

**JPS Comments**  
**OUR Consultation Document**  
**Comprehensive Review of the Guaranteed Standards Scheme for the Jamaica Public Service  
Company Limited and the National Water Commission**  
**August 19, 2022**

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**Background**

JPS in its 2014-2019 Tariff Application submitted several proposals to the OUR with reference to the Guaranteed Standards (GS) Scheme. The Office reviewed JPS' proposals, along with comments received from stakeholders regarding these standards, in which it made several amendments to the GS Scheme as outlined in the 2014-2019 Determination Notice.

Subsequently, JPS proposed a number of proposals for exceptions/exemptions in the 2019-2024 Tariff Application. The Office made several recommendations and comments in response to JPS' GS proposals in its 2019-2024 Determination Notice, and decided to defer to 2022, any modifications to the GS Scheme pending the outcome of the aforementioned comprehensive GS review.

On June 24, 2022, the OUR issued its Consultation Document entitled *Comprehensive Review of the Guaranteed Standards Scheme for the Jamaica Public Service Company Limited and the National Water Commission* to ascertain the views of the public, including service providers.

According to the OUR, the purpose of this consultation is to garner information from the public, including the service providers, to ascertain among other things, the:

- A. Relevance of the existing GS Scheme;
- B. Levels of satisfaction or dissatisfaction with the areas of focus under the existing GS Scheme;
- C. Changes, if any, that are needed to ensure that the GS Scheme meets the needs of customers;  
and
- D. Reasonableness of the circumstances in which JPS is seeking exceptions/exemptions from specific GS.

JPS, has reviewed the Consultation Document and presents here comments and direct responses to proposals or questions raised by the OUR on aspects of the Guaranteed Standards regime. The Company has also taken the opportunity to offer alternatives for the OUR's consideration in finalising the revised scheme.

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**General Comments:**

The Guaranteed Standards regime has confirmed that utilities have been delivering a consistently high level of service to customers in key service areas over the past 20 years that it has been used as a primary measurement benchmark.

As validated by the OUR, utilities have maintained above 90% average compliance in meeting the standards. JPS' compliance has averaged 95% over the past decade with three (3) standards primarily responsible for the remaining gap. The Company will continue to work at addressing the long-standing issues that affect compliance with these few standards on which we have made slow but tangible progress in recent years.

What is undeniable and evident from JPS' compliance level is that the service promise of the Guaranteed Standards is the overwhelming reality for our customers in their everyday normal service experience with us.

As a consequence, JPS urges the OUR to be bold in this comprehensive review of the standards and begin a transition away from this 20-year regime that has had very modest adoption as a measure of quality of service. This is not advocating for an immediate end and replacement of the GS scheme. However, we do believe that the analysis within the Consultation Document points to clear and definitive opportunities for radical change.

We would strongly encourage starting with a sharp reduction in the 21 standards to focus on fewer standards that are of current value to customers. This is not just consistent with the approach of other countries reviewed but the compliance data proves this can be done without compromise of service quality.

JPS protests the OUR's inclination to add even more standards, without indicating overall cuts as a totally unnecessary operational and administrative burden. Jamaica's large number of standards has been demonstrated to be an anomaly among the jurisdictions that have adopted GS. This adds resource costs for customers without any tangible benefits.

A comparison of Tables 3 & 4 will offer up a readily evident pool of candidate standards that can be dropped without compromise to the scheme's effectiveness. These include:

- EGS3 - Response to emergency
- EGS4 - Issuance of first bill
- EGS5A - Complaints acknowledgement
- EGS5B - Complaints investigation
- EGS10 - Billing adjustment

In coming to a decision on these or any other standard we urge a dispassionate and objective evaluation of the number of breaches over the period reviewed in Table 2 and the monthly and annual incidence of these breaches relative to a relevant comparator such as the number of customers, bills generated, disconnections done and meters installed etc.

