

INSIDE THE OUR

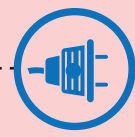
Office of Utilities Regulation

Regulating Utilities For The Benefit Of All



MAY 2014

WHAT'S NEW



Update On Generating Capacity For National Grid

The OUR in April advised the Ministry of Science, Technology, Energy and Mining (MSTEM) that Energy World International Limited (EWI), which was granted a licence to supply 381 MW of generating capacity using natural gas as the fuel source, had not posted the US\$36.85 million performance bond.

A letter to the Minister, the Hon. Phillip Paulwell, reminded him that pursuant to the provisions of the OUR's Instructions for Final Proposals dated May 27, 2013, and the Implementation Agreement between EWI and the Government of Jamaica, the bond was to be paid within ten days of the date of the licence.

The Amended and Restated Energy World International Limited Supply of Electricity Licence, 2014, was issued on April 14, 2014, and therefore the bond became due on or before April 24, 2014. In light of the Government Procurement Rules, and given that the licence has already been issued to EWI and a Power Purchase Agreement has been executed, the OUR has advised the Minister of the failure of EWI to lodge the performance bond. It is now for the Minister to take such steps as he deems appropriate before the OUR can proceed any further.

A copy of the recommended licence as well as the Amended and Restated licence is posted on the OUR's website: www.our.org.jm.



OUR raps LIME on Call Issues

The OUR is seeking more clarification from Cable & Wireless Jamaica t/a LIME, following on frequent customer complaints about quality of service issues relating to mobile calls and access to its Call Centre.

LIME acknowledged that it was aware of the issues, and that improvement work was to have been completed two weeks from the date of an April 2 meeting.

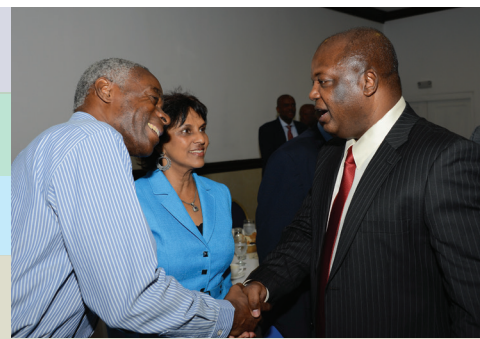
In a letter to LIME dated April 8, 2014, the OUR's Director of Consumer and Public Affairs, Yvonne Grinam Nicholson noted that from January 2013 to March 2014, the OUR received ninety-six (96) complaints relating to interruption of calls (dropped calls) and failure of calls being set-up on LIME's network (that is, caller does not receive a service tone or ring tone at the call network termination point) after a telephone number is dialled.

"The OUR is concerned about the frequency of complaints regarding the quality of service delivered by LIME and has been in discussions with them about the cause and the fixes," she said. The OUR pointed out that customers complain that they are not able to make contact with LIME's Call Centre, resulting in the OUR becoming the first point of contact for customer complaints.

Admitting that the number of dropped calls and calls not being set-up on the network was currently below targeted performance level, LIME noted in its response that this was due to its "aggressive push to improve customer value", resulting in capacity issues.



OUR reaches out to Stakeholders



Director General Albert Gordon (right) greets Professor Alvin Wint (left), Special Advisor to the Vice Chancellor on External Affairs, UWI. Looking on is, Dr. Ruth Potopsingh, Associate Vice President-Sustainable Energy Caribbean Sustainable Energy and Innovation Institute, University of Technology and (right photo) Mr. Winston Hay, former Director General of the OUR.

