

- CACU - Celebrating 10 years!
- Answers to "SuDoKu" from last edition
- Special Event - OOCUR's 9th Annual Conference
- SuDoKu



How can JPS customers sell electricity?

By: Chenée Riley - Senior Legal Counsel

High energy costs, and by extension high electricity costs, is one of the biggest problems facing Jamaicans. The high cost of energy has forced some persons to generate their own electricity using renewable sources such as sunlight (via photovoltaic panels), wind (through the use of wind turbines), biomass and rivers. However, in light of

the unpredictable nature of these renewable sources, those same customers have to either continue to purchase power from the Jamaica Public Service (JPS) Company Limited or spend considerable amounts to invest in batteries so that the renewable energy can be stored. The latter can turn out to be a very costly option, with the greatest cost being on the storage batteries.

JPS customers, a third option is being considered which may result in you being able to sell your excess renewable energy to JPS. It must be noted however, that the arrangement under consideration will only allow generators of energy from renewable sources to sell the excess to the national grid and should not be seen as a profit making investment opportunity.

The OUR, in its **"Regulatory Policy for the Addition of New Generating Capacity to the Public Electricity Supply System"**, has approved the employment by JPS of various methodologies for capacity procurements below 15MW, which do not require a competitive tendering process. The approved methodology for small energy capacity procurements of 100 kW or less from generators using renewable technologies is by way of the **Standard Offer Contract** ("SOC").

The SOC is proposed to be a standardised contract which would be offered by JPS to all qualified persons wishing to supply excess energy from their renewable energy generators to the national grid. This contract will establish the commercial, technical and legal requirements governing the relationship between the supplier of the excess energy, referred to as the Qualified Entity (QE) and JPS. It will include such terms as: the price to be paid by JPS for the energy, the technical requirements for interconnection between the renewable energy facility and the national grid, metering, billing, tenure of the agreement, insurance and indemnity obligations.

As is outlined in the draft document, the QE must be a customer of JPS, whether residential or commercial, who generates his own electricity using a facility which has renewable technology as its primary source of energy. JPS's commercial customers will be permitted to supply capacity up to 100kW under the SOC, while residential customers will be permitted to sell up to 10kW of capacity.

To supply excess energy through the SOC arrangements, eligible JPS customers are required to submit an application to the JPS and copied to the OUR. This application should include such information as the description and the technical specifications of the generating facility. The QE will also be required to obtain all relevant governmental permits for the construction and operation of its renewable facility as a precondition to application approval.

Additionally, the QE will be required to apply to the Minister with responsibility for energy, through the OUR, for a licence to supply electricity. This licence is issued by the Minister in accordance with the Electric Lighting Act, upon the recommendation of the OUR. The licence application form entitled the **"Application For Licence To Supply Electricity Generating Capacity"** is accessible on the OUR's website (www.our.org.jm).

As most renewable resources are intermittent (e.g. solar is only available on a sunny day or the wind blows periodically) the QE will likely be using energy from both the JPS electricity supply and from his own generating facility. The JPS will in turn be required to receive any excess energy as it becomes available from the QE's renewable energy plant and is supplied to the grid. This creates a constant energy interchange between the customer's renewable facility and the grid. The amount of electricity flowing in both directions is measured and recorded by a smart meter.

A key feature of the SOC is that it will employ a "net billing" methodology to determine the energy payments between JPS and the QE. Under this methodology the amount of money payable by the QE to JPS for energy consumed from the grid, will be "netted off" against the sums payable by JPS to the QE for the excess energy supplied to the grid from his renewable facility. The energy supplied by JPS to the QE will attract the normal electricity rates charged to JPS customers of the QE's particular category or class (i.e. residential customer rates or commercial customer rates – rate 20, rate 40 and rate 50)

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SuDuko answers from last edition

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while the energy supplied by the QE to the grid will attract the indicative generation avoided cost rate published by the OUR and in effect at the time the QE signs the SOC, plus a 15% premium. Currently that sum is US 9.33¢ per kW. When you add the 15% premium the price is US 10.73¢ per kW.

Under the SOC arrangement, JPS will be required to read the smart meter monthly and submit a detailed statement to the QE showing the amounts of energy supplied from his generating system to the grid and the amounts consumed by the QE from the grid. The statement will also reflect the amount payable by either the QE to JPS or JPS to the QE which is the net of any payment owed to JPS by the QE for energy consumed from the grid and payment owed by JPS to the QE for excess energy supplied to the grid.

It is proposed that the SOC arrangement will be initially implemented via a pilot programme. This limited implementation will facilitate an assessment by the OUR and the JPS of the level of public interest in the programme and a technical evaluation of the impact of the programme on the JPS system. The OUR is currently considering a proposed time period of 1 year and a limit on capacity of up to 3% of JPS' highest system peak for the pilot.

The draft of the SOC was made available to members of the public who were asked to provide comments. The comments received are now being reviewed by the OUR Team. The issues arising from the consultations will be discussed with JPS and a finalised SOC approved by the OUR, for implementation in the second half of 2011.

It is envisaged that the SOC arrangement will provide an easy, orderly and standardised way of facilitating the supply of excess power generated by JPS customers to the national grid. It is hoped that qualified JPS customers will participate in this programme as it will contribute to the Government of Jamaica's objective of developing renewable energy resources to 20% of Jamaica's energy supply by 2030. It will also create an opportunity for these customers to benefit from energy cost savings in two ways. First, the customer would not have to invest in costly storage devices for the excess energy that his facility may produce as the grid would automatically receive and distribute this energy and secondly, as the customer is being paid for this excess energy by JPS, he will receive financial credits on his electricity bills that will further reduce the amounts that he has to pay to JPS for this utility.