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**Specific Comments**

**Approaches used in Regulating Service Quality (3.5)**

The Guaranteed Standards regime has served its time and purpose and the OUR should now consider a transition away from the regime or a significantly scaled back regime. The consultation document did not acknowledge that, in fact JPS is the only utility that is regulated under two of the three approaches highlighted that is, direct customer compensation under the GS and also a Q-factor that adjusts price under the tariff mechanism. There are also other customer impacting performance targets that JPS must meet or incur penalties.

JPS' high compliance level with the GS indicates the successful embedding of the vast majority of service standards into our normal routine operations. This provides an opportunity for streamlining of QoS performance benchmarking with the Q-Factor that tangibly links reliability (frequency and duration of outages) with the price of the service becoming the primary measure of value to most customers as an ongoing index of service quality. The OUR should therefore look in the first instance of transitioning to move to a much smaller regime with fewer standards of interest and value to customers.

**Part 5: JPS Guaranteed Standards Scheme Proposed Changes**

**Modification of Compensation Methodology (5.3 - 5.18)**

The proposal by the OUR to apply a customer charge multiplier of 3.5 and 6.5 times the customer charge as the mechanism for deriving the compensation for residential customers, results in an 11% and 4% increase respectively for general and special compensation based on the current tariff. This would hike the compensation value even before any subsequent adjustment to the R10 customer charge from tariff reviews that could then result in a substantial increase in compensation.

It is clear that the OUR considers it a "disadvantage" (Table 2) for a variation in compensation that results from a lowering of reconnection fee to which it is linked but an "advantage" for it to be reviewed upward annually with the customer charge. The proposed multipliers would mean starting 11% & 4% higher than the present compensation.

That was not the intent of JPS's proposal as the Company has consistently maintained that the current level of compensation is high relative to average bills. While the basis and link to the reconnection fee are unknown JPS is prepared to continue with the current methodology of having the compensation mirror this service charge.

We also offer as an alternative for consideration that the current compensation of \$1650 be set as a flat fixed charge for a breach of a residential standard. The \$1650 value is the approximate equivalent of 15.6% of the average residential customer bill of consumption of 165 kWh/month as at \$10,591.

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The value can be reviewed at five-year rate reviews and adjusted if necessary to 20% of the calculated average residential customer's bill based on the average consumption at the time of the review, provided the compensation value is not less than \$1650.

This approach aligns with that observed in other jurisdictions. The methodology however offers the advantage of a clear and transparent view into how the value of the compensation is linked to the average customers' bill and preserved.

### **Request for the Modification of Existing Standards**

#### **A. Conversion of EGS 3 – Response to Emergency to an Overall Standard (5.18A – 5.27B)**

JPS maintains that EGS3 – Response to Emergency – is best converted to an Overall Standard.

The EGS3 Standard is the "response" to emergency calls i.e., safety events (fire, broken wire, broken pole, etc.) rather than the restoration time (CAIDI) for restoration.

It is clear that the original 1999 QoS source document wanted *"any condition which causes interruption of supply to one or more customers in a particular area"* to be treated as an "emergency". It was this obvious flaw in the definition that quite rightly prompted the OUR to amend to define an emergency event as involving broken wires, broken poles and fires).

Responding to emergencies, which are first and foremost considered public safety events, is a most basic and high priority responsibility of a utility. JPS is a first responder to emergencies that involves the electrical network.

The OUR however seems unclear on the intent of EGS 3 as a guaranteed standard. At 5.23 it states, *"While the Q-factor measures JPS' performance as it relates to outages, EGS 3 seeks to limit the inconvenience that a customer may suffer due to outages and encourages JPS to respond within a specified/prescribed timeline in these specific circumstances."* (Emphasis added)

In declaring that it is considering providing further clarity for EGS3 the OUR adds further at 5.26 that *"this consideration is made due to the need to have the emergency circumstances, identified under EGS3 resolved within the shortest possible time in order to mitigate any adverse impact on the affected customer/customers."* (Emphasis added)

In these statements, the OUR's objective is the resolution of the emergency within the timeframe of the standard.

