



STRATEGIC PLAN

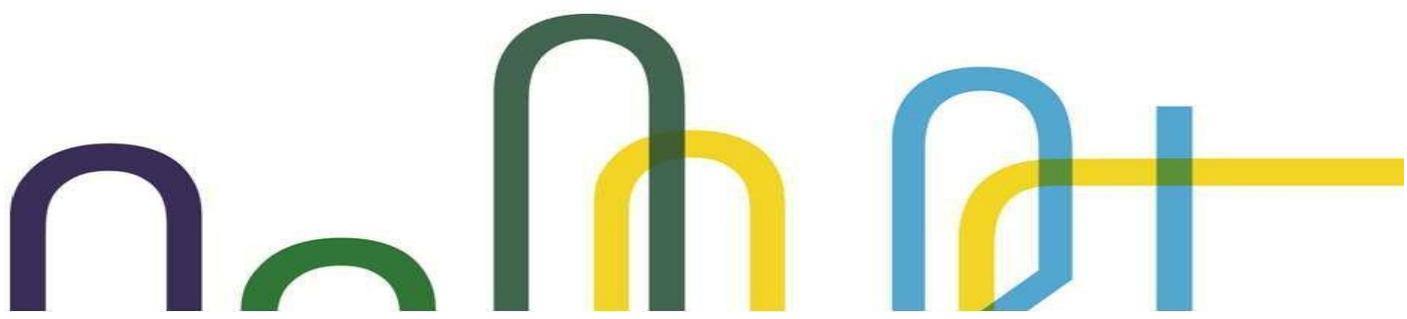
2023/24 – 2027/28

March 2023

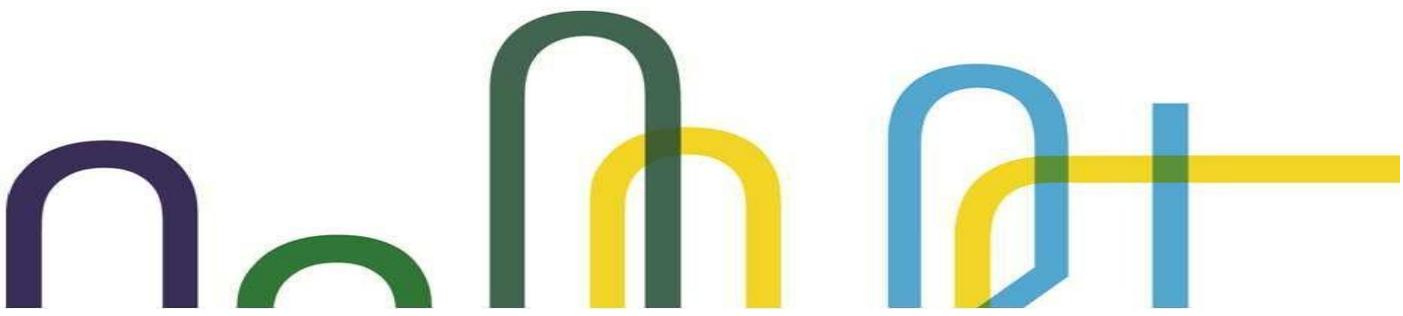


Contents

Foreword	
1. Who We Are	1
2. Strategic Profile	2
2.1 The journey so far... ..	2
2.2 The Global Context.....	3
2.3 The Local Context.....	3
2.4 Looking Ahead: Challenges	5
2.5 Looking Ahead: Opportunities	5
3. Our Vision, Mission and Values	6
3.1 Our Vision.....	6
3.2 Our Mission.....	6
3.3 Our Values.....	7
4. Our Commitment to	8
4.1 ...our Community	8
4.2 ... the Environment.....	8
4.3 ...best practice.....	9
5. Our Goals 2023/24 – 2027/28	10
Goal 1: Focus on sustainability of the organisation	10
Goal 2: Delivery of safe, effective and reliable electricity services for the island	15
Goal 3: Delivery of safe, effective and reliable water services for the island.....	19
Goal 4: Delivery of safe, effective and reliable wastewater services for the island	21
Goal 5: An effective organisation that meets the needs of our stakeholders	24



6. Finance Roadmap	26
Appendix 1: SWOT Analysis	28
Appendix 2: Acronyms and Abbreviations.....	30
Appendix 3: Bibliography	31



Foreword



In the ten years since divestment in 2013, we have persistently focused on improving service reliability by upgrading our supply and network and investing in spend to save efficiencies such as leakage reduction. The results are a reduction in unscheduled electricity outages by 60% and a 23% decrease in faults on the water network.

Since 2020, global challenges have affected us in a number of ways; the pandemic has increased costs for us and our customers, and economic downturn has reduced our customer base significantly. Over the course of this five year Strategy, travel and economic activity will again reach (and hopefully exceed) levels seen in 2019. However, recent price increases in materials, including metals, are likely to affect prices for new or replacement parts and technologies for a long time still.

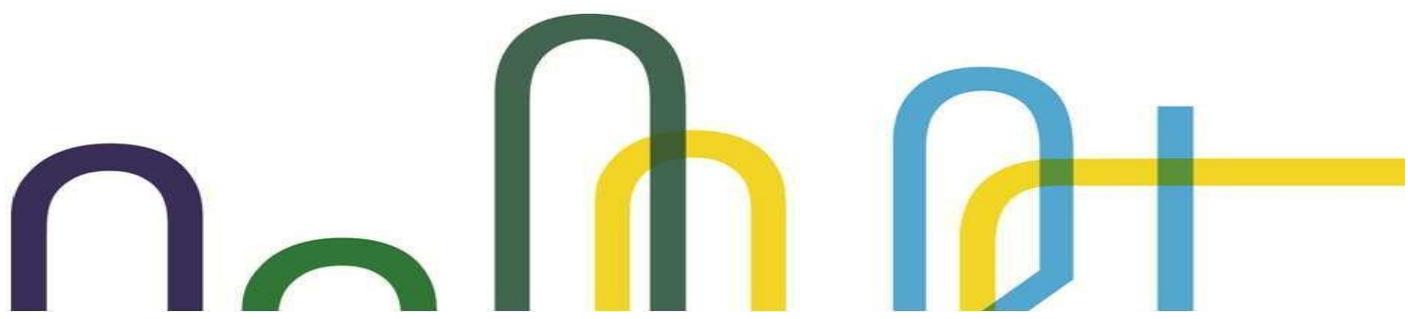
Despite the challenges, we are absolutely committed to increasing the amount of electricity we generate from renewables from the current 30% to as close to 100% as technically possible. We contribute to the committed effort by the UK and British Overseas Territories to meet the Paris Agreement because we aim to significantly reduce the use of fossil fuels in St Helena. By investing in renewables, we also make a significant contribution to St Helena's Sustainable Economic Development Plan because we will reduce the purchase of St Helena's largest import, diesel, and keep more money on St Helena.

Whilst we understand that the finance environment has changed since we last negotiated a power purchase agreement, we are reassessing our options and will proceed as soon as possible to make new renewable energy investment a reality. Our focus will include a review of our SCADA system and investment in battery storage which will safeguard grid sustainability and ensure we don't have to shed excess renewable energy when demand is low.

Business continuity and risk management is always on our mind. We will do everything that we can to ensure that the network keeps running and we provide quality utility services safely and reliably for the island of St Helena.

We know that St Helena experiences cycles of drought. We learnt from the 2016-17 drought and invested in mitigation measures. For example, we put in place better interconnections between catchments so that when the 2019-20 drought occurred, water could be pumped rather than bowsered by vehicle, ensuring quicker movement of water and less wastage. Our next step is to consider the costs and benefits of a very wide range of water supply options through a Water Resource Management Plan. This process will recommend the best value for money approaches to future drought mitigation. In the meantime, we continue to enthusiastically support the Cloud Forest project which seeks to understand and enhance our Island's vital freshwater supply.

We also want to modernise our wastewater system. The measures we want to put in place are not new; we talk repeatedly about the need for investment in sewage treatment to enable development and reduction of environmental impacts during discharge. We want to work with the Economic Development Investment Programme to invest in wastewater services to meet SHG's green agenda and growth aims.



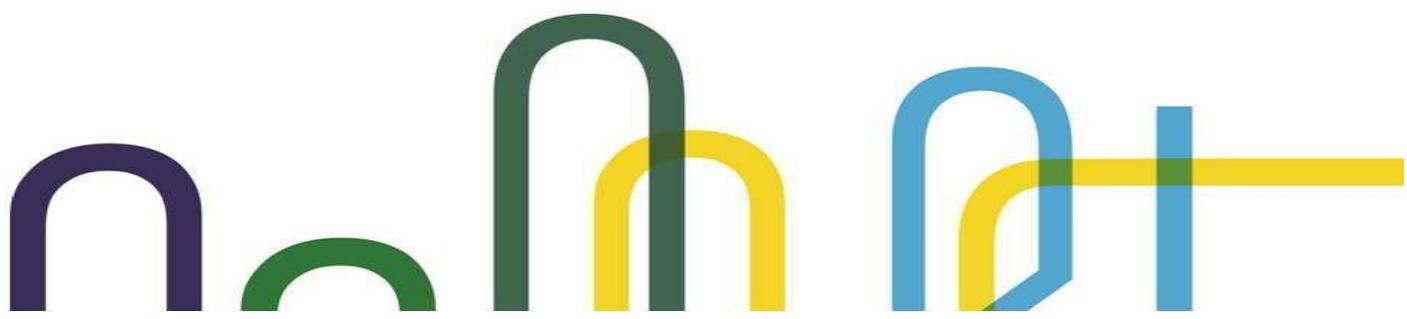
To make our plans a reality we will need to rely on capital funding from donors such as St Helena Government or the UK Government where loan funding is not available or viable. However, we also agree that we should be less reliant on public funding from the St Helena Government on a day-to-day basis. We are committed to reducing the annual subsidy within five years of this Strategy period. To meet this difficult task, we must be more commercial in our decision making. For example, we must attract new customers as well as cover the cost of supply whilst working with the St Helena Government to ensure that subsidy is targeted to those greatest in need.

