

Media Release

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OUR gives window of opportunity to firm proposals for electricity generation

(KINGSTON, Jamaica): By the end of March 2013 the Office of Utilities Regulation (OUR) will complete its review of the current proposal and other expressions of interest before it for the addition of new generating capacity. This gives all entities which have expressed an interest, including Jamaica Public Service (JPS), a window of opportunity for a review of their proposals before the OUR returns to the market, if necessary.

Following the completion of this review, the OUR will formulate an opinion as to the feasibility of the offers and advise the Government whether it is worthwhile to proceed to finalize negotiations with any of these companies – including JPS.

The OUR will then await government's decision whether to sole source the project, which seems most feasible by way of readiness and also achieves the overall objective of reducing electricity prices in the shortest time. If such a project cannot be identified, then the OUR will go back to invite public tender. The OUR as advised the responsible Minister of this process and he is in concurrence.

The OUR has given JPS until Friday, March 15, 2013, to submit details of an alternative proposal for provisioning of electricity generation capacity. This was in response to a letter, containing a broad summary of its latest offer, sent on Thursday, January 31, 2013 by the JPS. The JPS and its stakeholders had missed its deadline of Wednesday, January 30, 2013, to complete the requirements under the Request for Proposal (RFP) for the 360MW project, and so the alternate proposal could not have been considered within the context of the RFP.

Several other companies have also expressed interest in providing electricity (generation capacity) since the termination of the RFP process. Those companies have also been given until March 15, 2013 to concretise their unsolicited submissions into firm proposals.

A meeting was held with JPS following which the OUR informed the company that it would be allowed to submit the details of what is now considered an unsolicited proposal. The OUR will only entertain firm proposals in a state of readiness to be finalized with minimal negotiations. The proposals must be to

provide electricity only and must be accompanied by the relevant fuel supply and other financing agreements.

Background:

In late 2011, JPSCO was awarded the right to construct a 360 megawatt (MW) Combined Cycle plant. Following the issuance of an RFP from the OUR, JPS emerged as the sole bidder to supply new generating capacity to the national grid on a Build, Own and Operate basis. The award was assigned to South Jamaica Power Company (SJPC) whose shareholding consists of JPS, and JPS' major shareholders.

The plant was originally scheduled for completion by mid-2014 and was part of the project to supply up to 480 MW of new generating capacity for the country in various tranches. This new capacity was intended for the displacement of approximately 292 MW of aged plants with the remainder to provide for demand growth.


On February 1, 2013, the OUR informed the JPS and its shareholders that the RFP process in relation to the 360 MW project is at an end. The advisory came after JPS and SJPC missed another deadline which was granted to facilitate the provision of project agreements, identify the supplier and price of natural gas for the project and provide a renewed bid security.

This was the third extension granted by the OUR to JPS and SJPC. They were given until January 30, 2013 to complete the outstanding matters relating to the bid.

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