

## OUR decision sees 2.6% average bill increase for JPS customers

**(KINGSTON, Jamaica; 2016 July 5):** The Office of Utilities Regulation (OUR) has issued its Determination Notice on the Jamaica Public Service Company Limited’s (JPS’) 2016 Annual Tariff Adjustment application. The adjustments will take effect 2016 July 05.

The OUR’s decisions will see an average 2.6% increase in bills paid by JPS customers.

Below is the bill impact by typical customer class:

- Rate 10 (small residential) customer = 2.4% increase
- Rate 20 (small commercial) customer = 2.4% increase
- Rate 40 ( medium commercial/industrial) customer = 2.9% increase
- Rate 50 (large commercial/industrial) customer = 3.2% increase

The potential bill impact for a residential customer with electricity usage of 349 kWh per month is illustrated below:-

Rate 10	April 2016 Bill - Before			April 2016 Bill - After			Change	
	2015 - 2016 Rates J\$			2016 - 2017 Rates J\$				
Description	Base F/X Rate	Billing F/X Rate		Base F/X Rate	Billing F/X Rate		J\$	%
	115.50	123.15		122.50	123.15			
	Usage kWh	Rate (J\$)		Usage kWh	Rate (J\$)			
Energy 1st	100	8.61	861.00	100	9.13	912.94	51.94	6.03%
Energy 2nd	249	20.05	4,992.45	249	21.26	5,293.65	301.20	6.03%
Customer Charge			404.88			429.31	24.43	6.03%
<b>Sub Total</b>			<b>6,258.33</b>			<b>6,635.90</b>	<b>377.57</b>	<b>6.03%</b>
<b>EEIF</b>	349	0.4998	<b>174.43</b>	349	0.2499	<b>87.22</b>	- 87.22	-50.00%
F/E Adjust		0.053	331.61		0.004	28.17	- 303.44	-91.51%
Fuel & IPP	349	8.078	2,819.11	349	8.780	3,064.10	244.99	8.69%
<b>Bill Total</b>			<b>J\$ 9,583.48</b>			<b>J\$ 9,815.38</b>	<b>231.90</b>	<b>2.42%</b>

The Determination Notice includes the following decisions:

- a) A 9.53% increase in the non-fuel revenue cap over the starting cap of 2014;
- b) The full pass through of system losses in the fuel rate as is now required by the new Electricity Licence;

/MORE

## **OUR decision sees 2.6% average bill increase .../2**

- c) The introduction of a revised incentive scheme for system loss reduction, and based upon non-fuel revenues rather than fuel revenues, in keeping with the terms of the new licence;
- d) A 50% reduction in the Electricity Efficiency Improvement Fund (EEIF) tariff contribution;
- e) The adjustment of rates to be charged for pre-paid residential customers; and,
- f) The adjustment of rates to be charged to some customers who will benefit under the Community Renewal Programme.

The OUR, in its 2009-2014 Tariff Determination Notice, had directed JPS to continue with the Electricity Efficiency Improvement Fund (EEIF) to assist with the financing of OUR-approved system loss reduction projects. It has now determined that the EEIF will be reduced by 50%. The OUR is in the process of conducting an audit of the EEIF to examine its use by the JPS and to determine the extent of its impact on loss reduction. The reduction of funds to the EEIF takes into consideration the changes reflected in the new licence, particularly with respect to fuel pass thorough and system loss management responsibilities.

The OUR approved JPS using a three-tiered structure for billing its residential pre-paid customers.

The rate for Community Renewal Programme is an incentive for new customers with high-need including those on the PATH programme who live in socially vulnerable communities and who currently consume electricity without paying. The Community Renewal Programme aims to increase the sign up and retention of new customers through the provision of energy solutions which will ultimately contribute to the reduction of non-technical system losses.

The full Determination Notice can be viewed on the OUR's website: [www.our.org.jm](http://www.our.org.jm).

### **BACKGROUND:**

This 2016 JPS Annual Adjustment is the first under the provisions of the new Electricity Licence, 2016. On 2016 January 27, a modified licence was issued by the Government of Jamaica (GOJ) to JPS. JPS' submission is in keeping with the provisions of the Electricity Licence, 2016, which include several changes to the regulatory framework and the methodology for the calculation of the tariff. As was the case under the old licence, JPS is allowed to make annual tariff adjustment applications to the OUR.

The new licence requires JPS to operate under a revenue cap regime, as opposed to the price cap regime which was in existence at the time of the 2014-2019 Five Year Rate Review. The price cap regime which previously obtained, fixed real non-fuel tariff rates over the five year inter-determination period regardless of the volume of energy sold. Under the revenue cap regime, the non-fuel tariff rate will vary inversely with the volume of energy sold so as to allow JPS to recover only its allowed non-fuel revenue target.

**/MORE**

### **OUR decision sees 2.6% average bill increase .../3**

Therefore, under the new license regime, the direction of annual non-fuel tariff adjustments will be dependent upon the actual volume of energy sold, with increased volumes leading to downward adjustments to non-fuel tariff rates and vice versa. Both the price cap and revenue cap methodology are subject to inflation, foreign exchange movement and productivity considerations.

A copy of the new Electricity Licence can be found on the OUR's website: [www.our.org.jm](http://www.our.org.jm).

**-30-**

**Contact: Elizabeth Bennett Marsh – Public Education Specialist-968-6053**