

**FOR IMMEDIATE RELEASE**

**OUR Makes Determination on Electricity Wheeling Tariff Methodology**

**(KINGSTON, Jamaica; 2020 August 09):** The Office of Utilities Regulation (OUR) has issued its decision on the Electricity Wheeling Tariff Methodology.

The **Electricity Wheeling Tariff Methodology Determination** prescribes the method to be used to determine wheeling charges on the transmission and distribution network for the 2019 – 2024 Rate Review period.

It also sets out the methodology for determining connection charges and the process for allocating system losses to self-generators involved in wheeling transactions. The Determination does not however, specify the actual wheeling charges as this is to be determined as a part of a separate process after the OUR has reviewed JPS's 2019 – 2023 JPS Rate Review application now before it.

The key decisions in the Electricity Wheeling Tariff Methodology Determination Notice include:

1. The Postage Stamp methodology to be used to determine wheeling charges on the transmission and distribution networks.
2. The annual transmission costs derived from the OUR's analysis of JPS's Cost-of-Service study to be used to determine the transmission and distribution costs in the calculation of Wheeling Charges.
3. **Information on monthly billing:** Wheelers are to be billed monthly in Jamaican dollars for wheeling and other associated services. The bills shall be subject to the same Base Exchange rate, Billing Exchange rate and foreign exchange adjustment factor applicable to JPS's regular customers.
4. **Connection Compliance:** In connecting to the electricity network, self-generators shall do so in compliance with the Electricity Sector Book of Codes.
5. **Application Process:** Qualified individuals and organizations may apply to the Minister with responsibility for Energy for Wheeling Licences.
6. **Wheeling qualification:** To qualify for a Wheeling Licence, the applicant for the service must be a Self-Generator providing firm capacity and has an average annual demand of 1MVA.

The decisions took effect on 2020 July 31.

The Electricity Wheeling Tariff Methodology Determination Notice can be found on OUR's website: [www.our.org.jm](http://www.our.org.jm)

## **OUR Makes Determination on Electricity Wheeling Tariff Methodology .../2**

### **BACKGROUND**

Wheeling is the transportation of electricity across the Grid by an independent party other than the owner or operator of the Grid. Wheeling charges or rates means the amount that the OUR determines is to be charged by JPS for the transportation of electricity across the Grid by an independent party.

The OUR's Determination Notice follows the publication of a Consultation Document on 2019 November 4 which solicited comments on the various methodologies available to the OUR for consideration in the setting of tariffs for electric power wheeling.

The Electricity Licence, 2016, provides for the movement of electricity across the national grid by self-generators based on tariffs that are cost reflective and consistent with the Price Controls as approved by the OUR. The aim of this service is to promote greater competition in the electricity sector and provide more options with regard to the source of electricity to the consumers of electricity.

The tariff methodology is just one of many considerations in implementing a power wheeling service. The setting of wheeling rates requires a proper regulatory framework which is broader than the calculation of the rates. It involves rules/guidelines informed by clear principles to ensure the efficient operation of the service. The regulatory framework will govern transactions related to the use of transmission and distribution networks by self-generators in the transportation of electricity from power production sites to consumption points where demand and supply are not co-located.

The wheeling framework will also include wheeling regulations which are being drafted by the Ministry with responsibility for Energy.

-30-

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