 80% renewable penetration. Second, strengthening the foundations for Non-Revenue Water reduction: while NRW levels changed slightly to 47%, the year saw important groundwork laid through data audits, pressure monitoring deployment, adoption of the AWWA water balance methodology, and the delivery of targeted leak detection training. Third, developing long-term water security: the Water Resources Management Plan, a 40-year strategic framework, was completed in partnership with the St Helena Government, providing a structured roadmap for balancing supply and demand over the decades ahead.

This report is structured to address each of the key focus areas required under the annual reporting framework, including compliance with the PUDP and Codes of Practice, capital investment and funding, subsidy proposals, business efficiency improvements, and the proposed PUDP targets for 2026/27. It also addresses the company's plans for Non-Revenue Water reduction, renewable energy growth, and sewerage provision for Half Tree Hollow and Jamestown.

Connect remains committed to its core purpose: delivering reliable, safe, and affordable utility services to the people of St Helena, and working progressively toward financial sustainability and reduced dependence on government subsidy.

SECTION 1: PERFORMANCE REVIEW 2025/26

3. COMPLIANCE WITH PUBLIC UTILITY DEVELOPMENT PLAN (PUDP)

The Utilities Regulatory Authority (the Authority) evaluates the Company's performance based on the agreed Public Utilities Development Plan (PUDP). This evaluation is focused on key measures related to Reliability, Quality, and Customer Service. Annually, the Authority publishes a report that outlines its assessment of how well the Company has met these targets and adhered to the agreed Codes of Practice.

Overall, CSH has delivered reliable utility services to the people of Saint Helena throughout 2025/26. Total electricity generation exceeded its target, fuel efficiency improved year-on-year, and the island maintained microbiologically safe drinking water throughout the reporting period. Customer service was mixed: electricity connection timescales improved significantly from 18 days to 7 days, and water connections were completed within one day of the target. However, complaint resolution fell short of the Code of Practice requirement, with only 76% of Level 1 complaints resolved within the five-working-day timeframe against a 100% target, a performance gap that CSH acknowledges and is committed to addressing in 2026/27.

However, a number of significant challenges require attention. Renewable energy generation fell well short of its 15% contribution target, electricity network faults doubled the annual benchmark and water turbidity at three of four monitoring points continues to exceed quality targets. Staff headcount remains below establishment, and the external grants ratio is behind target. The performance is outlined in the following sections:

Service Delivery

Measure	Target	Actual	Status	Notes
Total Generation (MWh)	10,935	11,284		3.2% Driven by One Web demand
Diesel Generation (MWh)	9,295	10,257		10.3% above target excess diesel use
Renewable Generation (MWh)	1,640	1,026		37.4% below target
Renewable Fraction (%)	15%	9%		Wind turbine downtime is the primary cause
Fuel Efficiency (l/kWh)	0.2056	0.1952		5% improvement year-on-year
Billed Electricity (MWh)	9,509	9,551		On target
Billed Water (m ³)	233,363	229,465		1.7% below target

Total electricity generation reached 11,284 MWh for the full year, exceeding the 2025/26 annual target of 10,935 MWh by approximately 3.2%. Strong overall generation was underpinned by One Web's 93% consumption growth. However, the renewable underperformance remains the most material strategic gap. Four of the six Deadwood wind

turbines were returned to service by year-end, with the remaining two scheduled for completion by October 2026.

Reliability

Measure	Target	Actual	Status	Notes
Electricity Faults	60	125		Due to outstanding maintenance and weather-related
Customer Minutes Lost per Customer	502	547		Improved from the prior year of 591
Water Network Faults	850	876		3% above target
Water Loss (%)	46%	47%		Marginal above target physical losses improved
Water Reserve (days)	80	89		Well above target
Water Reserve (m ³)	95,095	92,807		2.2% below target in volume terms

Electricity network fault numbers recorded 125 faults for the full year, against an annual target of 60. This increase in the number of faults reflects the impact of outstanding maintenance on the network and bad weather. Customer Minutes Lost (CML) per customer due to electricity faults for the full year was 547 minutes, which represents an improvement from the prior year of 591 minutes. Electricity reliability was impacted by staff shortages and deferred network maintenance. A tree-clearing programme with ENRD and the introduction of the Safegrid system are expected to deliver significant improvement in 2026/27.

Water network faults of 876 for the year were marginally above the target of 850, a 3% variance mainly due to deferred maintenance caused by a shortage of staff.

Network water loss performance was at 47% against a target of 46%; this represents a modest reduction from the prior 48%. Physical losses of 105,950 m³ are significantly lower than the 169,590 m³ target, although commercial losses and unbilled authorised consumption have increased and should be kept under review. The non-revenue water programme is expected to continue with the creation of District Metered Areas and more metering points to account for water losses.

Quality

Measure	Target	Actual	Status	Notes
Voltage Magnitude (all sites)	Pass	Pass		Improvement over the prior year
Voltage THD (all sites)	Pass	Pass		All 4 sites are compliant
Voltage Unbalance / Flicker / Harmonics	Pass	Pass		All sites compliant
Water Turbidity: Redhill (NTU)	1.75	3.56		Above target
Water Turbidity: Hutts Gate (NTU)	1.75	3.99		Above target
Water Turbidity: Levelwood (NTU)	1.75	2.24		28% above target
Water Turbidity: Jamestown (NTU)	5.00	7.90		58% above target
Microbiological Quality (Network)	Pass	Pass		Fully compliant
Microbiological Quality (Consumer)	Pass	Pass		Fully compliant

This year's power quality monitoring results, measured against the EN50160:2010 standard, present an improved picture. Voltage magnitude, voltage unbalance, voltage flicker, and voltage harmonics received a 'Pass' status at all four monitoring locations: Airport, Feeder 2, Solar Farm, and Wind Farm, for the entire year. This represents a significant improvement compared to the 2024/25 period, during which voltage magnitude and flicker failed across all four sites. Additionally, Voltage Total Harmonic Distortion (THD) also achieved a 'Pass' at all monitoring points for the full year.

Water turbidity remains the most persistently challenging quality indicator. All four network monitoring points (Redhill, Hutts Gate, Levelwood, and Jamestown) are recording treated water turbidity above their respective targets. Redhill recorded 3.56 NTU against a target of 1.75 NTU; Hutts Gate 3.99 NTU against 1.75 NTU; Levelwood 2.24 NTU against 1.75 NTU; and Jamestown 7.9 NTU against a 5.0 NTU target. Turbidity has been above target at these sites for multiple consecutive years.

It is important to note that microbiological water quality, the primary public health indicator, remains fully compliant. Both the CSH network sampling and the independent consumer meter sampling confirm that Ecoli and coliforms were not detected throughout the reporting period.

While turbidity above target is undesirable, CSH confirms that drinking water remains microbiologically safe and that the island's treatment process is functioning. The turbidity exceedances are principally linked to raw water quality in catchment areas and the age of some

treatment infrastructure. To improve water quality, filter media renewal is planned at treatment plants, coupled with the installation of catch pits.

Customer Service

Measure	Target	Actual	Status	Notes
Electricity Connection (days)	7	7		11 connections completed during the year
Water Connection (days)	4	5		1 day above target; 31 connections completed during the year
Complaints within COP (%)	100%	76%		Missed the target by 24%

Customer service performance in 2025/26 is broadly positive. Electricity connection timescales averaged 7 days for the full year, which is within the target. The electricity connection days average of 7 days represents a significant improvement from the prior year of 18 days, despite the team dealing with more time-consuming faults.

Water connection timescales averaged 5 days against a 4-day target, marginally above target by one day. 76% customer complaints were handled within Code of Practice parameters throughout the year.

Efficiency

Measure	Target	Actual	Status	Notes
Total Staff	75	72		3 vacancies; persistent issue
Staff Turnover Rate	10%	12%		Above target; unchanged from prior year
Staff Cost as % of Turnover	22%	24%		Marginal above target
Lost Time Injury Rate	0	0		Outstanding zero injuries for the second consecutive year

Staff numbers closed the year at 72, against an establishment target of 75. This three-post deficit represents a persistent staffing challenge on a small island where recruitment and retention are structurally difficult. Staff turnover for the year was 12%, above the 10% target, and is unchanged from the prior year. Staff costs as a percentage of total turnover rose marginally to 24% against a 22% target, reflecting the combined effect of below-establishment headcount and the cost of managing vacancies. High staff turnover negatively affects the company's operations, leading to delays in essential maintenance and capital projects.

Nevertheless, the company is focusing on staff retention through an ongoing job evaluation and pay review.

The Lost Time Injury Rate (LTIR) was zero for the full year, an outstanding safety performance that reflects the strength of the Health and Safety culture within CSH. This should be recognised as a significant achievement and sustained through continued investment in safety systems and culture.

