

OUR says “Safeguards” against Electricity Price Increase despite Bogue Gas Delay

(KINGSTON, Jamaica; 2016 May 18): The Office of Utilities Regulation (OUR) has moved to assure consumers that it will be vigilant in ensuring that the delay in the delivery of Liquefied Natural Gas (LNG) to the Bogue Power plant will not result in an increase in the price of electricity to them.

The Jamaica Public Service Company Limited (JPS) recently announced that the completion of the gas supply facilities, being implemented by US-based New Fortress Energy, is expected in August, following on the conversion of the power plant in Montego Bay, St. James, to take both natural gas and automotive diesel oil. While welcoming the completion of the 120 MW combined cycle plant, the OUR has pointed to the four-month delay in the delivery of the overall project.

The Gas Supply Agreement signed by JPS and New Fortress Energy on August 5, 2015, stipulated that gas delivery would commence April 2016.

“Safeguards for customers were included in the agreement with New Fortress to ensure that any delay on its part would not result in negative cost implications for customers,” says Director General of the OUR, Albert Gordon. “The OUR has been monitoring the project closely and will continue to keep the public abreast of its progress”, he stated.

The upgraded plant is expected to result in the country reaping significant benefits in terms of fuel diversity, cleaner energy and lower long term cost to consumers. At its launch in October 2015, Director General of the OUR, Albert Gordon lauded the new development saying, “The introduction of gas is a significant first step in the direction of fuel diversification and signals the start of the use of LNG in the generation of electricity in Jamaica.”

Gordon noted that the OUR’s involvement in this project had its genesis with its ‘no objection’ to JPS’ proposal in early 2008 for the modification of the Bogue plant to also burn natural gas. The project’s goals, which are aligned to those in the National Energy Policy were to: reduce fuel cost, and lower the operations and maintenance expenditure of electricity generation.

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Conscious of the benefits to consumers if the project was finalised, and concerned about the delay in its implementation, the OUR mandated in the 2014-2019 JPS Tariff Determination Notice of 2015 January 7, the upgrade of the plant to burn natural gas. To ensure this, the OUR also made provisions for the setting up of the Bogue Plant Reconfiguration Fund (BPRF), financed through the tariff, to facilitate the conversion cost.

The revenues for the BPRF – which totalled \$15M – were collected by the JPS through a line item in the monthly fuel rate calculation on customers' bills, and was collected over a twelve month period, which started February 2015 and ended January 2016.

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