Our people have been our greatest asset. The Board and I are immensely proud of how our colleagues rise to new challenges and work tenaciously to provide services to the community. We will continue to invest in the development of our staff and we will continue to listen and encourage innovative thinking. Fantastic ideas came to the fore in the workshops we had with staff, our stakeholders, and our customers to develop this Strategy. For example, we heard that smart meter systems and electric vehicle charging networks are two popular potential areas of growth, and in response we shall be exploring their feasibility when the conditions are right.

We have come a long way in the ten years since divestment and we look forward to seeing the progress in the business over the next five years.

Nicole Shamier

Chair, Board of Directors, Connect Saint Helena Ltd



1. Who We Are

Connect Saint Helena Limited (Connect) is the sole provider of utility services to the Island of St Helena¹. We are a locally grown and registered company providing quality electricity, water and wastewater services for the Island.



Connect was established on 1 April 2013 following divestment of utility services from the St Helena Government (SHG). Connect was granted an exclusive ten-year Licence as the Utilities Provider under the Utility Services Ordinance, 2013 to:

- a) Generate, distribute and supply electricity,
- b) Collect, store, treat and distribute water, and
- c) Dispose of waste water.



Local company
with **76** staff



Services provided to
2,700 properties



Sole utilities provider
to the population of
St Helena

4,230 persons

¹ Source: Statistical Update, November 2022, St Helena Government



At the time of writing, we are in our 10th year of operation and the concluding year of our original Licence. We are actively planning for future operations. To aid this planning, this document sets out Connect’s vision and strategy for the period 2023/24 to 2027/28.

2. Strategic Profile

2.1 The journey so far...

The focus in the first 10 years of Connect’s operations has been on improving service standards. There are now well-established systems and processes in place for day-to-day operations. Investment has taken place in network upgrades (both water and electricity) which have supported this.

As a result, substantial improvements have been made, with service levels significantly improved over the 2013 baseline.

Table 1: Key Comparators 2013 & 2022²

	March 2013	March 2022	Status
Overall reliability of the electricity network measured by number of unscheduled outages per annum	146	59	60% decrease in unscheduled power outages
Overall reliability of the water network measured by the number of faults reported per annum	1,582	1,214	23% decrease in faults on the water network
Microbiological Integrity of Treated Water in Connect Network	96.5%	100%	4% improvement in microbiological integrity of treated water in Connect network
Microbiological Integrity of Treated Water at Consumer Meter	87%	100%	13% improvement in microbiological integrity of treated water at consumer meter
Time taken to perform an electricity connection	50 days	1 day	98% improvement in time taken to perform an electricity connection
Time taken to perform a water connection	90 days	1 day	99% improvement in time taken to perform a water connection

² Source: Public Utilities Development Plan 2021/22



2.2 The Global Context

The global economy continues to face challenges due to:

- the war in Ukraine which has resulted in a surge in fuel and energy prices.
- global inflationary pressures, particularly impacting fuel and food prices.
- issues related to economic recovery from COVID-19, e.g. longer procurement lead in times and supply chain challenges.

In October 2022, the International Monetary Fund (IMF) slashed its global economic growth forecast, raised its inflation projections, and declared the outlook as ‘overwhelmingly tilted to the downside’³.

The UK’s Autumn Statement (November 2022) terms the current circumstances “a time of significant economic challenge for the UK and global economy⁴.”

The World Economic Outlook Update (IMF Global, January 2023) projected global growth to slow from 3.4% in 2022 to 2.9% in 2023, then rise to 3.1% in 2024. The economic prospects look uncertain as the world continues to cope with Russia’s invasion of Ukraine, recovery from the coronavirus pandemic and soaring prices.



Based on the above, we expect further economic downturn during the lifespan of this Strategic Plan. Recovery is expected to be slow, particularly for the energy sector which has been one of the most affected sectors in light of significantly increased fuel prices and the accompanying global energy crisis.

Amidst a challenging economic background, climate change continues to be a key global issue. COP27 took place in November 2022 and this set a challenging agenda for countries worldwide to deliver commitments under the 2015 Paris Agreement. This is relevant to the utilities sector as:

- Energy transition is a key tool to address climate change. Increasing use of renewable energy sources is ...” a multiplier solution that addresses climate challenges, fosters socioeconomic growth and enhances energy security amid a global energy crisis⁵” (IRENA, November 2022).
- Issues around water sustainability are closely linked with the impacts of climate change upon the water cycle.

2.3 The Local Context

St Helena is not immune from the pressures affecting the global economy and in many ways our isolation, small population size, and reliance on imports exacerbate the impacts of the current

³ Source: World Economic Outlook – IMF Global, October 2022

⁴ Source: Autumn Statement 2022, UK Government, November 2022

⁵ Source: Accelerating Energy Transition Solutions at COP27, Article by IRENA (International Renewable Energy Agency), 18 November 2022



economic downturn.

The Island experienced significant increases in fuel prices in mid-2022, with diesel increasing by 49%. This has had significant impacts on the cost of electricity generation in 2022/23, with Connect having to call upon the Fuel Risk Sharing Agreement in place with SHG to provide a buffer for consumers.

During the COVID-19 pandemic, St Helena experienced delays in supply chains, surging prices of raw materials and a declining Island population which in turn affected demand. The disruption of global supply chains resulted in longer lead-in times which adversely affected scheduled maintenance and capital projects.



Revenue was also adversely affected by a general decrease in the population which adversely impacted the Company's consumer base. The resident population in August 2022 was 4,230 persons compared to 4,455 persons in March 2020 at the onset of the COVID-19 pandemic¹. The population decline was exacerbated by COVID-19 travel restrictions and the limited number of flights to St Helena during the COVID-19 pandemic which affected the number of visitors to the island, which in turn negatively impacted consumption at the airport and tourism-related establishments.

Growing demand on-island for private PV systems was a further factor impacting on electricity consumption.

Most notable in 2021/22 were the changing circumstances under the Renewable Energy Project. The Project commenced in 2017 when tenders were invited to provide renewable energy solutions to move from the current 20% generation from renewable energy sources to as close to 100% renewable energy generation. A Power Purchase Agreement (PPA) was signed between Connect Saint Helena Limited and Sustainable Energy 1 Limited, a subsidiary of PASH, in May 2020. However, following a period of negotiation and planning, amidst changing circumstances worldwide, the PPA was terminated in November 2021. Thus, through factors outside its control, it has not yet been possible for Connect to deliver this key objective.

This has left Connect and the utilities sector we operate and manage on St Helena increasingly vulnerable to fuel price volatility and the impacts of the global energy crisis. Inflationary pressures continue to grow with inflation for 2023/24 forecasted at 6.8% before reducing to 5.4% in 2024/25 and 3.1% in 2025/26⁶.



In light of this, it is anticipated that the immediate period ahead will be challenging. Whilst there are opportunities for growth, for example, through increasing tourism numbers and potential new investment, the pace at which this might occur is unknown. The estimates used in this document are therefore conservative, with an expectation that it will be some time before visitor numbers and revenue levels return to pre-pandemic levels.

⁶ Source: SHG Budget Assumptions 2023/24 – 2025/26



2.4 Looking Ahead: Challenges

In planning for the next 5 years, the key challenges for Connect are:



FINANCIAL POSITION

Weakened financial position following the impacts of the COVID-19 pandemic and global inflationary pressures



EXTERNAL FACTORS

Vulnerability to external factors, not least the current global energy crisis



CUSTOMER BASE

Small (and declining) customer base



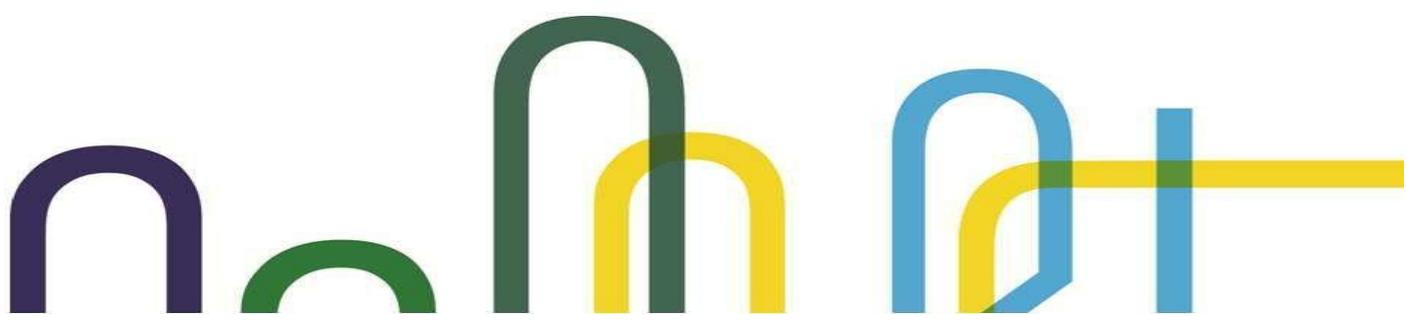
INFRASTRUCTURE

Ageing infrastructure, the scale of which outpaces Connect's replacement programme

2.5 Looking Ahead: Opportunities

Despite these challenges, Connect is optimistic about the next five years. The key opportunities for Connect are:

- Strong team within Connect at all levels, from operational to executive to Board level.
- Commitment within Connect to the agenda over the next 5 years.
- Re-opening the island in August 2022 with prospects for tourism growth, thereby increasing demand.
- Interest from potential investors in St Helena, thereby increasing demand.
- Ongoing work as part of our environmental agenda. For example:
 - Development of a Renewable Energy Project which contributes to our targets around energy efficiency.
 - Development of a co-ordinated approach to transition to electricity generation primarily from renewable energy sources.
 - Potential access to donor funding as part of a much wider environmental agenda (e.g. global commitment to UN Sustainable Development Goals for water and electricity).
 - Partnership approach under the Cloud Forest Project and Water Resource Management Plan, both of which contribute to our targets around water sustainability.



3. Our Vision, Mission and Values

3.1 Our Vision

As the island's sole utilities provider, Connect prides itself in contributing to the Vision for St Helena⁷.