4. COMPLIANCE WITH CODE OF PRACTICE

Connect Saint Helena has maintained a strong overall level of compliance with its Code of Practice obligations during the 2025/26 reporting period. Of the 31 discrete measures monitored across six Code of Practice sections (sections 23 to 30), the majority were achieved in full at 100%. A small number of measures fell slightly below the 100% target, principally in the areas of physical connections/disconnections and Level 1 complaint resolution timeframes. These are addressed below:

Overall Compliance: 26 of 31 measures achieved at 100% target. 5 measures were not met

Access to Premises

There was 100% compliance with this Code of Practice. All Connect staff have been issued with identification cards. Whilst there is a process in place for customers to agree a password with our central office that any staff attending their property must use before being granted entry, there were no requests for such during the year.

Payment of Bills/Customers in Default

There was 100% compliance with this Code of Practice. Members of the Company's Billing Team continue to dedicate resources to managing customer debt, particularly to putting in place payment plans. Customers experiencing difficulties in making payments are encouraged to discuss this with our finance staff so that advice can be given on how not to accumulate further debt and how to institute payment plans to clear the current debt.

Connections and Disconnections

Three measures fell below the 100% target. The initial site visit target (98%) was marginally missed for electricity connections (13/14). The reconnection target achieved 83% (10/12), noting reconnections were made the same day where possible, and all were completed within the required 5-day window. The disconnection target achieved 84% (69/82). Connect Saint Helena will review scheduling and operational workflows to improve performance in this area.

Complaints

Of the 31 complaints received during the year, an 82% increase on the prior year's 17, only 16 were resolved within the five-working-day Code of Practice timeframe, representing a compliance rate of 76% against a 100% target. This is a missed target. The remaining 15 complainants were informed before the deadline that additional time was required and were kept updated throughout; no complaints escalated to Level 2 or Level 3. CSH acknowledges that the combination of rising complaint volumes and below-target resolution performance

requires direct action, and will prioritise complaint handling workflow improvements in 2026/27 to return to full compliance.

Meter Readings

The Company fully adhered to this Code of Practice throughout the year. There was a total of 33 incorrect readings, all of which were promptly addressed and corrected.

Efficient Use of Water and Electricity

The Company was fully compliant with this Code of Practice. Information is placed in the local papers on the efficient use of services for both electricity and water consumers. Use is also made of the Company's Facebook page and the Company website.

Although Connect has made Safeguarding aware that it is able to offer home visits to disabled and chronically ill customers, there was no uptake of this service during the year.

5. CAPITAL INVESTMENTS

Infrastructure development plays a significant part in improving service delivery. Capital comes from two sources: SHG capital grants and money generated by the Company. The capital contribution for acquired and fully completed assets during the financial year was from internal sources only. The following table shows where capital funds were spent for completed projects.

Asset Class	Grant Funded (£)	Company Funded (£)	Total (£)
Electricity infrastructure	-	38,829	38,829
Motor Vehicles and Equipment	-	-	-
Lands and Buildings	-	-	-
Water and Sewerage infrastructure	-	38,087	38,087
Other	-	8,659	8,659
Total	-	85,575	85,575

An investment of £38k was made for the electricity infrastructure, specifically for a transformer at the new Ruperts Port development. Additionally, funds were allocated to upgrade the water infrastructure, focusing on the Lower Leggs to Huttsgate water system. This replacement was essential to optimise water collection from Lower Leggs, ultimately increasing the raw water flow to the treatment plant.

The summary of all projects that had been planned for the year 2025/26, including their status, is shown in the following table:

Project	Funding Source	Status	Notes
Vehicle Replacement	Connect	Carried forward	Asset replacement
Casons Tank	Connect	Denied Planning Permission	Water network upgrade
Secret Weapon Tank	Connect	On Hold	Water network upgrade
Lot 2 Fixtures and Fittings	Connect	Carried forward	Buildings upgrade
Sandy Bay – Rock Rose to Green Hill	Connect	Carried forward	Water network upgrade
IT Server	Connect	Procured	IT upgrade

Project	Funding Source	Status	Notes
Carnarvon Court	Connect	Carried forward	Buildings upgrade
Modelling & Design Phase 2	EDIP	Detailed Design Available	Consultancy – preparation of final design for Renewable Energy Project
HTH & Jamestown Wastewater Project	EDIP	Designs are complete, awaiting funding	Design feasibility consultancy. Connect is a project partner (funding is administered separately).
Water Resources Management Plan	EDIP	Draft WRMP available	Consultancy. Connect is a project partner (funding is administered separately).

During the financial year that concluded on 31 March 2026, several projects were initially designated for implementation. However, the majority of these initiatives had to be postponed to the following fiscal year, 2026/27, primarily due to limitations in capacity within the projects section. A significant factor contributing to this delay was the absence of a project manager for a considerable portion of the year, which hindered the progress and execution of many scheduled projects. To address the backlog and accelerate the completion of outstanding initiatives, the capital investment allocated for 2026/27 has been notably increased by 37%, reflecting a commitment to revitalising project delivery and ensuring that goals are met in a timely manner. However, both the project manager and the civil engineer positions are open, which will affect the implementation of the planned projects.

The second phase of the modelling and design process commenced this year, and we are nearing the completion of the draft detailed design. Preliminary results from the modelling and design show that it is feasible to achieve 80% of our energy needs from renewable sources. However, the plan is not bankable, and a phased approach has been agreed with SHG; therefore, the 80% target will not be achievable by 2028.

The design work for the Half Tree Hollow and Jamestown sewage treatment plants was finalised over the course of the year. However, because of a shift in priorities regarding the Economic Development Investment Program (EDIP) funding, the implementation phase for these treatment plants has been put on hold.

The draft of the Water Resources Management Plan (WRMP) has now been released for public consultation, inviting feedback and discussion from stakeholders. Among the immediate initiatives—often referred to as "quick wins" is a strong emphasis on minimising water loss to enhance overall water security and operational efficiency.

Additionally, one of the proposed quick wins aimed at elevating water quality involved the installation of chlorine boosters within the Huttsgate zone. Unfortunately, this initiative has been stalled due to constraints related to the EDIP funding, however, this initiative is being considered for internal funding.

6. EXTERNAL FUNDING SOURCES

Throughout the year, the primary source of funding remained internal. Nonetheless, funding was also acquired from the Economic Development Investment Programme (EDIP) and Darwin Funding through the Cloud Forest Project. The funding summary is shown below:

Source of Funding	Amount (£)	Purpose
EDIP	261,010	Renewable Energy Consultancy and Leak Detection

Darwin Plus	35,100	Water Security
Total	296,110	

A £240k grant was awarded by the Economic Development and Investment Program (EDIP) for the renewable energy consultancy. This financial support is instrumental in driving the renewable energy initiative, which is set to achieve increased renewable energy penetration. This critical phase is now nearing completion. We are prepared to transition to the next steps: procurement and implementation. However, funding for this subsequent stage remains a major constraint. We are actively exploring a variety of funding avenues, including grants, vendor-based financing, and internal budget allocations, to secure the necessary resources.

Additionally, the consultancy for the design of the Jamestown and Half Tree Hollow treatment facilities was also supported by the EDIP funding, emphasising the program's pivotal role. As we advance into the implementation phase, we face the pressing need for further financing, particularly since many of our planned projects may require reprioritisation due to the constraints within the EDIP funding.

During the year, the company worked with the government towards the development of a Water Resources Management Plan (WRMP). The consultancy work for the plan was fully funded by the government. As part of the quick wins identified by the WRMP, funding of £21k was secured for leak detection training.

The company continued its partnership with Darwin Plus on the Cloud Forest Project. This project aims to develop a sustainable approach to managing St Helena's cloud forest to improve water security and enable nature recovery. Key activities include advancing water monitoring and addressing threats from plant pathogens and invasive species to secure St Helena's biodiversity. The key activities conducted during the year include conducting scientific research on water levels and rehabilitation of boreholes. The funding secured for the year was £35k.

7. COMPLIANCE WITH THE STRATEGIC PLAN

The major strategic focus during the year was to increase renewable energy penetration, focusing both on short-term and long-term initiatives. On the short-term initiative, the focus was on ensuring that the current renewable energy generation assets are operational especially the wind turbines. After some delays over the year, three additional wind turbines have resumed operation, leading to an increase in renewable energy contribution, reaching 15% on days with favourable weather in March 2026. It is important to note that the wind turbines are on and off depending on the weather, which affects their contribution to the grid.

As part of the medium-long-term initiative on renewable the modelling and design continued during the year. The draft Front-End Engineering Design (FEED) was completed. The FEED is a fundamental, preliminary engineering phase following conceptual studies that defines technical requirements, project scope, and costs before detailed design and construction. Once adopted, it serves as a blueprint for Engineering, Procurement, and Construction (EPC) bidding, minimising risks and preventing costly changes.

The Water Resources Management Plan (WRMP) made significant progress this year, and a draft is now available for consultation. Some of the quick wins identified in the plan, such as

training on leak detection, have already been implemented. Additionally, recommendations to improve water quality are being actively pursued for internal implementation.

In December 2025, a mid-term review of the current strategy was conducted. The review confirmed that governance structures have strengthened and several capital projects are progressing, particularly the renewable energy project. However, core operational performance has not improved and, in some areas, has deteriorated since the strategy was adopted.

