

## OUR audits service quality process and data at JPS

The initial findings of the Q-factor audit being conducted by the Office of Utilities Regulation (OUR) on the Jamaica Public Service Company Limited (JPS) have been presented and over the next few weeks the auditing team from the United States based consulting firm KEMA will continue with the full audit initiated by the OUR.

The audit which began on Wednesday April 11 is examining the performance indicators and data collection procedures and methods used by the Jamaica Public Service Company Limited (JPS) to calculate service quality indices. The service quality or Q-factor indices measure the types, frequency and duration of outages. It also indicates the number of customers that are affected by outages.

Manager of Regulation and Policy at the OUR Richard Brown says this verification exercise is to ensure that the outages and the duration of those outages as reported by the JPSCo are correct. The information from the audit will be used as the basis to determine the future service quality performance of the company.

Mr Brown says the OUR must ensure that consumers get the quality service they are paying for. He says the rate consumers pay for electricity is on the expectation of a high quality of service and the regulator must ensure that this high quality of service is in fact delivered.

According to Mr Brown, if the level of service is less than what is expected then the regulator will require the JPS to lower the tariff it charges consumers. However, on the other side if the service quality is higher than anticipated, the company (JPS) will have the right to request an upward movement in the tariff.

There will be a process audit and a data audit. The purpose of the process audit is to obtain insight into the adequacy of the processes set in place by JPS for the purpose of measuring reliability. The process audit also provides the company (JPS) with an opportunity to explain its data collection and reporting process and highlight any specific issues relevant to the process.

In relation to the data audit, this task will deal with the verification of the underlying data used by JPS to report the reliability statistics. The audit will be done during the on-site visits by consulting team who will be cross-checking the collected data against the original primary and secondary data sources from the company.

The audit is scheduled to be completed over the next twelve weeks, and to facilitate a smooth flow of information, JPS has been requested to provide access to its records and relevant information requested by the OUR and its agents, pursuant to Condition 8, Paragraph 7 of the Amended and Restated All Island Electric Licence 2011, which provides that:

*"The Office and its agents shall be entitled...to attend at any premises from time to time owned or occupied by or in the possession of the Licensee for the purpose of inspecting any books, records and accounts of the Licensee to which this Licence relates and the Licensee shall fully co-operate and assist the Office for such purposes..."*



Senior Managers of the OUR and members from the consulting firm KEMA Incorporated out of the United States, in discussion at the OUR's conference room about the Q-factor audit commissioned by the OUR on the Jamaica Public Service Company Ltd.

## Applications in to sell excess power to JPS

The Office of Utilities Regulation (OUR) has so far received ten (10) applications from persons and/or companies who have excess power from their own renewable generating facilities and wish to sell that excess power to the Jamaica Public Service Company (JPS).

The ability to sell the excess power comes as a result of the OUR developed Standard Offer Contract (SOC) for the Purchase of As-Available Energy from Intermittent Renewable Energy Facilities up to 100kW.

The SOC, which became available in November of last year, is a standardized contract, the terms of which are approved by the Office, under which JPS customers who generate electricity for their own use from renewable resources, such as those with solar photo voltaic systems and wind turbines, may sell their excess energy (i.e. electricity supply beyond that which is needed to meet the customer's own needs) to JPS.

Participation in the SOC arrangement is open to residential and commercial customers of JPS who generate their own electricity using a facility which has a capacity of less than or equal to 100kW in the case of commercial customers or less than or equal to 10kW in the case of residential customers; uses renewable technologies as its primary source of power; and complies with all relevant technical specifications and standards as are set out in the SOC.

The compensation for the energy exchanged between JPS and the customer under the SOC is determined via a net billing arrangement whereby the customer will pay the prevailing retail price for energy consumed from the national grid as is applicable to the customer's rate and class and JPS will purchase the customer's excess electricity at the "short run avoided cost of generation".

Eligible JPS customers may participate in the SOC arrangement by making an application with supporting documentation to JPS to interconnect to the national grid. Additionally, the customer is required to make an application to the Office of Utilities Regulation (OUR) for a licence to supply electricity.

The Electric Lighting Act empowers the Minister to issue licenses to persons wishing to supply electricity for any public or private purpose. Persons wishing to sell electricity to JPS must therefore first obtain a licence from the Minister before their facility can be connected to the national grid.

Section 4(1)(b) of the OUR Act requires that the OUR processes all applications for licences to provide a regulated service and that the licences be granted by the responsible Minister upon the recommendation of the Office.

The Office will therefore process all applications for a licence to sell electricity to the national grid under the SOC arrangement, and submit its recommendation for grant of licence to the Minister with portfolio responsibility for energy.