EDITORIAL TEAM



Michael Bryce

Collette Goode

Marsha Minott

Kishana Munroe

OUR's Objectives

- To ensure that consumers of utility services enjoy an acceptable quality of service at reasonable cost.
- To establish and maintain transparent, consistent and objective rules for the regulation of utility service providers.
- To promote the long-term efficient provision of utility services for national development consistent with Government policy.
- To provide an avenue of appeal for consumers who have grievances with the utility service providers.
- To work with other related agencies in the promotion of a sustainable environment.
- To act independently and impartially.



His Worship, the Mayor Hanif Brown addresses the meeting.

The first CACU town hall meeting was held in Morant Bay in St. Thomas in January. The meeting was well received and had a colourful audience, including Mayor Hanif Brown, Sr., representatives from utility providers, representatives from the OUR and CAC, as well as consumers. The discussions traversed all OUR-regulated utilities, however the most mentioned issue with consumers was meter tampering and electricity theft by the Jamaica Public Service Company Limited (JPSCo). Consumers were interested in knowing what procedures are being employed by the JPSCo to identify customers who are tampering with their meter and/or involved in electricity theft and what is the correct procedure to be observed in notifying these customers. The consumers were also interested to know the measures employed by the JPSCo to validate their allegations and how the associated penalties were calculated. The CACU, having received earlier complaints/concerns about the same issue, wrote to the JPSCo and is currently in discussions with the Company in an attempt at streamlining the process.

Mandeville, Manchester was the second stop in February, as the series continued. Using the home field advantage, our resident committee members carried out a thorough advertising campaign which paid off richly. The Chairman and Deputy Chairman made good with their presence, re-introducing all the PLRs to the CACU and outlining the expectations, responsibilities and role of each PLR. The discussions too were golden, focusing mainly on water and public transportation. The chronic problem of transportation was brought to the attention of the committee, with consumers clamouring for a review of the national transportation policy with special considerations for rural transport and concessionary commuters. The CACU was also informed of a special case involving the National Water Commission (NWC) and a consumer who claimed to have been wrongly charged by the NWC. The CACU brought the case to the attention of the NWC thereafter and is pleased to report that the misunderstanding was resolved to the mutual benefit of both parties.

The CACU visited the historic town of Falmouth, Trelawny in March. Though the meeting got off to a slow start, the wealth of information from the presenters and depth of discussion that followed brought the meeting alive. The meeting again had representatives from JPSCo, as did the previous two, and the representatives were knowledgeable and well-prepared for questions which were posed. The focus of the discussion was not on any one utility but incorporated a myriad of topics from number portability, to the CLARO-Digicel merger, to transportation safety and security.

The CACU's Town Hall Meeting series is but one of several activities which the CACU will continue to stage in order to engage utility consumers, this being at the core of our advocacy mandate. The success of the meetings would not have been so without the support and commitment of the committee members and the PLRs in these parishes.

The CACU wishes to thank the members of the OUR's Consumer & Public Affairs Division, in particular Director Mr. Michael Bryce, for the support he and his team have consistently thrown behind the CACU. Thank you to all as we continue to educate, liaise with and represent public utilities consumers, ten years and beyond.



January 2011 was the sign post that marked ten years since the inaugural monthly meeting of the Consumer Advisory Committee on Utilities (CACU). Ten years older and stronger, the Committee along with several affiliate members celebrated its milestone accomplishment the best way imaginable, with the consumers. The first series of monthly town hall meetings was held during January to March 2011, visiting several parishes with the hope of reaching consumers from all corners of Jamaica. These public education campaigns were also used as an orientation forum to introduce and update the CACU's Parish Liaison Representatives (PLRs) on their roles and functions as consumer advocates.



CACU's Kadian Birch presenting the electricity sector report.

SPECIAL EVENT

THE **9th** ANNUAL CONFERENCE



ORGANISATION OF CARIBBEAN
 UTILITY REGULATORS

WILL BE HELD IN BARBADOS FROM
NOVEMBER 2-4, 2011

UNDER THE THEME:

“REGULATION AND COMPETITION: THE IMPACT
 AND VALUE IN THE CARIBBEAN”

Mission Statement

To contribute to national development by creating an environment for the efficient delivery of utility services to the customers while ensuring that service providers have the opportunity to make a reasonable return on investment.

Be an informed consumer – get information on your Rights under the **Guaranteed Standards Scheme** and submit your claim for breaches to the service provider, where compensation is not automatic. Copies of the Guaranteed Standards are available at the JPS and NWC offices islandwide as well as the OUR website at www.our.org.jm. You can also get information on utility subjects through our Information Centre. If you remain dissatisfied with the service provider’s response to your complaint, you may **appeal** the utility company’s decision to the OUR in writing.

SuDoKu

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But how do I do it?

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OUR’s Role

The Office of Utilities Regulation Act of 1995 established the Office of Utilities Regulation (**‘the Office’/OUR**) as a body corporate. Under the Act, the OUR is charged with the responsibility of regulating the provision of utility services in the following sectors:

- Electricity
- Telecommunications
- Water & Sewerage
- Public transportation by road, rail and ferry

The OUR is headed by the Director General, who along with the Deputy Directors General comprise **‘the Office’**. The Director General is appointed by the Governor General and the Deputy Directors General are appointed by the Prime Minister.