8. ENERGY DELIVERY PLAN

The major focus of the energy delivery plan was the modelling and design phase. The Modelling and Design Consultancy encompassed a substantial body of technical work, including demand modelling, energy yield prediction, project sizing and optimisation. The detailed design for the renewable energy project was completed during the financial year. A phased implementation approach has been agreed upon to enhance project viability and ensure consumer benefits are delivered without further delay.

Ongoing maintenance of the existing wind turbines and solar infrastructure has continued to ensure improvement in current levels of renewables generation ahead of the delivery of the main renewable energy project. The wind turbines' maintenance progressed in the last quarter of the financial year, with support from AEC and Huygens Engineers. This has resulted in an improvement in the number of wind turbines online. While the contribution to the grid was limited for the year, this will enhance renewable yields in the future and decrease reliance on diesel.

9. UNACCOUNTED FOR WATER PROGRAMME

During the financial year, Non-Revenue Water (NRW) activity focused on strengthening the basis for monitoring and reporting. This included deployment of pressure loggers in the network, procurement of additional pressure loggers near year's end. Team members participated in training on Non-Revenue Water to enhance their understanding of NRW processes and data handling. The American Water Works Association's (AWWA) water balance methodology was adopted, with comparison against the International Water Association (IWA) framework.

Work was also undertaken to reconcile and review available data from Business Support and Operations. This included an audit of water data, meter information and wider asset information, together with a reconciliation of available records. The review highlighted gaps in the current data and systems, which will need to be addressed to support more reliable NRW reporting going forward. In the year 2025/26, non-revenue water accounted for 47% of total water, with physical losses comprising 28%. This represents a decrease from the previous year's rate of 40%. The reduction can be attributed primarily to the reclassification of some water consumption; what was previously categorised as physical losses was reclassified as commercial losses and unbilled authorised consumption.

Financial Year	Physical Losses (%)	Commercial Losses (%)	Unbilled Authorised Consumption (%)	Total Non-Revenue Water (%)
2017/18	Breakdown not available			53
2018/19				50
2019/20				49
2020/21				47
2021/22	39	5	1	45

2022/23	43	5	1	48
2023/24	39	7	1	47
2024/25	40	7	1	48
2025/26	28	13	6	47

As part of the quick wins identified by the WRMP, training on leak detection was conducted in March 2026. This training was targeted at empowering the water team to effectively utilise the leak detection equipment already available within the organisation. Since receiving leak detection training from SA Leak, we have identified four leaks in the Sandy Bay network, achieving a 100% success rate. Currently, Sandy Bay is the most problematic area for leaks. Using the leak detection equipment, it takes approximately three hours to locate a leak on a 400-meter length of pipeline. Before this training, it took us three to four days of trial and error to successfully identify a leak, resulting in the loss of hundreds of cubic meters of water.

10. FINANCIAL PERFORMANCE

The company's summarised financial performance is shown below:

	Actual	Actual		
	March	March	Change	Change
	2026	2025		
	£	£	£	
Turnover	6,348,873	5,874,373	474,500	8%
Cost of Sales	6,484,349	6,282,384	(201,965)	-3%
Gross Loss	(135,476)	(408,011)	272,535	-67%
Operating Expenses	1,376,207	1,515,166	138,959	9%
Loss before grants and subsidies	(1,511,683)	(1,923,177)	411,494	21%
Other Operating Income	1,914,001	1,844,847	69,154	4%
Net Profit/(Loss)	402,318	(78,330)	480,648	614%

The provisional financial performance indicates a profit after subsidy, leading to an overall profit before tax of £402k. However, the company incurred a loss of £1,512k before accounting for subsidies and amortised grants during the year.

Total turnover reached £6,349k, a growth of £475k (8%) year-on-year, driven by tariff adjustments effective July 2025 and substantially increased consumption from the One Web installation. However, turnover continues to be affected by a declining population and reduced domestic disposable incomes. The cost of sales of £6,484k was £449k (6%) favourable to budget, principally due to stable diesel prices at £1.36 per litre against a budgeted £1.63, and delays in planned maintenance. Total electricity billed units grew 4% year-on-year to 9,551 MWh, and water billed units were broadly flat at 229,465 m³.

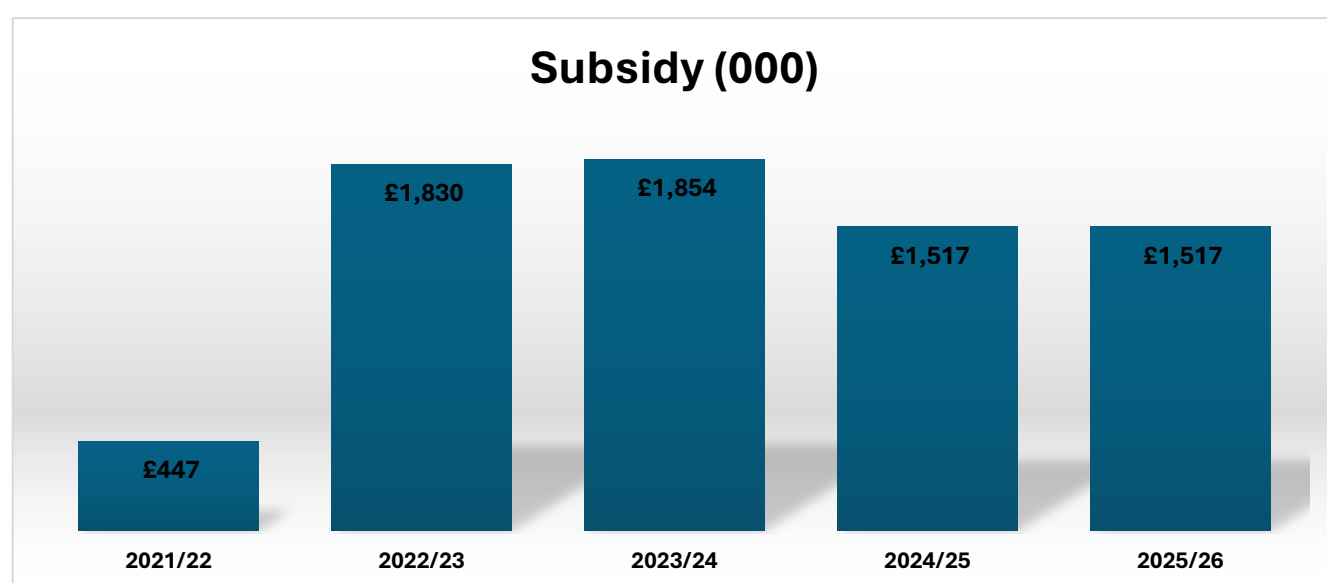
On a segmental basis, all three services, electricity, water, and sewerage reported net losses before subsidies. The company remains reliant on government grants and subsidies totalling £1,517k to achieve an overall surplus. The direct cost of electricity relative to billed tariff income improved to 97% (compared to 108% in the prior year), while water continues to be sold significantly below its direct production cost (£5.27 per cubic meter against an average tariff of £4.25 per cubic meter). This situation raises concerns about both affordability and sustainability. Full cost recovery improved from 71% to 79%, but this increase is largely attributable to tariff hikes rather than genuine operational efficiencies.

The company's cash position closed at £3,409k, against a depreciation fund balance of £3,909k, leaving the asset replacement fund with a £500k deficit. The depreciation fund balance is after considering all asset replacements and losses incurred as at 31 March 2026. With much of the asset base approaching end-of-life, the adequacy of the replacement fund remains a material financial risk. Without corrective action, this shortfall will constrain future investment in infrastructure renewal. Trade debtors improved slightly to £626k (prior year: £682k), though rising tariffs and cost-of-living pressures are expected to increase debtor risk in the near term.

Key operational challenges for the period included a 91% diesel dependency in electricity generation, exacerbated by delayed wind farm maintenance, manpower shortages affecting water loss reduction programmes, and supply chain constraints impacting scheduled maintenance. Accelerating the renewable energy maintenance programme, addressing unaccounted-for water losses, and ring-fencing the asset replacement fund are identified as priority actions to improve long-term service sustainability.

Reduction (or otherwise) on reliance on the subsidy

The Company received £1,517k in government subsidy, unchanged from the prior year. Full cost recovery improved to 79% (from 71%), largely due to tariff adjustments. Sustained progress in reducing subsidy reliance will require accelerated renewable generation, NRW reduction, and operational efficiencies. The subsidy trend for the past five years is shown below:



The main reason for the increase since 2021/22 is due to the decision of SHG to subsidise the diesel price increase, and that subsidy has not been fully removed. The Company recognises that sustained progress toward reducing subsidy dependency is essential to the organisation's long-term financial resilience. Accordingly, the organisation is committed to identifying and implementing opportunities to improve cost recovery, and will continue to report on progress against this objective in future periods.

Improved business efficiency measures taken

During the reporting period, a series of initiatives designed to strengthen operational resilience, enhance customer service, and improve overall business efficiency were implemented. Key measures included:

Digital Transformation and Organisation Improvement

The implementation of the SenseHR platform marked a significant advancement in the company's digital transformation. The transition from paper-based administrative processes to a centralised digital system improved workforce management, streamlined leave administration, and enhanced record management capability.