The full determination, which includes the contract, is available on our website at [www.our.org.jm](http://www.our.org.jm)

## Net Billing vs. Net Metering

Under existing Licence conditions utility customers can use the electricity they generate from renewable energy sources such as wind turbines and solar photo voltaic systems to supply their own lights and appliances, offsetting electricity they would otherwise have to purchase from the utility at the retail price.

If the customer produces any excess electricity (beyond what is needed to meet the customer's own needs) the regulator (OUR), through a Standard Offer Contract (SOC) has made it legal for the utility to purchase that excess electricity at the wholesale or avoided cost price, which is lower than the retail price. The excess energy will be metered using an additional meter or an advanced bi-directional meter that must be installed at the customer's expense. Net metering on the other hand would allow the customer to use any excess electricity to offset electricity used at other times during

the billing period. In other words, the customer is billed only for the net energy consumed during the billing period.

Generally, the concept of Net Metering and/or Net Billing programs is to allow and or provide utility customers the opportunity to generate their own electricity from renewable resources, such as small wind turbines and rooftop solar systems. The customers send excess electricity back to the utility when their wind system, for example, produces more power than needed. Customers can also get power from the utility when their wind/solar system don't produce enough power.

Outlined below is a matrix summarising the characteristic of the respective methods and their pros and cons.

Net Metering	Net Billing	Comments (pros and cons)
Accommodates customer owned alternative generation	Accommodates customer owned alternative generation	Both methods serve the same objective of providing customers the opportunity to sell excess energy to the utility and avoid costly storage facilities.
Utilizes standard bi-directional metering	Utilizes more advanced metering arrangements such as independent bi-directional metering or two separate meters	Advanced meter utilised for net billing provides the basis for smart grid platform in the future capable of providing more information for efficient use of energy
Does not separate kWh consumed from kWh generated by that customer and delivered back to the utility	Measures kWh consumed by the customer and separately measures the kWh generated by the customer and delivered back to the utility	Net billing offers greater transparency of energy exchange
Does not differentiate between on-peak cost and usage and off-peak cost and usage	Capable of differentiating between on-peak cost and usage and off-peak cost and usage	Net billing offers greater transparency of energy exchange
Reimburses customer for energy generated at the average retail rate	Provides customer with the appropriate value for the energy they generate based on avoided cost	Net billing will send appropriate price signals whilst net metering ignores the cost reflective principle mandated by the All-Island Electric Licence.
Can result in rate inequities between program participants and non-participants due to under-recovery of certain costs	Appropriately allocates and recovers transmission, distribution, and other fixed costs that are embedded in average retail kWh rates	Net Metering implicitly subsidises the program participants at the expense of the other customers of the utility.

## OUR reviewing annual JPS tariff adjustment submission

The Office of Utilities Regulation (OUR) is currently reviewing the 2012 annual tariff adjustment submission from the Jamaica Public Service Company Ltd.

The JPS, in its submission, says it is being made in relation to the annual Performance-Based Rate-Making (PBRM) tariff adjustment filing for 2012, in accordance with the Amended & Restated All-Island Electric Licence 2011 (the Licence), Schedule 3, section 4, which states:

*"The Licensee shall make annual filings to the Office at least sixty (60) days prior to the Adjustment Date [June 1, 2012]. These filings shall include the support for the performance indices, the CPI indices, and the proposed Non-Fuel Base Rates for electricity, and other information as may be necessary to support such filings...."*

The annual adjustment allows JPS to adjust its rates to reflect general movements in inflation, improvements in productivity, changes in service quality, changes in the base foreign exchange rate and where applicable an adjustment for unforeseen occurrences beyond management control not captured in the other elements of the PBRM.

The OUR will also be conducting a mid-tariff review of the electricity guaranteed standards and the public will shortly be invited to make submissions in this regard.

## OUR moving towards ISO 9001 certification

The Office of Utilities Regulation (OUR) has started the move towards becoming ISO9001 certified.

The ISO 9001 is a quality management system that is practiced internationally by companies seeking to achieve and maintain high levels of governance and quality performance on a consistent basis. To achieve this, these companies document their processes and then apply quality standards. Upon achieving initial certification, companies must undergo a process of continuous improvements and these must be audited and must also continue to meet the standards of the ISO in order to

maintain certification.

By adopting this approach to quality management systems, the OUR will commit to conform to a structured approach to implementing all its critical functions. The documented procedures will outline the details for implementing each activity. This approach should enable the OUR to be better able to deliver its service in a manner that is accepted by its stakeholders and will also commit the employees to deliver output to the agreed standard.



Instructor Timon Waugh (standing) addresses OUR staff members who participated in the recent ISO9001 training programme