We recognise that access to safe, reliable, and quality utility services is fundamental. We subscribe to the commitments under the UN Sustainable Development Goals to:

Ensure availability and sustainable management of water and sanitation for all (Sustainable Development Goal 6⁸).

Ensure access to affordable, reliable, sustainable, and modern energy for all (Sustainable Development Goal 7).

We recognise the importance of access to utilities to facilitate both social and commercial development, both being key objectives within the Vision for St Helena.

Our Vision for the Company therefore states:

We will contribute towards a sustainable island environment that creates opportunity and inspires social and economic progress, ensuring a better quality of life for all.



3.2 Our Mission

Connect's Mission is as follows:

To provide quality utility services safely and reliably for the island of St Helena.

⁷ Source: St Helena Government Vision and Strategy, April 2022 – March 2025

⁸ Source: Sustainable Development Goals, United Nations, Department of Economic and Social Affairs



3.3 Our Values

Our values are summarised in the diagram below.

Customer focused:

- We are here to serve the community that we live and work in.
- We value customer feedback.
- We are accessible to our customers and stakeholders.
- We aim to support customers facing difficulties in paying their bills. We will strive for improved affordability.
- We aim to support new customers to live and do business in St Helena.

Staff focused:

- The health, safety and wellbeing of our staff is paramount.
- We will invest in developing our staff so that we have the right people in the right place at the right time.
- Teamwork is key. No silo working.

St Helena focused:

- We will operate at a high standard, following international best practice wherever possible.
- We will strive for improvement.
- ESG (Environment, Social and Governance) compliance will be incorporated into our decision making.
- We will have an environmental focus, incorporating greener technology and nature-based solutions.



4. Our Commitment to...

4.1 ...our Community

Connect is a locally established company, staffed primarily by local personnel. As the sole utilities provider on St Helena, each member of our team is also a consumer. It is therefore ingrained that we will apply responsible and ethical business practices in support of the community that we live and work amongst.

We will aim to provide the best possible services for our customers. We aim to support those customers who are experiencing difficulties in paying their bills. We appreciate that there is a balance to be struck between the financial viability of our services and the requirement to support those vulnerable members of our community who might otherwise be denied access to utility services.

We recognise our corporate social responsibility. This goes above and beyond our charitable contributions and support to local community and charitable initiatives to include our Company's approach to key social and environmental themes.

4.2 ... the Environment

Through our Environmental Policy we believe that businesses are responsible for achieving good environmental practice and operating in a sustainable manner.

We are therefore committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods.

At an international level, we recognise the importance of climate change initiatives. The Paris Agreement calls for countries to take concerted climate action to reduce greenhouse gas emissions in order to limit global warming. As discussed above, issues around energy transition and water sustainability are key themes associated with the 1.5 °C target under the Paris Agreement.

At a local level, we will support the Island's:

- Energy Strategy⁹ and targets to move towards significantly increased generation from renewable energy sources. We will design and implement an Energy Delivery Plan to achieve this and other reforms in the energy sector.
- Water Resource Strategy¹⁰. We will support the development and implementation of a Water Resource Management Plan to deliver the key objectives within the Strategy.
- Environmental Protection Ordinance¹¹. We will work towards full compliance with all requirements stemming from this. In particular, we will seek to progress the Half Tree Hollow and Jamestown Sewerage Projects.

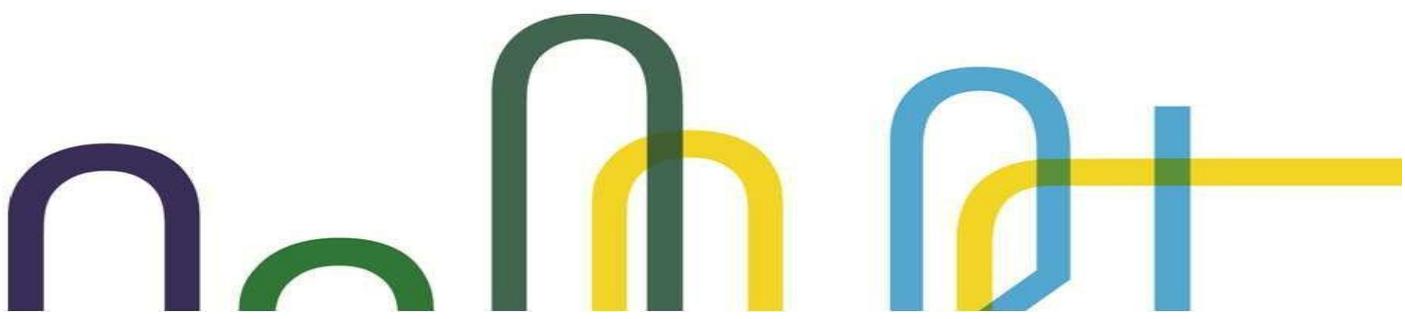
⁹ Source: St Helena Energy Strategy, St Helena Government, 2016

¹⁰ Source: St Helena Water Resources Strategy: 2020 – 2050, St Helena Government, 2020

¹¹ Source: Environmental Protection Ordinance 2016

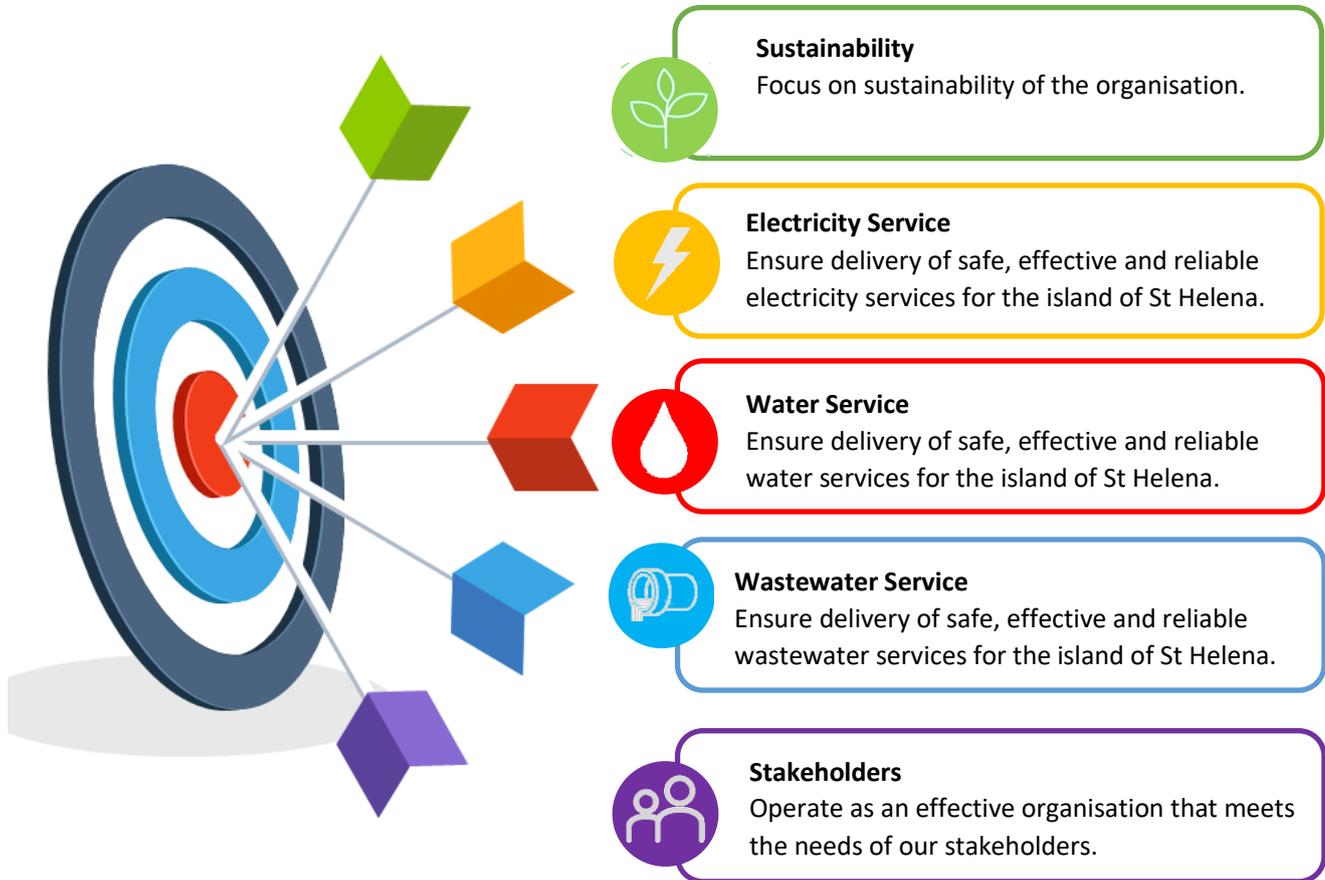


4.3 ...best practice



5. Our Goals 2023/24 – 2027/28

Over the period 2023/24 – 2027/28 Connect will:



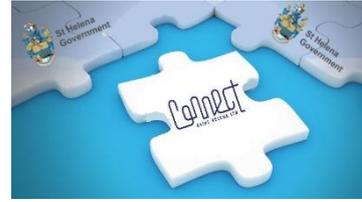
Goal 1: Focus on sustainability of the organisation



Having made significant improvements in service delivery and operational effectiveness during the first 10 year licence period, there is a need to cement this and to focus on the long-term sustainability of the Company.



The first area to be addressed is around our identity. Whilst Connect was established as a commercial venture, in practice the organisation has often been treated as an extension of SHG. This disjoint has at times led to lack of clarity around roles and policy conflicts.



An initial example of this relates to our relationships with funding donors. There is often lack of clarity around whether a state-owned commercial entity is entitled to apply to various funding sources.

Another prime example is that Connect currently administers an untargeted subsidy through its utility pricing structure. It is Connect’s view that subsidising utility costs to low-income households is best managed through SHG rather than as a blanket untargeted subsidy through Connect. The SHG Utility Credit Scheme would target subsidy directly towards low-income households in accordance with SHG’s policy on targeted subsidies. Such a move would enable Connect to price utilities fairly based on costs of service delivery.