Cybersecurity awareness and IT resilience were also strengthened through enhanced staff training, active monitoring systems, and strengthened response procedures for cyber threats. Continued investment in digital systems supports organisational efficiency, operational resilience, and improved governance oversight.

Infrastructure Maintenance and Operational Resilience

The company continued to prioritise proactive infrastructure maintenance and operational resilience across its electricity, water, and wastewater operations. A major milestone during the year was the successful completion of the manufacturer-prescribed 9,000-hour overhaul of Generator No. 2 at the Power Station. This marked the second time the generator had reached this operational threshold, demonstrating the effectiveness of the long-term asset maintenance strategy. Importantly, the maintenance programme was completed alongside routine operational duties and emergency breakdown maintenance, minimising disruption to the electricity supply.

A comprehensive engineering assessment of Harpers 2 Dam after a leakage was identified on the dam. As a proactive measure, the assessment of other reservoirs was commissioned. This proactive approach aims to ensure long-term water security and minimise the risk of costly failures. Additionally, preventive maintenance activities were conducted within the raw water network at Chubb's Spring and the Jamestown tank network to enhance reliability and reduce future operational risks.

Workforce Efficiency

Investment in workforce capability and governance remained central to efforts aimed at improving the organisation. Employees engaged in professional development and technical training that aligned with operational priorities and the organisation's renewable energy transition strategy.

The ongoing salary review and job evaluation program aimed to establish a fair, transparent, and sustainable remuneration structure to support workforce retention and ensure the organisation's sustainability. Governance oversight was further strengthened through Board induction programs, stakeholder engagement, and improved reporting arrangements.

These initiatives continue to enhance organisational capability, accountability, and strategic oversight throughout the business.

Water Security and Environmental Resilience

Water resource management remained a strategic priority throughout the year as the company responded proactively to declining water reserves and emerging infrastructure risks. During the reporting period, Stage 1 of the Drought Management Plan was activated after stored water reserves declined to approximately sixty days of supply. Following public conservation messaging, water consumption reduced significantly within one week, resulting in an immediate improvement in reserve levels and enabling the organisation to exit Stage 1 after subsequent rainfall replenished storage levels.

Additionally, a comprehensive engineering assessment of Harpers 2 Dam was commissioned following seepage concerns identified in 2024. The assessment involved specialist consultants undertaking detailed inspections, geotechnical investigations, flow monitoring, and spatial surveys to better understand the condition of the structure and identify long-term remedial requirements. The scope of the project was later expanded to include all island reservoirs to support a broader dam safety and infrastructure resilience strategy.

The combination of demand-side management, public engagement, and proactive infrastructure assessment has strengthened the long-term approach to water security, operational resilience, and climate-related risk management.

Looking ahead, the focus will be on improving infrastructure resilience, strengthening financial sustainability, advancing renewable energy integration, and improving operational efficiency across all service areas. Key priorities include reducing operational risks, enhancing cybersecurity resilience, improving water security, and supporting long-term investment planning.

The organisation remains committed to delivering reliable and sustainable utility services while balancing affordability, regulatory compliance, environmental stewardship, and long-term community needs.

SECTION 2: FORWARD LOOKING

11. PUBLIC UTILITIES DEVELOPMENT PLAN TARGETS

As a provider of essential water, energy, and wastewater services, CSH recognises its responsibility to deliver reliable, sustainable, and high-quality utility infrastructure for St. Helena. The Public Utility Development Plan (PUDP) sets out CSH's strategic direction for the year ahead, outlining clear, measurable targets across all three service areas and the actions required to achieve them. This plan reflects CSH's ongoing commitment to operational excellence, environmental stewardship, and continuous improvement, ensuring that today's investments lay the foundation for a resilient and future-ready utility network. The targets for the next year are broken down into the various categories;

Service Delivery

Performance Measure	2024/25	2025/26	2026/27
	Actual	Actual	Target
Total Electricity Generation (MWh)	10,730	11,284	11,300
Total Electricity Generation from Diesel Generation (MWh)	9,580	10,257	9,605
Total Electricity Generation from Renewables (MWh)	1,149	1,026	1,695
Percentage of electricity generation from renewables (%)	11%	9%	15%
Overall Fuel Efficiency (l/kWh)	0.2056	0.1952	0.1952
Total units of billed electricity (MWh)	9,166	9,551	9,594
Total units of billed water (m ³)	228,122	229,465	233,363

To enhance our service delivery and promote sustainability, we have set a clear goal to increase the penetration of renewable energy sources. Unfortunately, our efforts have been hampered by the recent liquidation of WES, the manufacturer of wind turbines. This unfortunate event has left us without the necessary technical support and spare parts, causing several of our wind turbines to remain offline for an extended duration.

To address the ageing condition of our wind assets, Connect Saint Helena Ltd has taken the difficult but necessary decision to decommission six of the twelve turbines that have reached the end of their operational life. Rather than disposing of these units, we are salvaging usable components to support the repair and restoration of the remaining turbines, thereby maximising value from existing resources. We have secured technical support from AEC and Huygens Engineers, who are assisting in returning the remaining six turbines to full functionality. As at 31 March 2026, four turbines were operational, with the final two scheduled to be restored and brought online by October 2026.

Our objective is to bring these turbines back online and ensure their reliable operation throughout the year 2026/2027. By integrating their output with the existing solar farm, we aim to increase renewable energy penetration during this period. We intend to maintain our current renewable generation assets in optimal condition, as this will be crucial for achieving our renewable energy goals before implementing a larger, comprehensive renewable energy project.

Reliability

Performance Measure	2024/25	2025/26	2026/27
	Actual	Actual	Target
Number of faults on the electricity network	72	125	60
Customer Minutes Lost Due to Electricity Faults	591	547	500
Number of faults on the water network	893	876	800
Network water loss/unaccounted for water (%)	48%	47%	45%
Infrastructure Leakage Index	1.15	0.50	0.50
Reserve levels of water (m ³)	98,661	92,958	95,095
Reserve levels of water (days)	83	89	80

Targets here require the electricity network faults to fall from the reported 125 to 60, Customer Minutes Lost to reduce from 547 to 500, water network faults to fall from 876 to 800, and non-revenue water (NRW) to reduce from 47% to 45%.

The strategic replacement of targeted transformers is a vital step in improving our ageing electricity infrastructure, which has been a significant contributor to frequent outages. By enhancing this infrastructure, we aim to increase reliability and safeguard customer service. The Safegrid system plays a crucial role by offering proactive solutions for fault location, prediction, and prevention. This innovative approach is expected to significantly reduce the frequency of faults and minimise the number of customer interruptions, ensuring a more stable power supply.

In addition, we are upgrading our SCADA (Supervisory Control and Data Acquisition) and telemetry systems to provide enhanced real-time monitoring capabilities for both electricity and water networks. These upgrades will allow for more effective management of our resources and quicker response times to potential issues.

To further bolster our efforts, a preventive maintenance and tree-clearing program has been implemented in collaboration with ENRD. This initiative is designed to mitigate the risk of outages caused by falling trees affecting our distribution lines, ultimately leading to a more dependable service for our customers. Through these combined efforts, we are committed to creating a safer and more resilient infrastructure.

To enhance the reliability of our water supply system, one of the key initiatives involves replacing the water mains that have been identified as having a high frequency of service call-outs. This strategic replacement is essential for achieving our ambitious goal of reducing the fault target from 876 to 800, as well as minimising physical water losses.

Our operational water budget includes several critical components, such as the construction of District Metered Areas (DMAs) and advanced leak detection efforts. Each of these initiatives plays a vital role in our overall strategy to decrease non-revenue water (NRW) from its current level of 47% down to 45%. By implementing these improvements, we aim not only to enhance the efficiency of our water distribution system but also to ensure a more sustainable use of our precious water resources.

Quality

<u>Performance Measure</u>	2024/25	2025/26	2026/27
	Actual	Actual	Target
Power Quality: Voltage Compliance with EN50160:2010 at:			
Voltage Magnitude Compliance (All sites)	Fail	Pass	Pass
Voltage Total Harmonic Distortion (THD) (All sites)	Pass	Pass	Pass
Voltage Unbalance (All sites)	Pass	Pass	Pass
Voltage Flicker (All sites)	Fail	Pass	Pass
Voltage Harmonics (All sites)	Pass	Pass	Pass
Appearance of Treated Water in CSH Network Redhill (NTU)*	2.62	3.56	1.75
Appearance of Treated Water in CSH Network Hutts Gate (NTU)*	2.97	3.99	1.75
Appearance of Treated Water in CSH Network Levelwood (NTU)*	1.91	2.24	1.75
Appearance of Treated Water in CSH Network Jamestown (NTU)*	7.38	7.90	5.00
Microbiological Integrity of Treated Water in CSH Network	100%	100%	100%
Microbiological Integrity of Treated Water at Consumer Meter	100%	100%	100%

The key targets are achieving voltage compliance (Pass) across all EN50160:2010 parameters at Airport, Feeder 2, Solar Farm and Wind Farm, several of which were Fail in 2025/26 and reducing Jamestown treated water turbidity from 7.90 NTU (2025/26 actual) to below 5 NTU. Microbiological integrity must remain at 100%.