Since taking office in November, 2013, Director General Albert Gordon's focus has been on consultation and engagement, and as such he initiated a series of meetings with OUR's major stakeholders. These meetings are meant to begin dialogue and to develop a national consensus on the future direction of the OUR. On December 10, the OUR hosted a Stakeholder Engagement Breakfast at the Jamaica Pegasus Hotel and this was attended by the heads of several interest groups, academia and others. They included: Hon. Robert Pickersgill, Minister of Water, Land, Environment and Climate Change; Hon. Dr. Morais Guy, Minister of Transport, Works and Housing; Mr. Richard Byles, Co-chair of the Economic Programme Oversight Committee; Mr. Dirk Harrison, Contractor General, Office of the Contractor General; Mr. Francis Kennedy, President, Jamaica Chamber of Commerce; Dr. Horace Chang, Opposition Spokesman on Water and Housing, and Ms. Yasmin Chong, Chairman, Consumer Advisory Committee on Utilities, as well as Mr. Stephen Wedderburn. In February, the PSOJ's Energy and Environment Committee, hosted the OUR at its regular meeting.



Snap-Shots Of Our Consultations across the island



OUR examines JPS Tariff Application

Under the Amended and Restated All-Island Electric Licence 2011, the Jamaica Public Service Company Limited (JPS) is entitled to apply for a tariff review every five years. On April 7, the OUR received the application.

The OUR started the review process with a series of public consultations which ended on April 29. The Office is expected to make a Determination on JPS' requests on or before July 7, 2014.

Public consultations are one of the main ways in which the OUR discharges its responsibilities and brings to public attention important issues relating to utility regulation. In this way the OUR seeks to promote public understanding and debate and invites comments from the general public and other stakeholders. The consultations were held in: Kingston and St. Andrew – April 14; Manchester – April 15; St. Catherine – April 16; St. Ann – April 22; St. James – April 23; Westmoreland – April 24; Portland – April 28 and Knutsford Court Hotel – April 29.

Highlights of JPS' Application

JPS is proposing a new **three-tiered rate class** structure for residential (Rate10) and **four-tiered rate class** for small commercial (Rate 20) customers. Different service/customer charges and energy charges will apply to the tiers.

- (Rate 10)** JPS is proposing to increase the residential tariff on average, by 21%:
 - First tier** (customers with monthly consumption < 100 kWh) includes mainly low-income families to receive an average tariff increase of 17%. Impact: 220,000 customers - 41% of the residential class;
 - Second tier** (customers with monthly consumption between 100 and 500 kWh) are to receive an average tariff increase of 21%. Impact: 300,000 customers;
 - Third tier** (customers with monthly consumption > 500 kWh) will receive an average increase of 23%. Impact: 14,000 customers.

(Rate 20) JPS is proposing an increase of 15% on average for customers with consumption below 7,500 kWh per month. This impacts approximately 98% of the Rate 20 customers who comprise 70% of the total energy sales for that rate class.

- For customers with monthly consumption > 7,500 kWh JPS is recommending an amendment to the tariff that results in a 6% decrease on average. This impacts 2% of the Rate 20 customers who comprise 30% of the total energy sales for that rate class.

(Rate 40 and 50) JPS is proposing to reduce the overall cost to this customer class by on average 1.50%. These are commercial and industrial customers, with a demand of 25 kilovolt-amperes (kVA) or more.

JPS is proposing:

- To introduce a wholesale rate for its largest customers (those with demand in excess of 1 MVA) to remain on the JPS network as a full service customer.
- To introduce Power Wheeling rates for customers who wish to self-generate. These rates will include Standby rates to ensure there is service available for the Wheeling customers if their units are not operational due to scheduled maintenance or forced outages.
- An integrated Community Renewal Programme in which JPS, NWC, and Government agencies are planning to come together to improve services to low-income communities island-wide, in an integrated way that emphasizes community responsibility and payment as the *quid pro quo* for service upliftment.

Quality of Service Standards

Among other things JPS is requesting that they should not be obliged to make Guaranteed Standard payments in some circumstances. They contend that these are normal exemptions in other jurisdictions with established Guaranteed Standards regimes.

Visit our website for the complete application... WWW.OUR.ORG.JM



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