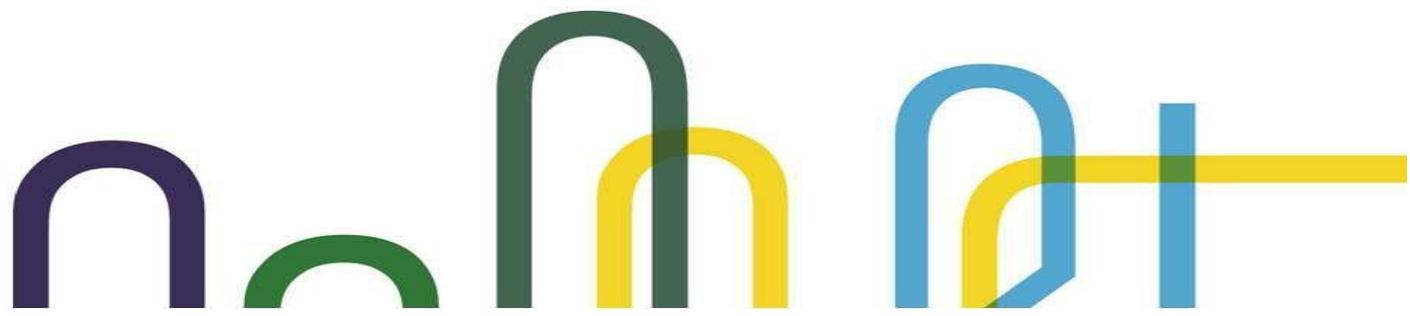
Going forward, Connect will continue to operate sensitively to the needs of our consumers. As stated above, we feel strongly about providing quality services in support of the community in which we live and work. Going forward our objective must be to operate on a more commercial basis: we will ensure that this is incorporated into our decision making. We will investigate all opportunities for growth and adopt innovative approaches to increase turnover. For example, ventures such as supporting the roll out of electric vehicles on St Helena (see Goal 2) are consistent with our commitment to the environment as well as a revenue raising opportunity.

Having a commercial focus will in the longer-term enable Connect to move towards a position where our recurrent budget is fully financed without reliance on SHG subsidy. In the short-term, however, in light of the global energy crisis we expect an ongoing (and increased in comparison to the 2022 position) requirement for subsidy support from SHG.



Alongside this, Connect will strive to ensure maximum cost effectiveness and to identify savings in-house that can be directed to priority areas. Spend will be prioritised against the objectives within this plan. Tariff reviews will be undertaken to identify ways to cost recover in order to meet funding gaps.

The expectation within our financial roadmap is that our requirement for subsidy from SHG will increase in Year 1 of this Strategy but thereafter our internal cost reduction initiatives coupled with cost recovery initiatives will enable us to reduce the level of subsidy required from SHG for our recurrent budget activities. The challenges are such that we do not anticipate that it will be possible to fully remove the requirement for SHG subsidy by Year 5 of this Strategy. This is particularly due to the ambitious agenda that Connect has planned for this five year period which involves expansion of infrastructure and services (e.g. in relation to renewable energy, water and wastewater) where we anticipate that long-term phased approaches will be required to move to positions to fully recover costs.



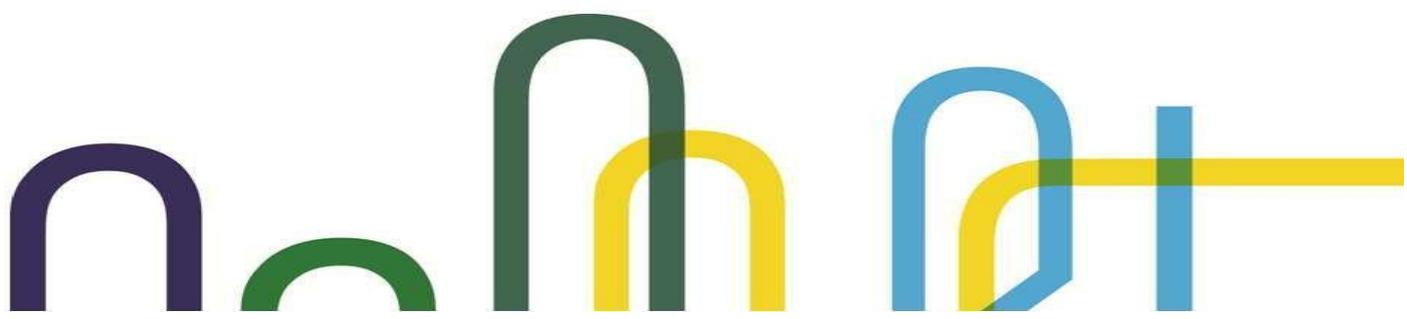
Our objective is therefore to achieve a reduction in subsidy from that in Year 1 by Year 5 of the Strategy. We have built specific actions around financial planning into the Strategy. We will also investigate all potential opportunities for growth.

Connect also recognises that with the legacy ageing infrastructure issues and with an ambitious programme for renewable energy planned, we will need to seek support from SHG in relation to our capital programme. This support may be financial (e.g. in relation to our bids to EDIP) but just as importantly many external donors require commercial entities such as Connect to demonstrate buy-in from the government in order to access funding. Connect is therefore keen to maintain partnership working with SHG.

Finally, Connect operates national critical infrastructure. We will take all steps necessary to identify and mitigate potential risks that could impact on the delivery of our services.

Objective 1:1 Effective communication around the identity of the organisation			
Action	Performance Measure	Lead	Timeframe
1.1.1 Consider ways to communicate Connect objectives, with a focus on messages that reflect our corporate identity and address negative perceptions	Communications plan agreed by April 2023, implemented thereafter and subject to minimum bi-annual review	CEO/ Business Support Manager	Ongoing

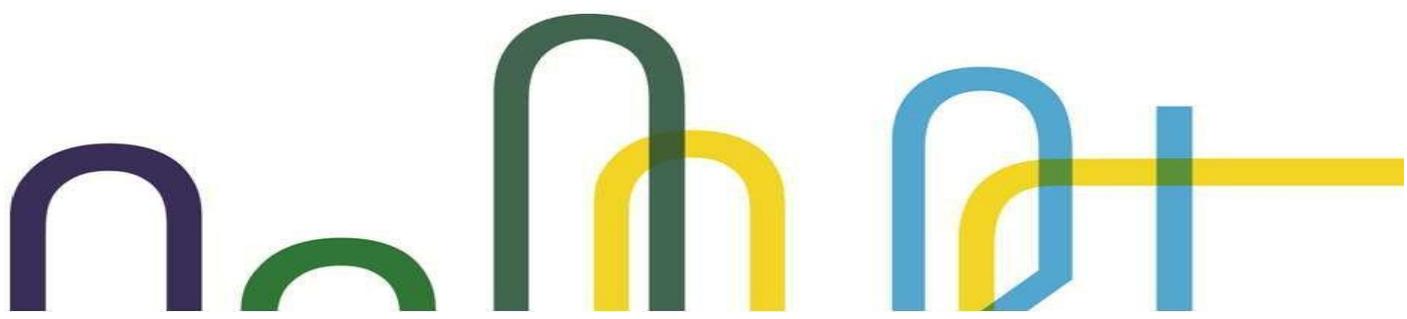
Objective 1.2: Move to a sustainable business model, with the aim of reducing the requirement for government subsidy on recurrent budget activities			
Action	Performance Measure	Lead	Timeframe
1.2.1 Have an effective capital programme in place to address ageing infrastructure	Rolling five year capital programme agreed as part of annual budget cycle	Project Manager	Annually
1.2.2 Explore alternative funding sources, particularly to support investment in our capital programme	Engagement in annual call for bids for EDIP and Darwin plus funding. Research other donor calls for bids at least once per annum	Project Manager	Annually



Action	Performance Measure	Lead	Timeframe
1.2.3 Undertake tariff reviews of each service area	Annual tariff review undertaken as part of the budget cycle and approved by URA	Finance Manager	Annually
1.2.4 Effectively manage subsidy requirements from SHG	Requirements for recurrent budget funding support from SHG do not exceed 2023/24 subsidy level	Finance Manager	Annually
1.2.5 Investigate measures to grow (or at minimum maintain) customer base	Number of customers does not fall below 60% of resident island population	CEO	Annually

Objective 1.3: Develop business continuity plans for all service areas. Ensure such plans are regularly trialed and tested.

Action	Performance Measure	Lead	Timeframe
1.3.1 Develop and implement business continuity policy	Business Continuity policy approved by Board by March 2024 and reviewed annually thereafter	CEO/ Business Support Manager	March 2024 and annually thereafter
1.3.2 Power Failure Contingency Plan in place	Technical Manager (Electricity)	Plan tested once per annum and revised	Annually
1.3.3 Drought Mitigation Plan in place	Technical Director (Water)	Plan tested once per annum and revised	Annually



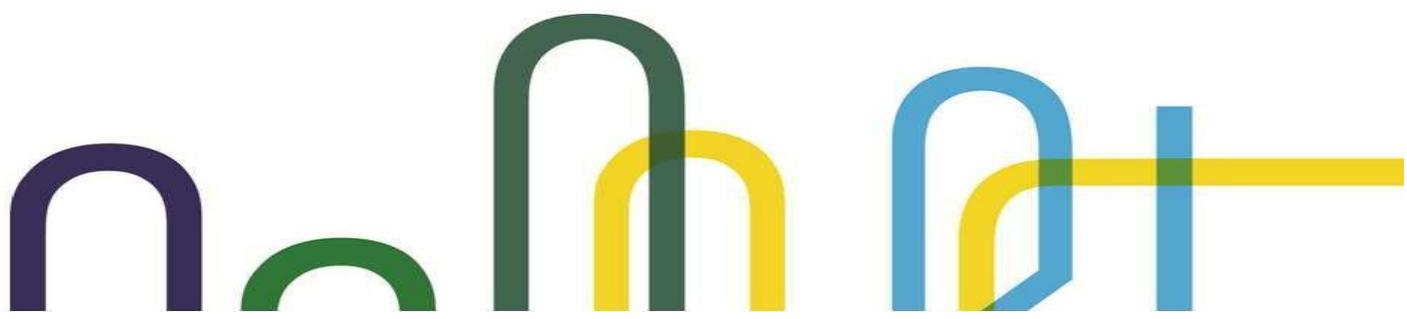
Action	Performance Measure	Lead	Timeframe
1.3.4 Develop and implement business continuity plan – IT resilience	IT Resilience Plan approved by Board by March 2024 and reviewed annual thereafter	Business Support Manager/ Finance Manager	March 2024 and annually thereafter

Objective 1.4: Develop a reporting framework to demonstrate company performance and compliance with licensing and regulatory requirements

Action	Performance Measure	Lead	Timeframe
1.4.1 Benchmark our service delivery against international comparators and publish annual findings	Benchmarking system in place by March 2024 and applied annually thereafter	CEO	Annually
1.4.2 Prepare an annual ESG (Environmental, Social and Governance) Report	ESG Report endorsed by Board in June 2024 and annually thereafter	CEO	Annually

Objective 1.5: Effective risk management framework in place and incorporated into decision-making process

Action	Performance Measure	Lead	Timeframe
1.5.1 Risk management framework in place	Revised risk management framework approved by Board	CEO	ASAP
	Operational risk registers reviewed/ revised at TIP meetings	Section Leads	Monthly
	Strategic risk register endorsed by Audit and Risk Committee	CEO	Quarterly



Goal 2: Delivery of safe, effective and reliable electricity services for the island



The key issue within this sector at the time is the transition from diesel generation to renewable energy generation.