Improvements in voltage quality, specifically concerning magnitude and flicker, are being actively pursued through several key initiatives. These include the strategic replacement of ageing transformers, a comprehensive review and testing of the Electrical Distribution Protection System, and the implementation of the Safegrid system. The distribution protection review will play a crucial role in ensuring that the network is optimally configured to handle both the existing and future mixes of electrical generation. This proactive approach directly addresses the underlying issues that frequently lead to voltage compliance failures.

When it comes to water quality, the operational water budget has incorporated specific provisions designed to enhance the catchment area at Black Bridge and Drummonds Point, which supplies water to Chubbs Spring. One of the primary goals of this initiative is to significantly reduce turbidity levels in the Jamestown water supply. Currently, turbidity measurements have reached 7.90 NTU, which exceeds the target level of 5 NTU. The turbidity across all networks remains a concern, with work planned to replace filter media and ensure that all the catchments are regularly cleaned. By addressing these challenges, we aim to improve water quality and ensure a safer, cleaner water supply for the community.

Customer Service

Performance Measure	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Actual</u>	<u>Actual</u>	<u>Target</u>
Time taken to perform Electricity Connection (days)	18	7	6
Time taken to perform Water Connection (days)	3	5	4
Total Customer Complaints handled within COP parameters	88%	76%	100%

Targets require electricity connection time to return to 6 days (from 7 days in 2025/26), water connection time has been set at 4 days, and complaints handled within Code of Practice parameters to be maintained at 100%.

The vehicle replacement programme directly enables field teams to respond faster to connection and fault requests. New vehicles reduce breakdown risk that can delay service crews and connections. The ERP system investment within the operational business support budget improves workflow management and customer record handling, which should close the gap in complaints performance. Additionally, the recruitment of trainees will also ease staff shortages, especially within the electricity distribution team, which will improve the number of electricity connection days.

Efficiency

Performance Measure	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
	<u>Actual</u>	<u>Actual</u>	<u>Target</u>
Total number of staff	69	72	80
Staff Turnover Rate	12%	12%	10%
Staff cost as a percentage of total turnover	24%	24%	25%
Lost Time Injury Rate	0	0	0

Targets include reducing staff turnover from 12% to 10%, with staff cost as a percentage of turnover at 25%, maintaining the Lost Time Injury Rate at zero, and growing the total staff to 80. The target for the total staff assumes that all vacant staff positions are filled.

The current salary review and the ongoing job evaluation exercises are expected to contribute to reducing staff turnover. Better pay and conditions reduce turnover, which in turn lowers recruitment costs and preserves institutional knowledge. Additionally, the job evaluation will help create a market-competitive and fair salary structure, reducing turnover caused by perceived pay inequities. The refurbishment of buildings at the operational sites directly addresses health and safety risks at operational sites.

On financial efficiency, the budget's NRW reduction programme and increased renewable energy penetration structurally reduce fuel spend, which is projected to reduce by £261k (-8%) year on year, improving cost recovery ratios over time as staff costs as a proportion of turnover are also kept in check.

New Performance Measures

To enhance the robustness of our performance monitoring framework and ensure that regulatory oversight is focused on outcomes rather than inputs, we have undertaken a review of existing indicators and identified several areas where replacement or refinement is warranted. The proposed changes shift emphasis from compliance checks and resource counts toward internationally recognised reliability indices, customer-centric service measures, affordability benchmarks, and innovation outcomes. This approach will provide the Regulator with a clearer, evidence-based view of how utility operations translate into customer experience, system resilience, and long-term sustainability. The following table sets out the current KPIs alongside the proposed replacements and the rationale for each change.

Current KPI	Proposed Replacement	Rationale
Total Staff Numbers (5.1)	Staff Productivity (MWh generated per employee/customer accounts per employee)	Headcount alone does not indicate efficiency; productivity measures link staffing to service outcomes.
Cost to consumer for 200 units of electricity / 15 units of water (6.1, 6.2)	Affordability Index (average household utility bill as % of median income)	Fixed baskets do not reflect income differences; the affordability index better captures consumer burden.
Number of electricity disconnections due to non-payment (6.3)	Percentage of vulnerable customers supported before disconnection	Shifts focus from punitive outcomes to proactive engagement with hardship cases.
Number of faults on the electricity network (2.1) + Customer Minutes Lost (2.2)	SAIDI, SAIFI, CAIDI (outage frequency, duration, restoration time)	Internationally recognised reliability indices provide clearer benchmarking and comparability.
Amount spent on R&D (7.2)	Innovation Outcomes (% of generation from new technologies)	Spending alone does not demonstrate impact; outcome measures show tangible benefits from innovation.

12. CAPITAL INVESTMENT PLAN 2026/27

The capital investment plan for 2026/27 totals £868k and has been developed to address critical operational needs, improve infrastructure resilience, and support long-term sustainability across all three core services. The programme balances essential asset replacement with targeted investments in efficiency, safety, and technology advancement. The planned investment represents a 37% increase from prior years to accelerate asset replacements and improve service delivery. The plan for each section is highlighted in the following sections:

Electricity Infrastructure Investment

The planned investment in electricity is £310k, expected to strengthen grid reliability, safety, and renewable readiness. The planned investment includes a power station condition assessment and electrical distribution protection review. A power station condition assessment (£50k) will shift maintenance from time-based to condition-based cycles. The total planned investment of £310k will be funded from the depreciation fund, and the detailed planned investment is shown in the table below:

Planned Investment	Depreciation Fund (£)	EDIP (£)	
Transformer Replacements	152,000	-	This will reduce electrical losses and address persistent low-voltage issues affecting consumers
Monitoring and Control Systems	60,000	-	Real-time network monitoring to improve fault detection, reduce response times, and enable remote asset management
Network Upgrades	30,000	-	Reliable electricity services
Conditional Assessment	50,000	-	Review of distribution protection for future capital investments and renewable energy integration readiness
Buildings	18,000	-	Improved operational facilities and maintenance efficiency
Total	310,000		

Water Infrastructure Investment

The water infrastructure investments focus on reducing Non-Revenue Water (NRW) and improving service reliability. The capital investment will also include chlorine boosters to improve water quality especially within the Hutts Gate area. The chlorine boosters were part of the quick wins identified in the Water Resources Management Plan (WRMP) to improve the quality of water. Additionally, the plan includes work at Harper's 2 Reservoir to improve water security, which forms part of the recommendations from the assessment carried out during the financial year 2025/26.

Planned Investment	Depreciation Fund (£)	EDIP (£)	
Water Mains Upgrades and Replacements	170,000	-	Targeted investments to reduce water losses in this high-loss section of the network
Reservoir Works	30,000	-	Construction of spillway and new drainage systems to improve water storage capacity and operational safety

Buildings	26,000		Improved operational facilities to enhance response times and maintenance efficiency
Total	226,000	-	

Wastewater Infrastructure Investment

Investment in wastewater targets the replacement of ageing equipment and improving security at Rupert Sewerage Treatment Plant. The designs for the Half Tree Hollow and Jamestown treatment plants have been completed and are now set to move to the procurement stage. However, due to limited funding from the Economic Development Investment Programme (EDIP), the treatments will be subject to reprioritisation, which brings uncertainty to the securing of grant funding for the projects. The capital investment summary is shown below:

Planned Investment	Depreciation Fund (£)	EDIP (£)	
Vehicle	70,000	-	Replacement of the Honey Sucker Truck
Fencing	30,000	-	Improved security and safety
Total	100,000	-	

Summary by Business Section

Business Area	Depreciation Fund (£)	EDIP (£)	Total	%
Electricity	310,000	-	310,000	36%
Water	226,000	-	226,000	26%
Wastewater	100,000	-	100,000	12%
Business Support	232,000	-	232,000	26%
Total	868,000	-	868,000	100%

The business support budget is allocated for replacing the ageing vehicle fleet, which has become expensive to operate. This capital programme directly addresses high-priority risks, which include infrastructure failure, asset management challenges and stakeholder confidence. The investments support Connect's strategic goals while demonstrating fiscal responsibility and long-term sustainability planning.

