



Regulating Utilities for the Benefit of All

FOR IMMEDIATE RELEASE

OUR Responds to Reactions to Anti-theft ad

(KINGSTON, Jamaica; 2020 July 2): The Office of Utilities Regulation (OUR) has taken note of reactions to one of its anti-theft social media posts yesterday, 2020 July 1.

The post, which is one in a series of ads that the OUR has been publishing in the major newspapers, on radio stations and on its social media pages, is part of its long running multi-media anti-theft public education campaign since 2018. The campaign serves to highlight the impact of infrastructure and other theft which has plagued the utilities providers in the water, electricity and telecommunication sectors. The intent of the campaign is to highlight consumer responsibility and explain the impact of this larceny which not only impacts bills, but also causes service disruption and injuries.

The OUR's decision to undertake a public education campaign to discourage illegal abstraction of electricity reflects its recognition that electricity theft is a systemic problem that requires a coordinated approach by the Government, security forces, Jamaica Public Service Company Limited (JPS) and customers to reduce and eliminate it.

The social media post states in part that, 'JPS has to pass the loss to those who pay.' Comments to the post suggest that the OUR is unfair in allowing the JPS to pass on to its paying customers additional charges related to the loss/theft of electricity.

The role of the OUR as the regulator of electricity is not only to enforce the provisions of the OUR Act and other relevant regulatory instruments, but it also has the responsibility to enhance public awareness of the impact of societal behavior that adversely impact utility costs.

The treatment of losses is specifically provided for in the Electricity Licence, 2016 which, among other things states that ...*'The Office (OUR) shall have the power to set targets for losses, heat rate and quality of service'*. In accordance with the Licence, the OUR is mandated to set the target for technical and non-technical losses. Where JPS fails to achieve these targets, the company has no option but to absorb the financial loss in its revenues. Consequently, the OUR, through rigorous analysis in keeping with the provisions of the JPS Licence, derives the amount of losses, both technical and non-technical, that is included in the non-fuel rate charged as charged to customers. The table below indicates the percentage loss the JPS is allowed to pass on to customers as a portion of its revenue as at 2019.

Component	System losses target for 2019 JPS Annual Adjustment
Technical Losses	8.0%
Non-technical Losses	13.3%

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The losses targets are crucial components in all of OUR's decisions on JPS's annual tariff adjustments and 5-year tariff reviews. The documents are available on the OUR's website: www.our.org.jm. These targets are just one several factors incorporated into the non-fuel rate that the OUR sets for JPS.

The OUR appreciates the comments to our post and welcomes the opportunity to have further dialogue that we hope will lead to action as we all play our part in eliminating electricity theft.

BACKGROUND

The nature of the power system is such that some amount of electricity is dissipated and is classified as technical losses, which includes losses incurred in the transmission and distribution of electricity. It is internationally accepted that the cost of such losses are included in the non-fuel rate charged to customers. Commercial or non-technical losses on the other hand, include factors such as illegal abstraction of electricity, that is, theft.

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