On the other hand, the clarification it proposes to add to the standard at 5.26 (i) focuses (correctly) on JPS' response being the time within which an agent of the Company arrives at the site of an emergency to assess and coordinate a resolution, not the resolution itself. It is for this and the following reasons why to continue to try to fit EGS 3 under the GS scheme would be an inappropriate forced fit.

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Emergencies may or may not result in an interruption in service depending on the nature and location as loads may be transferred to other circuits that limits any service interruption.

The proposal by the OUR to only compensate the first customer who reports an emergency that affects multiple customers runs counter to the objective of the GS to individually compensate for the inconvenience of not meeting a standard. It would deny other customers and entities affected by the same event and goes against the basic principles of fairness and equity.

It should be noted that the report of an emergency can be done by anyone, not just an affected or even a customer of JPS. The Company also receives direct report from other first responders such as the Fire Brigade. The first report may not be from a customer. The "response" to the emergency events (broken wires, poles and incidents of fires) as outlined by the OUR, has no bearing on the outage "restoration" time. Hence, no compensation should be applied to any individual customer.

We again caution the OUR that it also risks creating moral jeopardy by offering compensation to customers for reporting events of emergency. Already, many service calls are logged by customers as emergencies, including fires, that are not validated by field visits.

JPS urges the OUR to heed the wisdom of its counterparts in the other jurisdictions it has reviewed that have avoided making emergency response of any kind a Guaranteed Standard.

JPS supports the transition of this standard to an Overall Standard with the clarification description stated at 5.26 (i) and cognizant of the Licence provision highlighted at 5.27 (i).

#### **Exceptions and Exemptions to the Guaranteed Standards (5.33 -5.37)**

JPS will publicize the appropriate channels to be used by customers to provide required information, as well as maintain a record of verifiable evidence to substantiate claims under the following circumstances:

- The customer informs JPS before a breach of the GS is committed that they do not want JPS to take any action or further action relating to the matter **(EGS1, EGS2A, EGS2B and EGS6)**
- Customers failure to use the appropriate channels (email, address, telephone number) published by JPS to provide required information **(EGS1, EGS2A, EGS2B, EGS5A and EGS5B)**
- Information provided by the customer is erroneous or requires verification (The OUR is of the view that this proposal is applicable to **EGS1, EGS2 & EGS5)**

\*\*\*This proposal also relates to any other Guaranteed Standards deemed applicable

#### **Cap Periods for Consecutive Individual JPS GS Breaches (5.39 – 5.44)**

The OUR has not identified the unique quality of service challenges of Jamaica relative to the other jurisdiction on which it “deemed it reasonable” to impose additional compensation for up to the

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current maximum eight (8) periods of breach for all standards. This is double the cap of four (4) periods at the start of the GS regime.

As justification, the OUR offers at 5.42 that *“the application of additional compensation for consecutive GS breaches provides an incentive for the service provider to remedy the breach in the shortest possible time...”*

It stands to reason that after 20 years with hikes in compensation paid per breach, a doubling to eight periods of breaches to be compensated, \$816M in lost income over the last decade, a utility would be more than motivated to dramatically reduce and eliminate its most costly breaches.

After 20 years, EGS 7 – the rendering of no more than two consecutive estimates – remains the major hindrance to JPS not surpassing its 95% average compliance rate. This standard accounts for 86% of all breaches.

The “unique quality of service challenge” with this standard that the OUR is aware of, relates to the implementation of special metering infrastructure (RAMI) in areas with high levels of electricity theft. We are unable to obtain consistent monthly meter reading for customers to avoid breaches. This is caused by problems with the specialised technology and equipment, wide scale tampering that cause failures and a lack of normal operational access and freedom in these communities to address.

The persistent high level of breaches of this standard over a long time – mirroring the struggle to reduce electricity theft – reflects a larger structural hindrance beyond the standard, not a lack of incentive to improve performance. JPS cannot simply generate improved compliance by operational tweaks or even from the investments made to make the systems more resilient.