13. SUBSIDY REDUCTION PROPOSAL

The budget for 2026/27 projects a total subsidy requirement of £1,517k, representing a challenging but necessary balance between cost recovery and affordability. Connect recognises the fiscal pressure on the St. Helena Government and is committed to implementing a structured approach to reducing subsidy dependency over the medium to long term. This subsidy has been applied as follows:

Service	Subsidy (£)	Per Unit
Electricity	635,000	£0.07/unit
Water	863,000	£3.73/unit
Sewerage	19,000	N/A
TOTAL	1,517,000	

The immediate plan to reduce subsidies will focus on improving operational efficiency. A phased adjustment of tariffs for water services will continue until we achieve cost recovery. However, considering the low incomes and the current costs of providing water, these tariff increases may render the service unaffordable for many. To reduce the subsidy while ensuring that services remain accessible, we aim to decrease the non-revenue water (NRW) rate from the current 47% through systematic pipeline replacement and leak detection programs. Additionally, increasing the penetration of renewable energy is essential for reducing subsidies. Financial sustainability cannot be achieved solely through subsidy reductions without addressing operational efficiency. A credible path to reduced subsidy dependence requires radical improvement in operational efficiency, particularly in water services; strategic investment in cost-reducing infrastructure; transparent stakeholder communication about the true costs of service delivery; and a pricing structure that reflects actual costs while remaining socially acceptable, to be adopted in the short to medium term. Nonetheless, the primary challenge in reducing subsidies remains the declining population, given the high fixed operational costs associated with running a utility company, especially in small markets. Engagement with the government will continue, eliminating the existing untargeted subsidy. Instead, a targeted subsidy should be introduced to directly assist vulnerable members of society. This targeted approach will allow the company to set tariffs that ensure cost recovery and enable it to function as a commercial entity. This model will encourage the company to enhance operational efficiency while maintaining quality service and affordability for customers.

14. PROPOSALS TO IMPROVE BUSINESS EFFICIENCY

Improving business efficiency is central to Connect's strategy for achieving financial sustainability and reducing reliance on government subsidy. While the company has made progress in areas such as bringing billing services in-house and strengthening asset management, further reforms are required to modernise operations, reduce costs, and enhance customer service.

The following proposals set out a structured programme of efficiency improvements across administration, maintenance, renewable generation, and workforce management. Each initiative is designed to deliver measurable outcomes, whether through cost savings, improved asset reliability, or enhanced customer satisfaction while maintaining affordability and service quality. Together, these measures represent a shift from reactive practices to proactive, data-driven management, ensuring that Connect operates as a resilient, efficient, and customer-focused utility provider.

Administrative Cost Initiatives

One of the key tasks within administrative work is billing, which has been a longstanding focus for operational improvement. Although bringing this service in-house has generated annual savings of £25k for the company, further efficiency improvements are required. The current billing process is still manual and will be transitioned to an automated process. Automation will eliminate manual tasks and could lead to additional future savings. The intention is to implement an automated system with prepaid meters to improve debt collection and reduce write-offs.

Starting April 1, 2026, we will transition to monthly billing for all customers to minimise bill shocks and support financial planning, especially for those on a monthly income. A customer portal will also be launched to improve efficiency, boost satisfaction, and lower support costs, providing personalised, real-time access to bills and consumption history. We remain dedicated to supporting vulnerable customers throughout these changes.

The current accounting system will be replaced with an ERP system, which is an example of an “invest to save” initiative. The current system is no longer cost-effective for the company, with annual subscriptions of almost £105k; the ERP is expected to result in lower annual subscriptions and is expected to generate annual savings of approximately £50k. Furthermore, the system is expected to deliver an integrated system that improves data handling.

Maintenance Cost Initiatives

Maintenance initiatives are aimed at enhancing asset reliability while managing long-term costs, including addressing the historical lack of adequate maintenance that has led to increased network failures.

The focus is on preventive replacement of overdue components in treatment plants, moving from reactive to planned maintenance to reduce emergency repair costs. Additionally, maintenance for the water section will be focused on the reduction of non-revenue water through improved leak detection, smart meter trials and District Metered Area (DMA) creation to reduce non-revenue water, currently at 47% is a major cost driver. The reduction in unaccounted for water will likely result in potential savings of £4k in the variable production cost per 1% reduction. Besides cost savings, reducing physical losses is important for water security and resilience. Maintenance also includes interventions focused on water catchments designed to enhance the quality of water, which is likely to result in an increased uptake of treated water.

A power station condition assessment will also be conducted in the year 2026/27. The assessment provides crucial data on the health of generation assets, shifting maintenance from reactive to proactive strategies. Key benefits include increased equipment reliability, extended asset lifespans, improved safety, and significantly reduced operational costs. The assessment will assist in optimising maintenance cycles, moving from a time-based schedule to a condition-based approach, avoiding unnecessary overhauls and reducing maintenance expenditures.

The capital programme for the year 2026/27 has been increased by 37% to £868k. The depreciation fund for systematic asset replacement, including £210k for vehicle fleet renewal

to reduce running costs. The asset replacement will be mainly data-driven, targeting assets with higher failure rates, which will reduce service disruptions and reduce the non-revenue water.

The shift from reactive to preventive maintenance, combined with smart metering and leak detection, is designed to reduce water losses, minimise unplanned outages, and lower operational costs over time, despite the short-term expenditure increase.

Renewable Energy Generation Initiatives

For the year ended 31 March 2026, average renewable generation was 9%. Progress has been made on wind generation following the engagement of AEC and Huygens Engineers, resulting in four wind turbines being restored to service by year-end. A further two turbines are scheduled to be operational by October 2026, bringing the total to six. However, due to the age of the turbines, all six will not be able to operate continuously, and their smaller operating window limits the overall impact. Even so, with all six turbines available, renewable penetration is expected to reach 15% in 2026/27. Each 1% increase in renewable penetration currently delivers savings of approximately £3k per month.

The original ambition to achieve 80% renewable penetration by 2028 is no longer attainable, as the larger project is not bankable under current funding constraints. A phased approach has therefore been agreed, with consultants now redesigning Phase One to focus on extending the Rifle Range Solar Farm. This incremental strategy allows Connect to expand renewable capacity in manageable stages while reducing reliance on diesel generation.

In the short term, the company's priority is to optimise generation from existing renewable assets. Maintaining the wind turbines in service, despite their age-related limitations, will be critical. AEC and Huygens Engineers are scheduled to visit in the last quarter of 2026/27 to further optimise turbine performance and maximise output within these constraints.

Employee Cost Initiative

A strategic approach to employee costs, balancing the need for competitive compensation with budget discipline, has been adopted. The primary optimisation measure is a targeted recruitment programme focused on filling all current vacant positions to ensure adequate staffing levels for operational maintenance. To build the necessary capacity to fulfil its maintenance obligations, the company will create targeted new positions while maintaining cost discipline and ensuring that the workforce is adequately resourced to meet operational demands.

A significant component of the employee cost increase is allocated to salary review provisions designed to address competitiveness issues that have developed over an extended period without salary increases. The company acknowledges that it has become uncompetitive in terms of compensation, which has negatively impacted staff morale and contributed to higher employee turnover rates.

The company recognises that underinvestment in salaries has created a more expensive problem through high turnover, recruitment challenges, and insufficient human resources for asset management. By investing strategically in competitive salaries while maintaining strict headcount discipline, the aim is to reduce the total cost of workforce instability and improve operational effectiveness. This approach directly addresses the workforce capability risk identified in the Corporate Risk Register and supports the organisation's long-term sustainability goals.

15. PROPOSAL TO REDUCE UNACCOUNTED FOR WATER

Non-Revenue Water (NRW), currently at 47%, represents an operational challenge in the water service. This high level of water loss translates to substantial production costs without

corresponding revenue, requiring increased subsidies and constraining the company's financial sustainability.

The reduction in non-revenue water during the year 2026/27 will be tackled through targeted network renewals, with £170k provided for within the capital budget. The current distribution network is now old and needs replacement. However, due to limited funding and the length of the network that needs replacement, there is a need to adopt a data-driven approach with network replacements based on the most problematic areas. This approach has been adopted for the year 2026/27, with areas that have the highest number of call-outs being prioritised.

In addition to the water network renewal, there will be work on the construction of District Metered Areas (DMAs) and more metering points within the network. Construction of District Metered Areas (DMAs) and increasing network metering points will help to significantly reduce non-revenue water (NRW) through faster, targeted leak detection, optimised pressure management, and precise water balancing. This approach reduces operational costs, extends infrastructure lifespan, improves supply reliability, and allows for data-driven, proactive maintenance.

16. PROPOSAL TO INCREASE RENEWABLE ENERGY YIELDS

Renewable energy expansion is fundamental to Connect's long-term sustainability strategy. Currently, renewable sources contribute only 9% of electricity generation, leaving the company heavily dependent on expensive imported diesel fuel. The goal of 80% renewable penetration by 2028 is now unattainable due to funding constraints, making the larger project unbankable. However, a phased approach will now be adopted to match the available funding.

The main focus in 2026/27 will be to maintain the existing renewable assets in good working order, which include the six wind turbines in Deadwood. Currently, we are working with AEC and Huygens engineers to provide support after the Wind Energy Solution (WES) went into liquidation. The partnership has started bearing fruit with four out of the six wind turbines in operation. The goal is to have the additional two wind turbines operational by October 2026 and to maintain the full complement of six turbines operational to enhance renewable energy production.

The main renewable energy modelling and design has now been completed, with the final detailed design now available. The next stage will be to move towards implementation, with a phased approach to be adopted to ensure progress. Phase 1 of the project involves expanding the current Rifle Range Solar Farm by installing a 1.9 MW solar array and a 2 MW/7 MWh battery storage system.