Until such time that this is possible, effort is needed to extend the lifespan of the existing infrastructure.



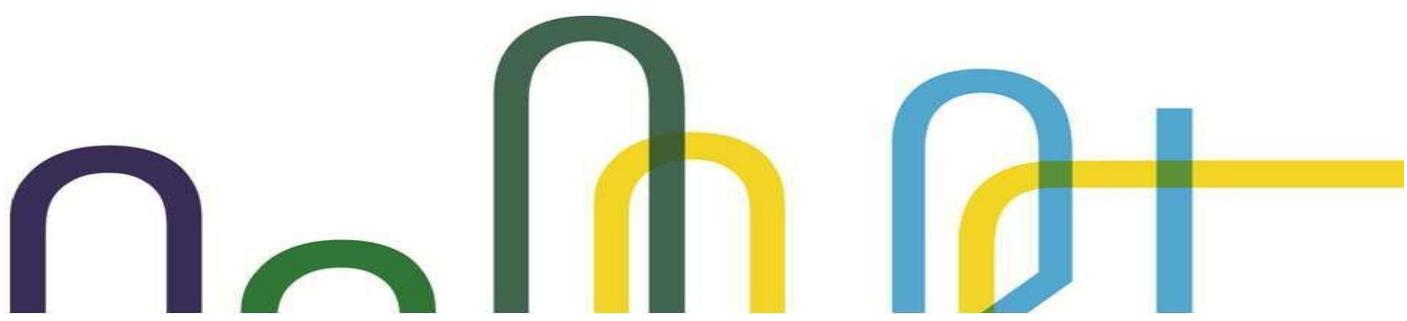
Investment in further diesel generation capacity at this time would be ineffectual in light of planning under our Energy Delivery Plan.



Based on the above, our key objectives over the period 2023/24 – 2027/28 are as follows:

Objective 2.1: Ensure ongoing compliance with adopted industry standards.			
Action	Performance Measure	Lead	Timeframe
2.1.1 Ensure Connect remains current within the sector. Review industry standards in use by Connect and ensure updates are communicated to relevant staff	Updates to adopted industry standards that may be issued from time to time to be applied as necessary	Technical Manager (Electricity)	Ongoing
2.1.2 Ongoing compliance with adopted industry standards	Zero reports of non-compliance with adopted industry standards	Technical Manager (Electricity)	Ongoing

Objective 2.2: Develop and implement an Energy Delivery Plan in support of the Island's Energy Strategy			
Action	Performance Measure	Lead	Timeframe
2.2.1 Investigate options for delivery of a battery energy storage system	Recommendations from Battery Storage Specialist approved by Board	Technical Manager (Electricity)	April 2023
2.2.2 Prepare outline business case for Renewable Energy Project to expand renewable energy generation	Business case approved by Board and submitted to SHG	CEO/ Technical Manager (Electricity)	September 2023
2.2.3 Assess condition of the existing SCADA system and advise on requirements to support expansion of renewables	Recommendations from SCADA review approved by Board	Technical Manager (Electricity)	September 2023
2.2.4 Lobby for a review of the regulatory framework for the electricity sector	Recommend legislative/policy changes to SHG in support of the Energy Delivery Plan	CEO/ Technical Manager (Electricity)	June 2023

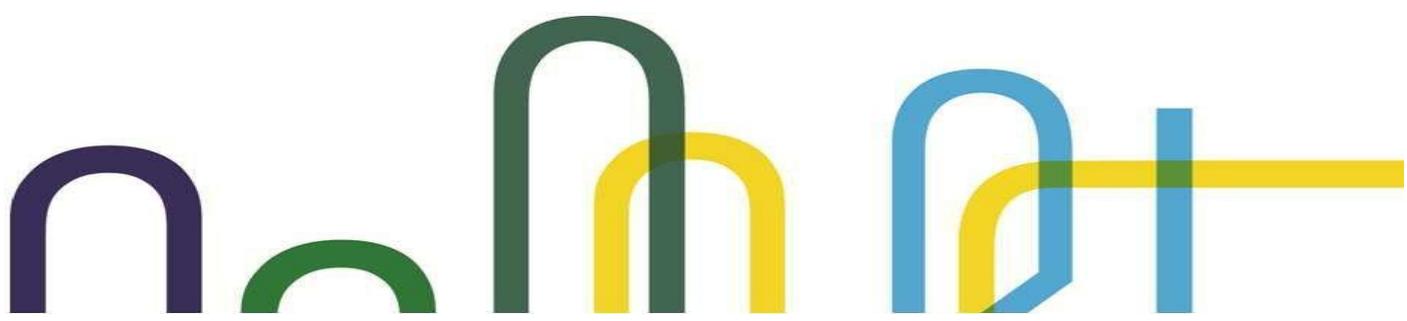


Objective 2.3: Reduce reliance on diesel generation

Action	Performance Measure	Lead	Timeframe
2.3.1 Identify funding and implement Renewable Energy Project to increase renewable energy generation	80% of electricity generation from renewable energy sources by March 2028	CEO/ Technical Manager (Electricity)	March 2028

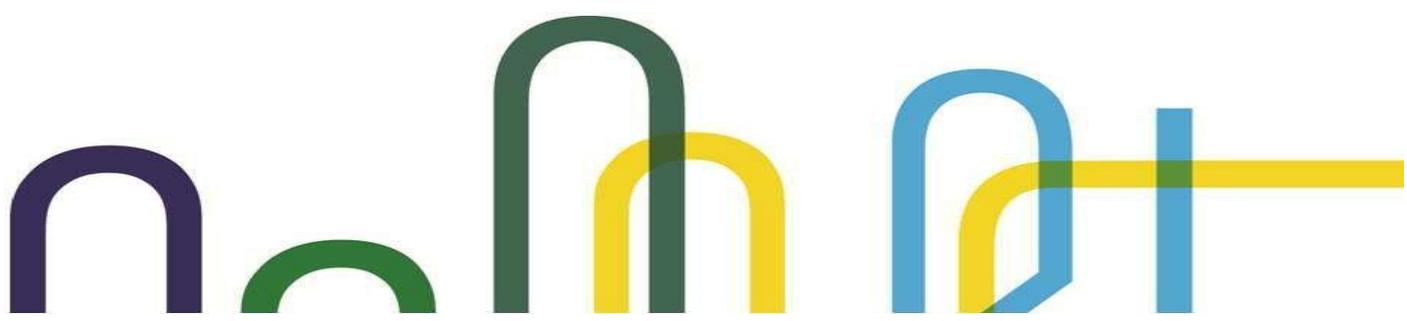
Objective 2.4: Ensure electricity infrastructure meets current and future needs

Action	Performance Measure	Lead	Timeframe
2.4.1 Effective maintenance programme in place	Maintenance carried out as per agreed maintenance schedule	Technical Manager (Electricity) Electricity Generation Manager Electricity Distribution Manager	Ongoing
2.4.2 Undertake Power System Study and disseminate findings. Ensure future planning for electricity sector is informed by findings.	Recommendations from Power System Study approved by Board. Findings submitted to the URA	CEO/ Technical Manager (Electricity)	December 2023
2.4.3 Ensure cyber security measures in place for the Power Station	Cyber security policy and procedure for the Power Station in place December and ongoing review thereafter	Technical Manager (Electricity)	December 2023 and ongoing thereafter

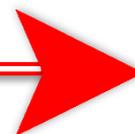


Objective 2.5: Strive for innovative approaches and introduction of new technology to the benefit of St Helena

Action	Performance Measure	Lead	Timeframe
2.5.1 Carry out horizon scanning and continually investigate new opportunities for growth in the sector		Technical Manager (Electricity)	Ongoing
2.5.2 Prepare business case to assess the benefits of investment in a smart grid	Business case approved by Board by March 2024	Technical Manager (Electricity)	March 2024
2.5.3 Prepare business case to assess the benefits of investment in charging stations for electric cars. NB: this is likely dependent on the outcome of the smart grid business case	Business case approved by Board (timing to be determined)	Technical Manager (Electricity)	TBD



Goal 3: Delivery of safe, effective and reliable water services for the island

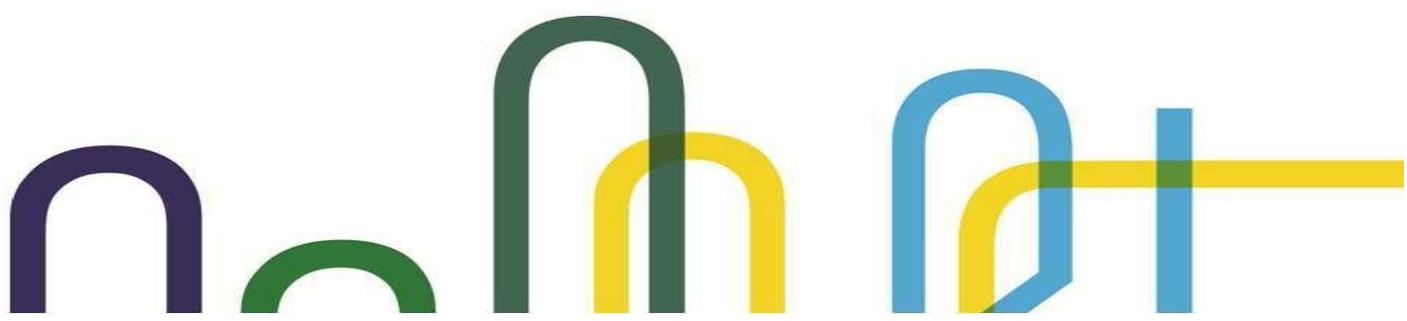


The key issue within water sector at this time is the need for a long-term plan to guide operational delivery of the island’s Water Strategy. Work has started on a Water Resource Management Plan (WRMP) and this is a top priority for the Company. In many ways this mirrors the electricity sector where an Energy Delivery Plan is needed to support delivery of the Energy Strategy.

