

# OUR

## OFFICE OF UTILITIES REGULATION

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*Regulating Utilities for the Benefit of All*

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Quarterly Feature - December 2008

Website: [www.our.org.jm](http://www.our.org.jm)

# Quarterly Performance Report (July - Sept. 2008)



**Marsha Minott - Analyst, Consumer Relations**

The Unit processed 1,811 contacts for the quarter ending September 2008. The figure represents the second largest total received by the unit in a

single quarter. The highest total – 2,033 contacts – was received for the April – June 2005 quarter.

**OUR secures compensation of over \$2M for customers in 9 months...**

A breakout of the contacts to the unit revealed that 60% related to the services of the Jamaica Public Service Company

single quarter. The highest total – 2,033 contacts – was received for the April – June 2005 quarter.

The contacts for the review quarter reflected an increase of 47% relative to the previous quarter (April – June 2008), which totaled 1,229.

The increased contacts to the unit were triggered by several events. These included bills received in August by more than 40,000 customers of the Jamaica Public Service Company (JPS) that reflected more than 35 days

of usage; concerns regarding the high fuel rate for electricity and restoration efforts by the utility companies following the passage of Tropical Storm Gustav.

The primary issues communicated by consumers were billing, service interruptions, breaches of the Guaranteed Standards and disconnections. Billing issues accounted for 58% of total contacts to the

unit, while contacts regarding interruption of service (outages, etc.) had an overall share of 11%. As it related to breaches of the Guaranteed Standards, concerns on this matter accounted for an 8% share of contacts, with matters regarding services that were disconnected accounting for 7%. The remaining 16% involved issues such as equipment damage, metering, re-connection, health and safety, payment arrangements and security deposits.

The report received from NWC on its performance under the **Guaranteed Standards**

**Potential unclaimed compensation to customers under the Guaranteed Standards scheme amounts to \$79.9M**

scheme for the quarter ending June 2008 indicated that the company committed approximately 10,500 breaches. Of the breaches committed, the company reportedly paid out approximately \$5,000.00 in compensation based on claims

it received, despite a potential compensation to customers of approximately \$15.2M.

JPS' report indicating its performance under the scheme revealed that approximately 19,500 breaches were committed by the company with a potential compensation to customers of approximately \$64.7M. However, due to the low claims received, the company only paid out approximately \$100,000.00.

Regarding disconnections, the OUR encourages customers to make attempts to secure payment arrangements with the utility service providers in the event that they are unable to make payments in full.

Additionally, in the event that a bill is not received, the customer must contact the company to ascertain consumption charges, as failure to receive a bill does not absolve the customer of the responsibility to pay for services consumed.

## DEPARTMENTAL SPOTLIGHT Policy & Regulation



[From Left] Maurice Charvis - Snr. Director; Shanique Hylton Nunes - Admin. Asst.; Rohan Swaby - Analyst; Andrew Williams - Database Administrator/ Developer; Sashana Miller - Analyst; Courtney Francis - Engineer; Curtis Robinson - Chief, Numbering Administration & Technical Support; Richard Brown - Chief, Electricity

This division comprises four functional areas: Telecommunications Markets; Electricity Regulation, Water and Transport Regulation and Numbering Administration/technical Support.

The staff advises the Office on regulatory policy and analyses, monitors and evaluates the economic and financial performance of all regulated utilities. These functions include

verifying the monthly fuel rates which are used to calculate electricity bills.

Additionally, the division has the responsibility to develop tariff models, set tariffs and carry out a range of technical functions to support the Office; including researching international best practices. Many of these objectives are achieved through regular consultation with the public and other stakeholders.



[Left] Kishana Munroe, Information Officer, presents a promotional package to a visitor to the OUR booth.



Below [Right] David Geddes, Director - Consumer & Public Affairs, addresses residents from Portmore Country Club at a recent Consultation meeting.



[Left] A section of the audience.

### 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.

### 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.

### "OUR Saves Consumers Over Two Million Dollars"

For the review quarter, our Consumer Relations Unit (CRU) secured a total of \$106,474.00 on behalf of utility customers. This amount represented compensation for equipment damage; billing adjustments and breaches of the Guaranteed Standards. The year to date total (January – September 2008) for compensation secured on behalf of customers is \$2,025,902.00.

### "Acting OUR Director General Re-appointed"



The Governor General has re-appointed OUR's General Counsel, Mr. George C. Wilson to act in the position of Director General until January 2009.

#### SENIOR MANAGERS

**Maurice Charvis** - Snr. Director, Policy and Regulation

**David Geddes** - Director, Consumer and Public Affairs

**Carolyn B. Young** - Director, Administration/HR

**Ansord Hewitt** - Secretary to the Office

**Brian Sale** - Financial Controller

**George Wilson** - General Counsel

#### EDITORIAL TEAM

David Geddes  
Collette Goode  
Kishana Munroe  
Marsha Minott  
Audley McCarthy

#### GRAPHIC DESIGN & LAYOUT

Dynamic Images

## Regulatory Activities:

The following were some of our recent regulatory activities:

- ELECTRICITY**
  - Opening of Bids:** Renewable Energy and Additional Generation Capacity (60 Megawatts)
  - Request For Proposal:** Insurance Loss Adjuster - To review claim by the Jamaica Public Service (JPS) for damages sustained from the passage of Tropical Storm Gustav
  - Final Report from the Enquiry Panel regarding the JPS System Shutdown on January 9, 2008)
- TELECOMMUNICATIONS**
  - Consultative Documents:
    - Principles of Long-run Incremental Cost Model for the Jamaican Telecommunications Market (LRIC)
    - Price Cap Plan for Cable & Wireless Jamaica (C&WJ)
    - Structure of Quarterly Telecommunications Report
  - **Numbering**
    - **Request For Proposal:** Numbering Administration Consultancy
    - **Request For Proposal:** Toll Free Numbering Administration System
- WATER & SEWERAGE AND TRANSPORTATION**
  - Public Consultation: Review of NIC Rates - Hounslow, St. Elizabeth

Further information is available on the OUR website at [www.our.org.jm](http://www.our.org.jm). We invite our readers to visit the website and browse other documents, including the **Guaranteed Standards** for NWC and JPS.