However, funding the project will be challenging with various funding sources being considered, which include grant funding, vendor-based finance, and internal funding. Given the current context where the customer base is declining and funding is limited, a phased approach is the realistic solution as it prevents investing in excessive capacity, reducing the risk of stranded assets if demand continues to drop. It enables adjusting the project scope based on real-time data, avoiding capital lock-up.

17. SEWERAGE PROVISION FOR HALF TREE HOLLOW AND JAMESTOWN

Development in Half Tree Hollow (HTH) and Jamestown faces ongoing limitations due to the current infrastructure's inability to support any increase in demand. Recently, a comprehensive design and feasibility study carried out by MPAMOT has been finalised, providing valuable insights into the potential for future projects. However, the crucial funding needed for this

initiative has yet to be secured from the Economic Development Investment Programme, leaving uncertainty regarding its developmental prospects.

18. CONCLUSION

The 2025/26 reporting year reflects both meaningful progress and persistent challenges for Connect St Helena. On the positive side, electricity generation targets were exceeded, fuel efficiency improved, microbiological water quality was maintained at 100%, and four wind turbines were restored to service. The completion of the renewable energy modelling and design, the delivery of the Water Resources Management Plan, and the securing of £296k in external funding represent important strategic milestones.

At the same time, renewable penetration fell short of the 15% target, electricity faults doubled the benchmark, water turbidity exceeded standards at all monitoring sites, and staffing shortfalls continued to affect operational capacity. Reliance on government subsidy remains high at £1.517m, underscoring the need for sustained efficiency gains and structural reform.

The original ambition to achieve 80% renewable penetration by 2028 is no longer feasible, as the large project is not bankable under current funding constraints. A phased approach has therefore been agreed, beginning with the extension of the Rifle Range Solar Farm.

Looking forward, clear priorities for 2026/27 have been set, which focus on service delivery through increasing renewable penetration to 15%, reducing electricity faults and Customer Minutes Lost, lowering NRW to 45%, transitioning to a new ERP system, and delivering a significantly expanded £868k capital investment programme. These initiatives are designed to strengthen infrastructure resilience, improve service reliability, and reduce costs.

Connect remains committed to its core purpose: delivering safe, reliable, and affordable utility services to the people of St Helena. By pursuing renewable energy expansion, NRW reduction, operational efficiency, and targeted subsidy reform, the company is positioned to advance toward its strategic goal of 80% renewable penetration by 2028 and long-term financial sustainability.

Appendix 1

Public Utilities Development Plan						
	Mar-26	Bench Mark Actual			RAG	-
			Target	Actual		
No.	Performance Measure	2024/25	2025/26	2025/26		Key Performance Indicator
1	<u>Service Delivery</u>					
1.1	Total Electricity Generation (MWh)	10,730	10,935	11,284		Total electricity generation (combined diesel and renewables) during the year measured in MWh
1.2	Total Electricity Generation from Diesel Generation (MWh)	9,580	9,295	10,257		Total electricity generation from diesel generation during the year, measured in MWh
1.3	Total Electricity Generation from Renewables (MWh)	1,149	1,640	1,026		Total electricity generation from renewables (wind and solar) during the year measured in MWh
1.4	Percentage of electricity generation from renewables (%)	11%	15%	9%		Units of electricity generation from renewables as a percentage of total units of electricity generation
1.5	Overall Fuel Efficiency (l/kWh)	0.2056	0.2056	0.1952		Ratio of total fuel consumed in electricity generation divided by total kWh generated
1.6	Total units of billed electricity (MWh)	9,264	9,509	9,551		Units of electricity billed measured in MWh
1.7	Total units of billed water (m ³)	225,922	233,363	229,465		Units of water billed measured in m3

2	<u>Reliability</u>	Bench mark	Target	Actual	R A G	
2.1	Number of faults on the electricity network	72	60	125		Total number of unplanned electricity service disruptions (faults) per annum
2.2	Customer Minutes Lost Due to Electricity Faults	591	502	547		Total duration of unplanned power outages experienced measured in hours and minutes
2.3	Number of faults on the water network	893	850	876		Total number of unplanned water service disruptions (faults) per annum
2.4	Network water loss/unaccounted for water (m ³)	210,707	201,252	181,490		Network water loss measured in cubic metres
	Physical Losses/leaks (m ³)	180,815	169,590	105,950		
	Commercial Losses (m ³)	30,019	28,081	51,960		
	Unbilled Authorised Consumption (m ³)	4,197	3,581	23,590		
2.5	Network water loss/unaccounted for water (%)	48%	46%	47%		Network water loss as a percentage of total water supplied to the consumer
	Physical Losses/leaks (%)	41%	38%	28%		
	Commercial Losses (%)	7%	7%	13.51%		
	Unbilled Authorised Consumption (%)	1%	1%	6.10%		
2.7	Reserve levels of water (m ³)	98,661	95,095	92,807		Volume of stored water capacity measured on the

						last Monday of the month
2.8	Reserve levels of water (%)	86%	83%	81%		Volume of stored water capacity measured on the last Monday in the month as a percentage of the total water storage capacity
2.9	Reserve levels of water (days)	83	80	89		Number of days of available water capacity measured on the last Monday of the month

3	<u>Quality</u>	Bench mark	Target	Actual	R A G		
3.1	Power Quality: Voltage Compliance with EN50160:2010 at:	-					Pass/Fail whether the voltage magnitude meets the requirements of EN50160:2010
3.1.1	Voltage Magnitude Compliance	-					
	Airport	Fail	Pass	Pass			
	Feeder 2	Fail	Pass	Pass			
	Solar Farm	Fail	Pass	Pass			
	Wind Farm	Fail	Pass	Pass			
3.1.2	Voltage Total Harmonic Distortion (THD)						
	Airport	Pass	Pass	Pass			
	Feeder 2	Pass	Pass	Pass			
	Solar Farm	Pass	Pass	Pass			

	Wind Farm	Pass	Pass	Pass		Turbidity of Water measured against Nephelometric Turbidity Unit (NTU)
3.1.3	Voltage Unbalance					
	Airport	Pass	Pass	Pass		
	Feeder 2	Pass	Pass	Pass		
	Solar Farm	Pass	Pass	Pass		
	Wind Farm	Pass	Pass	Pass		
3.1.4	Voltage Flicker					
	Airport	Fail	Pass	Pass		
	Feeder 2	Fail	Pass	Pass		
	Solar Farm	Fail	Pass	Pass		
	Wind Farm	Fail	Pass	Pass		
3.1.5	Voltage Harmonics					
	Airport	Pass	Pass	Pass		
	Feeder 2	Pass	Pass	Pass		
	Solar Farm	Pass	Pass	Pass		
	Wind Farm	Pass	Pass	Pass		
3.2	Appearance of Treated Water in CSH Network Redhill (NTU)*	2.62	1.75	3.56		
3.3	Appearance of Treated Water in CSH Network Hutts Gate (NTU)*	2.97	1.75	3.99		
3.4	Appearance of Treated Water in CSH	1.91	1.75	2.24		

	Network Levelwood (NTU)*					
3.5	Appearance of Treated Water in CSH Network Jamestown (NTU)*	7.38	5.00	7.90		
3.6	Microbiological Integrity of Treated Water in CSH Network	100%	100%	100%		WM002 E.coli & Coliforms Reported 'Not Detected',
3.7	Microbiological Integrity of Treated Water at Consumer Meter	100%	100%	100%		

4	<u>Customer Service</u>	<u>Bench mark</u>	Target	Actual	RAG	
4.1	Time taken to perform Electricity Connection (days)	18	7	7		Average number of CSH 'process days' to undertake an electricity connection
4.2	Time taken to perform Water Connection (days)	3	4	5		Average number of CSH 'process days' to undertake a water connection
4.3	Total Customer Complaints handled within COP parameters	88%	100%	76%		Number of complaints received and resolution analysis

5	<u>Efficiency KPI's</u>					
5.1	Total number of staff	69	75	72		Number of staff measured on last day of the month
5.2	Staff Turnover Rate	12%	10%	12%		Number of staff that departed the Company/Average Number of Employees in Year
5.3	Staff cost as a percentage of total turnover	23%	22%	24%		Total employee costs (salary, allowances, pensions) divided by total turnover

5.4	Lost Time Injury Rate	0	0	0		Number of lost-time accidents x 1,000,000 divided by total hours worked in the financial year
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6	<u>Affordability</u>	<u>Bench mark</u>	Target	Actual	R A G	
6.1	Cost to the domestic consumer for 200 units of electricity/quarter (£)	£80.00	£92.00	£80.00		Cost of number of units defined previously as average needed for survival measured on the last day of the reporting period
6.1.1	Cost to the commercial consumer for 200 units of electricity/quarter (£)	£122.00	£114.00	£122.00		
6.2	Cost to the domestic consumer for 15 units of water/quarter (£)	£45.88	£50.54	£45.88		
6.2.1	Cost to the commercial consumer for 15 units of water/quarter (£)	£123.41	£135.77	£123.41		Cost of number of units defined previously as average needed for survival measured on the last day of the reporting period
6.3	Number of electricity disconnections due to non-payment of bills	6	5	4		Number of disconnections enforced by Connect (as distinct from disconnections at Customer's request)