The Company has been very mindful of the inconvenience to customers affected by multiple estimates and subsequent adjustments due to under-estimation when readings are finally available. Accommodations made with customers has contributed to significant revenue impairment separate from the penalties paid for breaches. The OUR failed to mention that the back-billing policy also severely limits retroactive billing of these customers under conditions that the OUR deems to be within JPS’ control and offers a lot of protection to many of these customers from the full liability for the portion of electricity consumed but under-estimated.

Under these circumstances the cap of eight (8) periods is not the incentive the OUR deems it to be. It is unnecessary and burdensome and results in excessive penalty payments that robs JPS of the very revenue that can help to address the problem.

For that reason, JPS is proposing that as part of its bold transition under this review, the OUR reduce the cap for EGS 7 from eight to the previous four (4) periods. In addition, given the high level of compliance attained and maintained by JPS we propose that the OUR further cap the compensation at the first breach for all other Guaranteed Standards in keeping with the international practice observed. To be clear, the application of additional compensation for consecutive GS breaches should be eliminated.

*\*\*Further proposals in relation to EGS 7 specifically are included in an attachment to this response.*

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**Discussion on GS Established for JPS' Pre-paid Metering System (5.50-5.58)**

1. **EPMS3 – Performance Measure:** Maximum of 24 hours to verify, repair/replace meter after notification/detection of fault/defect.

This is a very aggressive performance measure that is not practical operationally, bearing in mind the sequential nature of the notification (most likely for pre-paid) and the verification processes. We urge reconsideration.

JPS is proposing that the performance measure for EPMS 3 be reworded as follows:  
***“Maximum of 48 hours after verification to repair/replace meter after notification/detection of fault/defect”.***

2. **EPMS4 – Performance Measure:** kWh purchased shall be available to customer within five (5) minutes of attempt to top-up.
  - a) JPS is proposing a revision of the performance measure for EPMS4 on the basis that the word “attempt” is broad. The standard needs to be more definitive for the performance measure to be clear and unambiguous.

Therefore, JPS is recommending a modification to the performance measure as follows: ***“kWh purchased shall be available to customer within ten (10) minutes of successful top-up”.***

In instances where a customer’s account is deactivated due an insufficient balance, the reinstatement, after top-up, could be up to 30 minutes.

- b) **Exclusion of STS Prepaid Meters from EPMS4 performance measure:**

The top-up of STS prepaid meters requires the customer’s manual entry of the digits issued upon purchase of tokens that will release the specified amount of electricity (in kWh) on the STS Smart Prepaid Meter.

Based on this specification, STS prepaid meters should be excluded from the performance measure based on the following customer-related actions that will result in unsuccessful top-ups:

- Reuse of a token;
- Inputting the wrong number into the keypad;
- The breaker at the house is turned OFF;
- Plugging the keypad into an outlet not connected to their service line (neighbour's house);
- Keypad battery is dead, and;
- Keypad is damaged (visibly)

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**Other Comments:**

**1. Customer-related Issues/Action (Applicable to all Guaranteed Standards)**

Customer-related exemptions should be granted for all standards in the event of customer-related issues or actions over which JPS has no control. Therefore, JPS is proposing an exemption/exclusion from compensatory payments based on the following:

- Findings and notations from field service personnel visits including, illegal connections, defective meter sockets, self-reconnection, meter tampering, all access-related issues (premises and community), etc.
- Access related issues - (i) inaccessibility to both premises and meter, and (ii) denied access to community (e.g., red zones, yellow zones)

Note: Exemptions should be applicable for all Guaranteed Standards where customer-related issues/actions outside of JPS control hinder the company's ability to carry out its operations in a timely and efficient manner.

**2. Failure to reconnect or connect supply after disconnection due to meter tampering**

**EGS1, EGS6 and EGS12** - Exemptions should be allowed where there is failure to remotely reconnect or connect a customer's supply due to meter tampering.

**3. Failure to replace meter after the detection of fault (not due to tampering by the customer)**

**EGS9** - JPS is proposing the exclusion of compensation in the event that a meter is not changed within the stipulated time due to:

- The customers' inability to keep appointments for JPS visits to replace the meter
- Inaccessibility of the meter