The WRMP will assist in prioritising limited resource to developments in the water sector. This is particularly needed to address the ageing infrastructure, the extent of which will need to be addressed over a significant period.

Based on the above, our key objectives over the period 2023/24 – 2027/28 are as follows:

Objective 3.1: Ensure ongoing compliance with adopted industry standards			
Action	Performance Measure	Lead	Timeframe
3.1.1 Ensure Connect remains current within the sector. Review industry standards in use by Connect and ensure updates are communicated to relevant staff	Updates to adopted industry standards that may be issued from time to time to be applied as necessary	Technical Director (Water)	Ongoing
3.1.2 Ongoing compliance with adopted industry standards	Zero reports of non-compliance with adopted industry standards	Technical Director (Water)	Ongoing



Objective 3.2: Develop and implement a Water Resource Management Plan

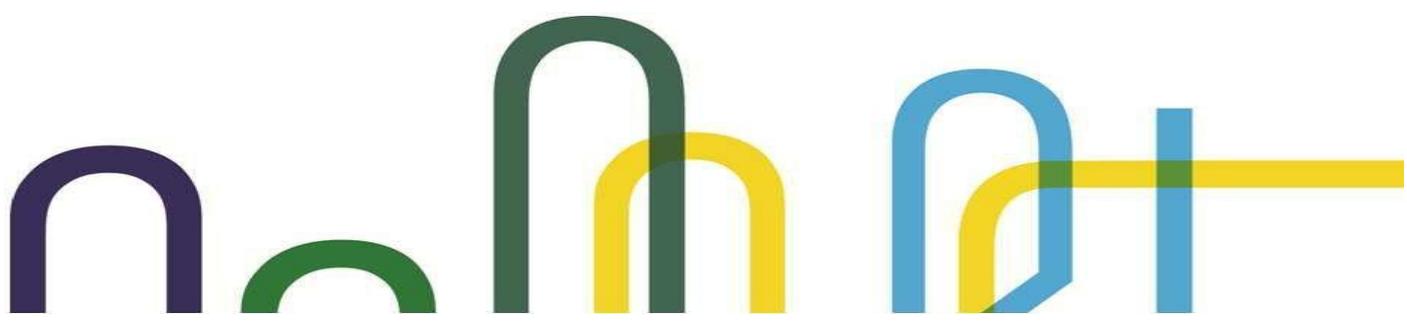
Action	Performance Measure	Lead	Timeframe
3.2.1 WRMP developed and approved. WRMP to include consideration of water supply options, their potential capacity to generate drinking water, and costs.	WRMP approved by Board and adopted by SHG	Technical Director (Water)	December 2024

Objective 3.3: Ensure water infrastructure meets current and future needs

Action	Performance Measure	Lead	Timeframe
3.3.1 Effective maintenance programme in place	Maintenance carried out as per agreed maintenance schedule	Technical Director (Water) Water Operations Manager	Ongoing
3.3.2 Prepare business cases for priority water sector projects as identified and prioritized through the WRMP. Identify funding sources and implement.	Business cases approved by Board	Project Manager	As required based on the WRMP

Objective 3.4: Strive for innovative approaches and introduction of new technology to the benefit of St Helena

Action	Performance Measure	Lead	Timeframe
3.4.1 Carry out horizon scanning and continually investigate new opportunities for growth in the sector		Technical Director (Water)	Ongoing
3.4.2 Prepare business case to assess the benefits of investment in a smart grid	Business case approved by Board by March 2024	Technical Director (Water)	March 2024
3.4.3 Ongoing support to the St Helena Cloud Forest Project	Outputs delivered as per agreed Project Plan	Technical Director (Water)	Annually to March 2026



Goal 4: Delivery of safe, effective and reliable wastewater services for the island



Connect defines wastewater as liquid waste discharged by domestic residences, commercial properties, industry and agriculture. Our services relate to the disposal of sewage wastewater: Connect does not have responsibility for wastewater disposal services relating to rainwater (including stormwater) or similar natural occurrences of water.

The wastewater service is the smallest of Connect's service areas. As such, we believe it is timely to assess the viability of this service.

Connections have been constrained in Jamestown and Half Tree Hollow due to provisions under the Land Development Control Plan that recognise the limitations on the current infrastructure. This in turn has constrained housing and commercial development in these districts. Additionally, these systems continue to discharge into the ocean which is not ideal: more can be done to improve the environmental management of these systems.



The scale of the infrastructure upgrade needed to address the Jamestown and Half Tree Hollow sewerage systems is outside the capacity of Connect to deliver. EDIP is a potential funding source for Jamestown and Half Tree Hollow Sewerage Projects. These projects are a priority for Connect in the short term and discussions have taken place with SHG in this regard.

We recognise that the wastewater sector is also contending with ageing infrastructure. Upgrading and expanding wastewater infrastructure has implications for ongoing maintenance and eventual replacement of the systems. Work will be undertaken to appraise the financial impacts on the wastewater service and options for cost recovery.

Finally, whilst operationally within Connect water and wastewater services have been closely aligned, previously at a strategic planning level the two have been treated as separate entities. In taking forward our Strategy, we recognise that long-term planning under the Water Resource Management Plan (WRMP) needs to give consideration to the resulting impacts of development on demand for wastewater services. For example, in planning to meet demand for water, consideration must be given to the disposal of the resulting wastewater.

Based on the above, our key objectives over the period 2023/24 – 2027/28 are as follows:

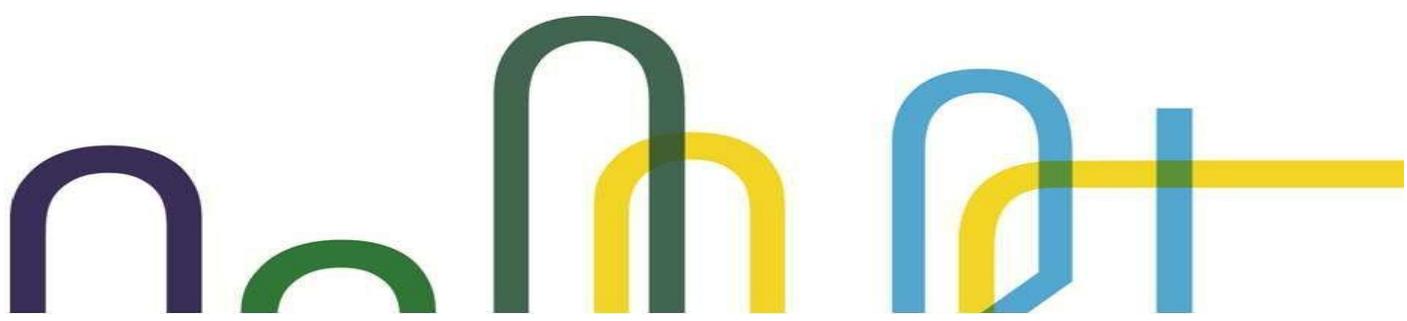


Objective 4.1: Assess the long-term viability and sustainability of wastewater services.

Action	Performance Measure	Lead	Timeframe
4.1.1 Ensure Water Resources Management Plan assesses impacts on Wastewater Services	WRMP demand analysis assesses impacts on wastewater system	Technical Director (Water)	December 2024
4.1.2 Carry out detailed assessment of the long term viability and sustainability of wastewater services.	Recommendations approved by Board by March 2025	CEO/ Technical Director (Water)	March 2025
4.1.3 Based on 4.1.2, develop a Wastewater Plan for St Helena, incorporating best practice industry standards that the service will be measured against	Wastewater Strategy approved by Board by September 2025	CEO/ Technical Director (Water)	September 2025

Objective 4.2: Ensure wastewater infrastructure meets current and forecast needs

Action	Performance Measure	Lead	Timeframe
4.2.1 Support the delivery of the Jamestown and HTH Sewerage Projects in order to lift the current embargoes on development in these areas.	Confirmation of EDIP funding release by March 2024	Technical Director (Water)	March 2024
	Projects implemented as per agreed project plan	Technical Director (Water)	March 2028
4.2.2 Effective maintenance programme in place	Maintenance carried out as per agreed maintenance schedule	Technical Director (Water)	Ongoing