We also welcome visitors to our **Information Centre (OURIC)** – the regional Resource Centre of choice for utility regulation! The centre is open Monday – Friday, 8:30 a.m. – 5:00 p.m. and caters to students, researchers and journalists, as well as members of the general public. Requests for assistance can also be submitted via email at [ouric@our.org.jm](mailto:ouric@our.org.jm).

Belfield Pen District  
Bromley P.A.  
St. Mary  
Tele: 935 5031(o)/992 4462(h)  
April 14, 2008

Mr. Ainsley Williams  
Senior Consumer Relations Officer  
Office of Utilities Regulations  
36 Trafalgar Road  
Kingston

Dear Mr. Williams,

**Re. Gladstone Williams – Belfield Pen**

I wish to express many thanks on behalf of my mother and my sister.

The NWC sent the crew the day after you called; they assessed the work and returned with a backhoe and dig out the twisted pipe line that blocked the water flow coming in from the main and replaced a new piece. And so, when the water came on Sunday it flowed in all the pipes upstairs and downstairs; pipes water never passed through over a year now. Imagine that!!!

But I still wonder why this simple job would not be done if the OUR never intervened. This doesn't say much for this utility company. Thursday I'll visit the Office to sort out the rebate.

MANY THANKS AGAIN TO YOU ALL.

Sincerely  
Trecia/Lucilda/Carmen Williams  
copy - A. Carby, Chief Manager  
N.W.S. Port Maria.

**Ainsley Williams**  
Senior Consumer Relations Officer

## The Case for Energy Diversification

**Audley A. McCarthy - Public Education Officer**



Increases in the price of oil on the world market, as well as movements in the foreign exchange rates, have largely resulted in relatively high monthly electricity bills for the average consumer.

The situation hinges on the technology mix and the age of the plants that the Jamaica Public Service Company (JPS) uses to produce electricity. Currently the mix reflects a combination of approximately 94.5% of fossil fuel (petroleum) and 5.5% of hydro and wind. This suggests an urgent need to secure alternative energy resources, as well as to modernize the plants, to combat rising oil prices over which we have no control.

As part of a policy for energy diversification, the Government of Jamaica is pursuing the addition of Renewable Energy

Based Power Generation Facilities to reduce the Country's dependence on imported petroleum. The objective is to increase the percentage of energy supplied to the Grid from renewable energy sources from the current level of 5.5% to 10% by 2010 and 15.0% by 2015. This would translate to an average additional 640,000 MWh per year from renewable energy sources.

Under the existing Licence granted to JPS, effective 2004 new generating capacity is to be provided on a competitive basis with JPS, existing and new Independent Power Producers (IPPs) having the opportunity to provide such additional capacity. The OUR has the responsibility for overseeing the procurement process and recently had the opening of bids from potential suppliers to supply electricity from renewable Energy Based Power Generation Facilities on a Build, Own and Operate (BOO) basis for sale to the grid which is owned and operated by JPS.

This exercise is particularly significant in that the process will, among other things:

1. Seek to fulfill the Government policy of having 10% of energy generation from the grid represented by renewable energy

2. Give an indication as to what alternate technology actually exists
3. Determine the competitive price for renewable energy at present, and
4. Assist in determining realistic timelines for the implementation and use of available new technology

In addition to the thrust for renewable energy, the OUR also recently invited potential investors to submit bids in respect of the Request for Proposals (RFP) for the supply of up to 60MW of Generating Capacity on a Build Own and Operate (BOO) basis to satisfy short-term demand. The RFP did not specify the type of technology and prospective investors were given the opportunity to seek their own type of fuel technology, including Compressed Natural Gas (CNG), Liquid Natural Gas (LNG), Coal and fossil fuel or renewables.

The Ministry of Energy has also given the commitment to pursue all available options to establish the most appropriate energy mix based on cheaper sources including coal, natural gas and other bio-fuels, hydroelectric, solar and wind power. In addition, the Government has committed to provide the necessary incentives



Courtney Francis, Engineer, and Richard Brown, Chief-Electricity Regulation, marshal the opening of Bids for the supply of electricity from renewable Energy Based Power Generation Facilities on a Build, Own and Operate (BOO) basis at the OUR's offices on July 24, 2008.

and regulatory framework to encourage this diversification.

Part of the discussions surrounding the high cost of electricity, relates to the continued use of inefficient and or outdated fossil fuel plants. During the last tariff review, however, the OUR had set a target of 11,200 KJ/kWh for the heat rate, which is a measurement of the efficiency with which fuel is converted to electricity. This provision ensures that where producers can achieve this level or better of efficiency in fuel conversion to electricity, consumers will benefit from the reduced costs.

The debate on the cost of producing and distributing electricity continues. However, it is important to note that diversification is important as we do not wish to be totally

dependent on one fuel source; since price increases for that source (such as oil prices now) would leave us vulnerable to the market, while greater diversity would minimize the impact.

On the other hand, it is equally important to note that, while traditional thinking accepts that renewable energy will be cheaper than fossil fuel based plants in the long run; it will require a significant outlay of capital for initial implementation. In addition, despite the obvious benefits to the environment from the use of renewables; who can tell whether greater efficiency in the use of fuel, with modernized plants, might not be cheaper than the implementation of new Renewable technology? But then, these are questions that the bidding and selection process should address.