7	<u>Innovation</u>					
7.1	Gearing ratio	0	0	£0.00		Ratio of Loans/Capital
7.2	Amount spent on research and development.	£69,755	CONFIDENTIAL	£239,888		Total amount spent (£)
7.3	External grants measured against cash in bank	3%	5%	1%		Ratio of Non SHG Grants/Cash in Bank (internal funding)

Appendix 2

<u>CODE OF PRACTICE COMPLIANCE MONITORING</u>					
PERIOD 2025/26					
LICENCE REFERENCE	CODE OF PRACTICE	MEASURE	TARG ET	ACTU AL	RESULT
23. Procedures with respect to access to premises – <i>principles and procedures in respect of any person acting on its behalf who requires access to customers premises</i>					
a. Possess the skills necessary to perform the required duties	Trainees or those new to a job will be accompanied by a fully trained person until such time as they are deemed competent to visit independently	New employees being accompanied?	100%	100%	All new employees/trainees are accompanied by a fully trained person.
b. Readily identifiable to members of the public	Employees/contractors visiting premises will carry an ID card showing Company name, their name and a photograph	a)number of new employees issued with ID b)employees advised to request new ID if theirs is lost/damaged	100%	100%	All new employees are issued with ID badges and upon completion of contract of employment the ID badge is destroyed by BSA (HR)
	All contractors visiting customers premises to be required to carry ID	number of new contracts with this clause	100%	100%	One meter reader (contractor) was issued with an ID badge in 2025. The other three contractors carry their ID badges from the previous year
c. Appropriate person to visit & enter customers premises	When recruiting new employees, appropriate checks and references will be made as part of the recruitment process	References and any other checks taken up and recorded on employee file.	100%	100%	Police Vetting certificate and work references are obtained and placed on employees file.
	When available, Connect Saint Helena will subscribe to the SHG vetting service for	Signed up and using system	100%	100%	Connect have advised SHG that they will use the systems

	employees/contractors				
d. Inform customers on request, a contact point for help & advice	All employees required to visit customers premises have office contact details printed on their ID badges	Instructions provided on the front of ID badges	100%	100%	Instructions are on ID badge
	Contractors required to visit premises to be made aware of office contact details	Letter to contractor on file	100%	100%	contractors are aware of Connect Saint Helena contact details
24. Payment of Bills – <i>payment of bills and appropriate guidance for the assistance of such tariff customers who may have difficulty in paying such bills.</i>					
a. Methods of payment	Customers advised on how to pay bills	Details on bill	100%	100%	Comprehensive information on reverse of the bill
b. Guidance to customers in difficulty	Information given to customers on what to do/who to contact if they are in difficulty	Details on bill	100%	100%	Comprehensive information on reverse of bill, customers are referred to the appropriate person in Connect Saint Helena who gives specific advice
25. Dealing with Tariff Customers in default – <i>methods for dealing with tariff customers who, through misfortune or inability to cope...find difficulty in discharging obligations to pay for utilities supplied</i>					
a. Distinguish such customers	Billing Co-ordinator to identify such customers from customer discussions or referral from Social Services. Cases to be highlighted on the computerised billing system	All known cases to be highlighted on debtors spreadsheet	100%	100%	Agreed procedures with SHG Social Services in place to help identify customers with genuine hardship prior to disconnection. Comprehensive spreadsheet of debtors maintained and reported on monthly.

b. Detect failures by such customers to comply with arrangements made for paying by instalments	Use the computerised billing system monthly debtors monitoring report to check	1. Monitoring report to be run within 5 working days of month end to check the previous months payments.	100%	100%	Monthly reconciliations conducted
		2. Where payments have not been made, customer to be contacted within 10 working days of month end	100%	100%	Billing coordinator manages the process of debt recovery and works with customers in debt to agree affordable repayment plans.
c. Arrangements to take into account the customers ability to comply with arrangements in b)	Individual review of case & circumstances by Billing Co-Ordinator and customer - looking at income/expenditure	Details of the individual circumstances are recorded by Billing Co-ordinator	100%	100%	Billing co-ordinator maintains records as a core part of the role
d. Ascertain with assistance of other persons/organisations the ability of such customers to comply with arrangements in b)	Review of case and agreement made by Billing Co-Ordinator and Finance Manager. Social Services input considered where available	Details of the review recorded by Billing Co-ordinator	100%	100%	Those customers who are experiencing hardship are encouraged to request assistance from SHG Social Services or Connect can do so on their behalf with their consent.
26. Connections & Disconnections					
a. Procedure for connections & disconnections	Customers advised of procedure when a new connection, reconnection or disconnection is requested	Advice given either in person or by letter	100%	100%	Customers phone or call in and are provided with application form. Letters at each stage quote timescales. Procedure also on website.

	Visit to assess work required for a new connection within 5 working days of customer confirming property is ready	Number of visits within 5 working days	100%	98%	Water 37/37 Electricity 13/14
	Quotation issued within 5 working days of site visit	Number of quotations issued within 5 working days	100%	100%	Water 37/37 Electricity 14/14
	Reconnection will be made within 5 working days of customer providing proof of payment of any outstanding charges	Number of reconnections made within 5 working days	100%	83%	Reconnection made same day if possible. Always within 5 days = 10/12
	Disconnection will be made within 5 working days of request from property owner	Number of disconnections made within 5 working days	100%	84%	All done within 5 days = 69/82

27. Provision of services for tariff customers who are disabled, chronically sick or of pensionable age

a. Special means of identifying officers	Passwords to be made available where customer requests	Information on bills	100%	N/A	No password requested
b. Giving advice on the use of utilities	Information leaflet on saving utilities to be made available	Annual press advert	100%	100%	Sheet is on website and leaflet is also available from the office. Tips also provided through local newspapers (every quarter)
	Where such customers are in default, a home visit to offer advice on savings to be offered	Percentage of customers who requested a home visit receive such a visit	100%	100%	No Home visits was carried out or requested.

28. Formal complaint handling procedure

a. Level 1 Complaints	L1 - Review/resolution or referral within 5 working day	Number of formal complaints reviewed/resolved/referred on target	100%	76%	16/31 complaints were resolved within the five-working-day timeframe. For the remaining fifteen cases, although the issues were not fully resolved within that period, each complainant was informed before the deadline that additional time would be required and was kept updated throughout the process. All complaints were acknowledged within 2 days of receiving them.
b. Level 2 Complaints	L2 - Review/resolution or referral within 10 working days	Number of formal complaints reviewed/resolved/referred on target	100%	100%	0/0=100%
c. Level 3 Complaints	L3 - Review/resolution within 5 working days	Number of formal complaints reviewed/resolved/referred on target	100%	100%	0/0 = 100%
29. Reading of customers meters					
a. Ensure person reading the meter has the appropriate expertise	Training to be given to all new meter readers along with information on how to read different types of meters	number of employees in new job being accompanied	100%	100%	Four meter readers employed by Connect during the year the same persons as the previous year.
		Insert this clause in any meter reading procedures	100%	100%	As above
b. Inspect meter for evidence of deterioration which	Ensure employees and contractors have advise on meter safety &	Information issued to employees & contractors on annual	100%	100%	Feedback received from all Meter Readers if they

might affect function or safety	what to look out for	basis or as updates become available			detect that the meters are deteriorating.
		All meters identified as potentially unsafe to be inspected	100%	100%	One meter identified and relocated
c. Ensure premises are left no less secure as a result of visit	Employees and Meter Reading Contractors shall close all doors/gates following visit.	Reminder to close all doors/gates printed on reverse of employees ID card and clause in contract.	100%	100%	In contract and also ID badges issued
d. Make good or pay compensation for damage caused by person reading meter	Connect Saint Helena will make good any damage caused by person reading meter	Insert this clause in any meter reading procedures	100%	100%	No claims were made for damage caused by meter reader
e. Reporting the reading of the meter	Data collected, entered into the computerised billing system	Successful monthly upload	100%	100%	Data collected and entered on time each month
f. Adjusting of charges for erroneous meter readings	If customer queries reading, a 2nd reading is taken and bill adjusted if appropriate	Accuracy of final bill	100%	100%	33 Erroneous readings (by customer CRM and meter readers) and correct invoices sent to customers

30. Efficient use of electricity

a. Set out ways in which advice will be made available to customers	Customers advised that Information leaflets available on request.	Availability of leaflet referred to on the bills	100%	100%	Printed on reverse of bill
		Six monthly press advert reminding customers of leaflet availability or article on utility saving ideas	100%	100%	All tips appear on the website and are available from Connect office (ref on reverse of bill). Information placed into local newspapers every quarter.
	Home visit offered to disabled, chronically sick or pensioners who are in default to identify ways to reduce consumption	Visit offered to identified customers	100%	100%	SHG Social Services are aware we offer this but no visits have been requested to date. In addition to general publicity on the

					'tip of the week', electricity and water saving tips leaflets are available on request.
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