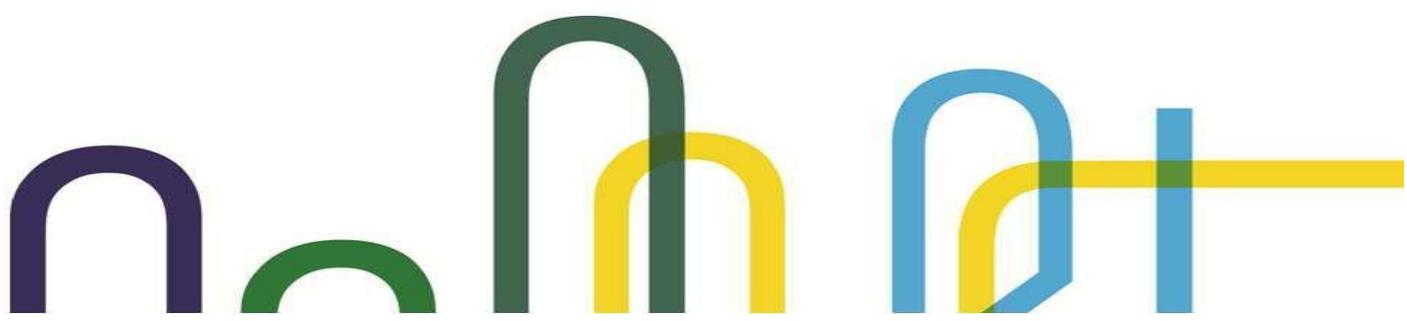


Objective 4.3: In line with the Wastewater Strategy, establish an environmental quality monitoring system to demonstrate compliance with agreed standards

Action	Performance Measure	Lead	Timeframe
4.3.1 Procedures for wastewater environmental quality monitoring system adopted and implemented	Wastewater environmental quality monitoring system in place by September. Findings reported in annual environmental report to URA.	Technical Manager/ CEO	September 2025 and ongoing thereafter

Objective 4.4: In line with the Wastewater Strategy, review the financial model for the wastewater service

Action	Performance Measure	Lead	Timeframe
4.4.1 Review financial model for wastewater services	Recommendations approved by Board by September 2025	CEO/ Financial Manager	September 2025



Goal 5: An effective organisation that meets the needs of our stakeholders



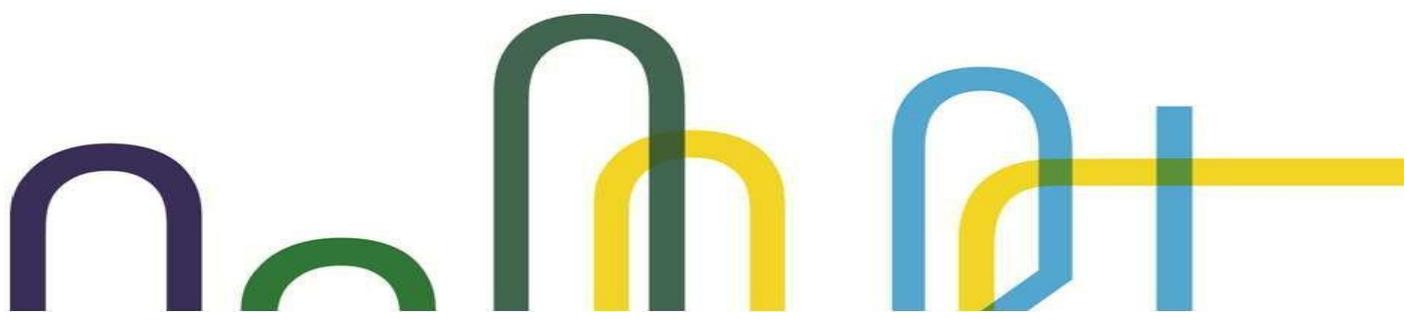
In the first 10 years of our Licence, Connect has made considerable strides in service delivery. We have now set an ambitious agenda for the period 2023/24 – 2027/28 to build on the work to date and to grow our business.

In developing this agenda, the needs of our customers are foremost: Connect commits to providing the best possible services to meet the needs of the community that we ourselves live and work in.

In order to deliver this agenda, we will ensure that we are appropriately resourced at all levels within the Company.

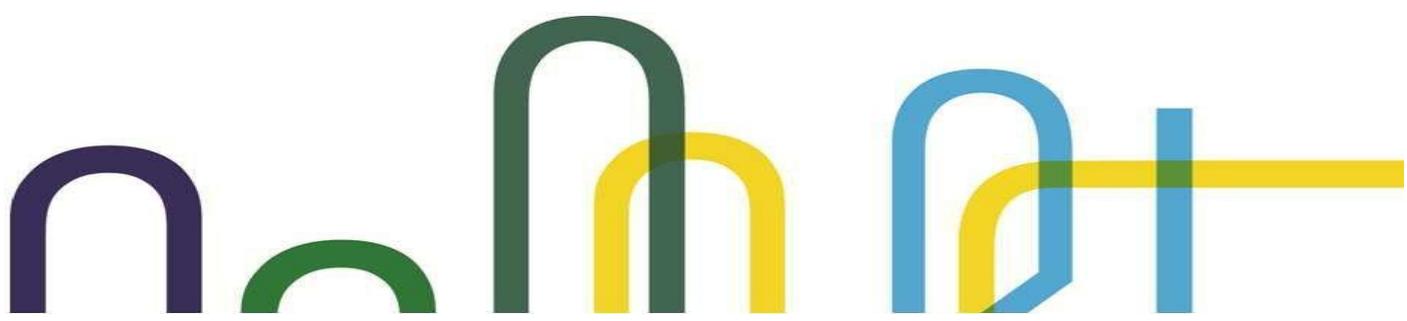
Based on the above, our key objectives over the period 2023/24 – 2027/28 are as follows:

Objective 5.1: Effective customer feedback system in place			
Action	Performance Measure	Lead	Timeframe
5.1.1 Adhere to communications plan, ensuring minimum of one round of public meetings per annum	Findings from Annual Report disseminated via public meetings	CEO	Annually
5.1.2 Complaints procedure in place and all complaints responded to within agreed timeframes	100% of complaints received managed in accordance with the Complaints Procedure	Business Support Manager	Ongoing



Objective 5.2: Develop and implement long-term training and succession plans for the organisation.			
Action	Performance Measure	Lead	Timeframe
5.2.1 Carry out gap analysis for each service area	Gap analysis completed by agreed deadline	Section Head/ Business Support Manager	March 2024
5.2.2 Review training and development needs for each service area	Training Needs Assessment undertaken annually	Section Head/ Business Support Manager	March 2024 and ongoing thereafter
5.2.3 Prepare long-term succession plan for the organisation (incorporating needs identified under Energy Delivery Plan, WRMP, and Wastewater Plan)	Recommendations from Succession Plan approved by Board by March 2025	CEO/ Business Support Manager	March 2025 and ongoing thereafter

Objective 5.3: Ensure the Connect Board is fully resourced			
Action	Performance Measure	Lead	Timeframe
5.3.1 Manage vacancies as these arise to ensure minimum disruption to Board	Handover period in place as vacancies arise	CEO/ Business Support Manager	As required
5.3.2 Deliver training as required for Board Members	Training needs assessed as part of vacancy management process and identified training provided as required	CEO/ Business Support Manager	As required



6. Finance Roadmap

When Connect was formed in April 2013, the intent was to remove the requirement for subsidy from SHG within 10 years. In more recent years, subsidy levels were on a downward trajectory but ultimately it was not possible to remove this requirement. Instead in 2022/23 it was necessary to request additional funding through the Fuel Risk Sharing Agreement to offset significant fuel price increases amidst the global energy crisis.

Like any commercial entity, Connect has to give consideration to how we raise revenues to meet the costs incurred in the operation of the business. However, tariff reviews, particularly for electricity, have proven contentious. As a result, electricity tariffs have not been adjusted since 2016 whilst water and wastewater tariffs were last revised in 2021/22 and have not kept pace with rising costs.

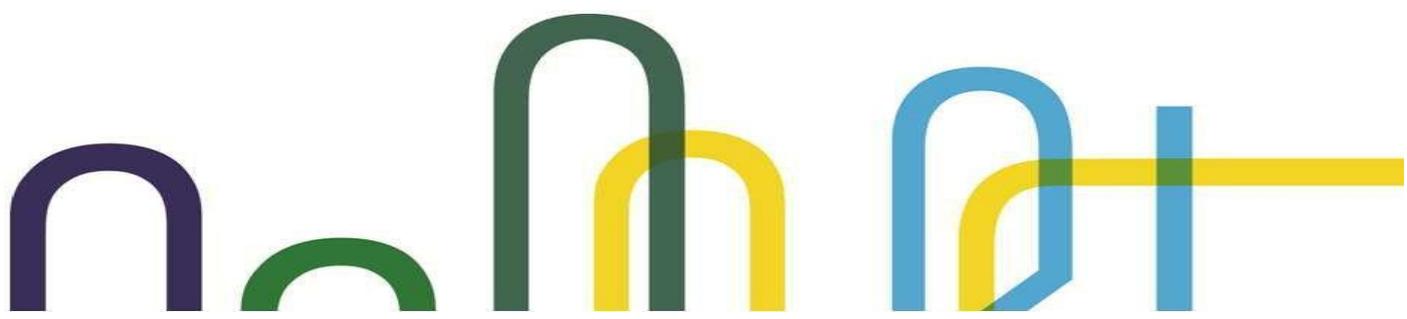
The understandable concern around any tariff review is the impact on low-income households from tariff increases. Connect's tariff reviews take this into account as a key factor in designing any proposed tariff. We reiterate our commitment to ethical and transparent pricing and our commitment to supporting those on low incomes who would be the most disadvantaged from tariff increases. In order to provide this support, Connect reiterates that a targeted subsidy towards low-income households is best delivered through SHG rather than through the present untargeted subsidy that reaches the majority of consumers.

The Company is faced with the following challenges which threaten its sustainability:

- Currently electricity production costs are high, at above 50 pence per kWh due to primarily diesel generation and the high cost of fuel.
- High water unit costs which are not covered by tariffs.
- Small and declining customer base.
- Increased uptake of private PV systems, the majority of which remain connected to the grid, still requiring technical input from Connect but with reduced consumption over which to recover costs.
- The need to raise funding for renewable energy investment and water infrastructure modernization.
- Maintaining the ageing water infrastructure weighs heavily on water costs and leakage losses.
- Long suppliers lead time, tying up working capital in inventories.

In order to mitigate the impact of the challenges and ensure we eliminate subsidies the following financial principles will be adopted:

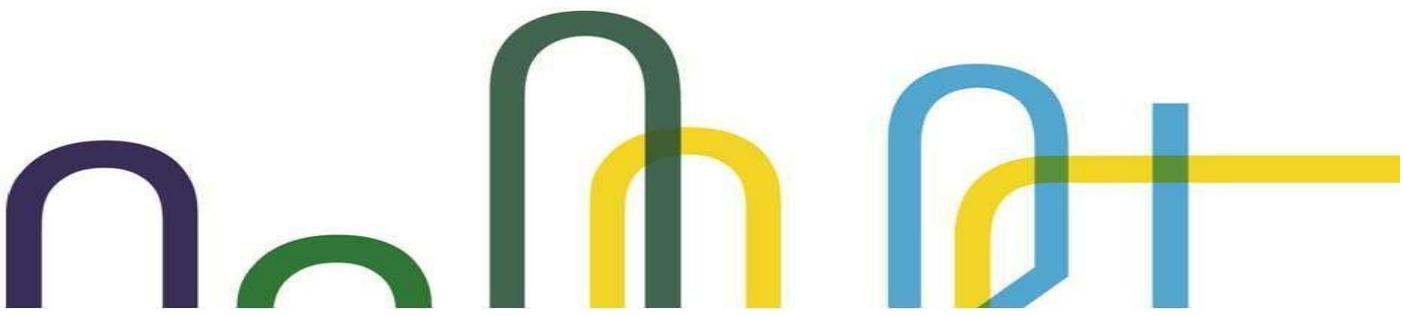
- Maintaining sustainable financing as a priority through implementing identified efficiencies and savings to maintain balanced budgets as well as eliminate subsidies. Pursuing 'investing to save' opportunities.
- Investing and spending in agreed priority areas that support the achievement of our strategic goals.
- Investing in capital projects that improve efficiencies, savings and income generation whilst promoting the growth of the Island's economy.



- Spending on improving and maintaining the condition of the core assets to extend their life where appropriate.
- The depreciation fund will continue to be ring-fenced for capital asset replacement while any new infrastructure developments will be funded through grants and loans where possible.
- Exploring other funding options for viable projects which provide quick wins for the Company.
- Creating capacity through additional efficiencies and service delivery options.
- Annual tariff reviews to align the tariff and standing charges to service provision costs.

In summary, having set an ambitious agenda for the next five years, it is imperative that Connect takes every opportunity to revenue raise. Whilst tariff reviews will be a necessary part of this, equally we will:

- seek to identify efficiency savings that can be directed to priority areas;
- seek to identify new sources of income;
- investigate opportunities to secure donor funding (e.g. in relation to our capital projects).



Appendix 1: SWOT Analysis



SWOT analysis is a diagnostic tool for strategic planning which involves the identification and evaluation of Strengths, Weaknesses, Opportunities and Threats. This framework facilitates the assessment of internal capabilities and resources which are under the control of the organisation and of external factors which are not under organisational control. SWOT analysis involves the collection of information, rather than the framing of recommendations, which can only be considered once the facts have been confirmed.

In considering **strengths** we ask ourselves what are our strong points, what do we do better than others, what advantages or unique resources do we have?

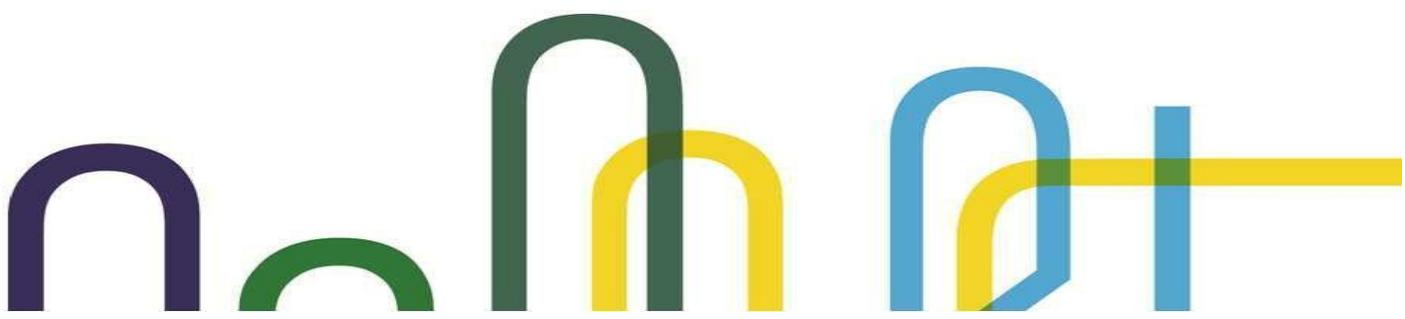


Internal Strengths	External Strengths
Qualified and experienced management team	Informed regulator
Institutional knowledge – 10 years of operations and practical implementation	
Established systems and processes	
Commitment to health and safety	
Commitment to environmental management	

In considering **weaknesses** we ask ourselves where the weak links are, what is hindering progress, where are the complaints coming from?



Internal Weaknesses	External Weaknesses
Significant depreciated assets. Ageing infrastructure outpaces the internal maintenance and replacement programmes	Regulatory environment requires review and update. The Water Ordinance was published in 1978 and the Electricity Ordinance was published in 1961.
Limited on-island resources	



In considering **opportunities** we identify circumstances in which Connect can exploit socio-economic, political and demographic situations.

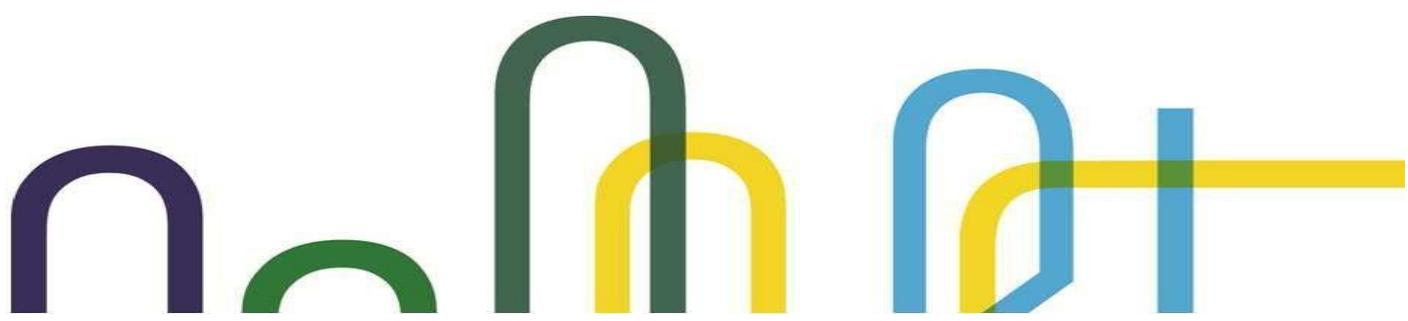


Internal Opportunities	External Opportunities
Commitment to change – striving for greater internal efficiencies and cost reduction. Note, however, that in the interim there remains a need for subsidy input	Move to hybrid or electric vehicles and associated infrastructure
Interest in training and development. Potential for job shadowing opportunities and long-term succession planning.	Fibre-optic network brings opportunities for increased telemetry, smart grid, etc
	Climate change agenda results in potential funding opportunities for energy transition and water sustainability
	Opportunities for increased public engagement to combat negative perception of Connect

Threats are the opposite of opportunities; things considered are competition, the economy, resource problems, legislation and the overall market place.

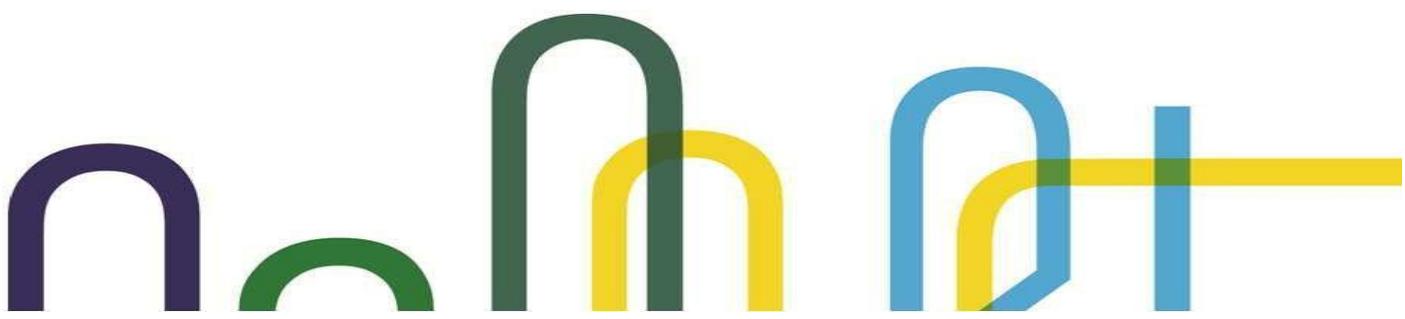


Internal Threats	External Threats
Loss of key staff	Global energy crisis/fuel prices
Declining reserves	Declining customer base



Appendix 2: Acronyms and Abbreviations

Connect	Connect Saint Helena Limited
EDIP	Economic Development Investment Programme
ESG	Environmental, Social and Governance
IMF	International Monetary Fund
IRENA	International Renewable Energy Agency
PPA	Power Purchase Agreement
SIDS	Small Island Developing States
SHG	St Helena Government
UK	United Kingdom
URA	Utilities Regulatory Authority
WRMP	Water Resource Management Plan



Appendix 3: Bibliography

¹ Statistical Update, November 2022, St Helena Government

² Public Utilities Development Plan 2021/22

³ World Economic Outlook – IMF Global, October 2022 and World Economic Outlook Update – IMF Global, January 2023

⁴ Autumn Statement 2022, UK Government, November 2022

⁵ Accelerating Energy Transition Solutions at COP27, Article by IRENA (International Renewable Energy Agency), 18 November 2022

⁶ SHG Budget Assumptions 2023/24 – 2025/26

⁷ St Helena Government Vision and Strategy, April 2022 – March 2025

⁸ Sustainable Development Goals, United Nations, Department of Economic and Social Affairs

⁹ St Helena Energy Strategy, St Helena Government, 2016

¹⁰ St Helena Water Resources Strategy: 2020 – 2050, St Helena Government, 2020

