

# Clarifying misperceptions about the OUR

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The Office of Utilities Regulation (OUR) takes note of Nickoy Brown's letter to the editor published in the Jamaica Observer on Wednesday, May 3, 2023 entitled 'The OUR has lost its true purpose'.

The OUR welcomes scrutiny of its operations and its decisions. At the same time, being mindful of the negative impact of inaccurate information in the public sphere, we consider it an obligation to respond with facts to opinions based on inaccuracies.

The writer started off on the premise that the National Water Commission (NWC) was granted a 5.1 per cent increase by the OUR. This is not correct, there is no increase in the NWC's rates. As explained through a media release and interviews, every year the NWC is allowed to apply to the OUR for a review of its annual price adjustment mechanism (ANPAM), which results in base rate adjustments that have no impact on the bill customers would have otherwise received. To be clear, every month there is an adjustment to customers' bills on top of the base rate due to the price adjustment mechanism (PAM) for costs the NWC faces that are outside of its control, namely the foreign exchange rate, consumer price index, and electricity rate. The monthly PAM may fluctuate from month to month depending on these factors. In fact, based on the OUR's decision, the PAM for May 2023 will be negative 2.03 per cent, as compared to positive 5.11 per cent for April 2023.

The OUR has been working with and imposing regulations to drive increased efficiencies across the utilities. In the case of NWC, there have been sustained efforts to address the vexed issue of non-revenue water reduction (NRW). The K-Factor allows the NWC to access funds for capital projects which are geared towards improving its efficiencies mainly through the reduction of leaks represents a linchpin of this effort. From the NWC's report on this project, the Kingston

and St Andrew NRW Reduction Project yielded a reduction in NRW from 60 per cent (baseline) in 2015 to an average of approximately 44 per cent in 2022. The project is now targeted to expand to other parts of Jamaica, and we hope that the lessons learnt will engender even greater success. We should also hasten to add that the water and water supply infrastructure remains a major issue about which the OUR remains deeply concerned.

As regards high electricity bills, the OUR has never lost sight of the cost of electricity – which is due in large part to the unavoidably high costs of imported fuels – and its adverse impact on ordinary householders and businesses. To this end, we are working with other stakeholders, inclusive of the Government, Jamaica Public Service (JPS), and Independent Power Providers (IPPs), to the extent of our remit and have recommended, required, or facilitated a number of measures over the last 10 years to modernise the sector and reduce or at the least constrain fluctuation in electricity rates.

Brown may not be aware that under the provisions of the new Electricity Act of 2015, a new entity, the Generation Procurement Entity (GPE), was given the responsibility to manage and administer the process for the procurement of new generation capacity by independent power producers for the sale of electricity to JPS. This includes the procurement of renewable energy capacity. Therefore, this is no longer a function carried out by the OUR unless requested to do so by the Cabinet. Even so, it successfully carried out the procurement of 125 MW of wind, solar, and hydro plants and was requested to procure 37 MW of renewable energy capacity, which it did successfully and which resulted in the lowest-cost renewable project in the system. The OUR is immensely proud of the role it has played in doubling the percentage share of renewables in the generation mix moving from 6 per cent in 2012 to 12.4 per cent in 2021.

The OUR has also overseen the conversion of the Bogue power plant in 2016 to introduce liquefied natural gas (LNG) as a more stable-priced, cleaner, and more efficient fuel source. LNG is now the





country's main source of fuel, contributing to 60 per cent of the country's fuel mix. This is a far cry from seven years ago when the more expensive and price-volatile automotive diesel oil (ADO) and heavy fuel oil (HFO) were 94 per cent of the fuel used in electricity production. As of 2022, natural gas generation was 25 per cent cheaper than HFO. Had ADO and HFO remained the dominant fuel used in the electricity sector, the impact on electricity bills would perhaps have been catastrophic.

The complaints about the telecommunications sector are well known. It is not the norm, however, for rates to be set by the regulator in a competitive market as used to happen when there was a monopoly. Customer choice and service delivery drive a very vibrant and competitive industry in which providers are mindful that without attractive rates and service, customers can move to the next provider.

The OUR was mindful, however, that this was not the case in wholesale termination markets in which each operator has a monopoly for termination on its own network. As such, the OUR has set termination rates, with the latest reset in December 2021 for mobile termination rates going down from \$1.10 at the start of 2021 to \$0.69, and March 2022 for fixed (landline) termination rates going down from \$0.94 to \$0.67. The OUR also introduced number portability in 2015, whereby mobile and landline customers have greater power in their hands as they are now able to switch their service provider and keep their number.

The OUR also made some decisions in 2020 requiring greater information transparency to customers by the telecoms providers, and there are current efforts to collaborate with the Ministry of Science, Energy and Technology to promulgate quality of service rules for the sector. These are just two other indicators of our focus on securing improvement for customers in this sector.

While the OUR is not a consumer advocacy body, we have a Consumer Affairs Unit set up to primarily handle appeals from utility customers who are not satisfied with the decision on a complaint made by their provider. It handles thousands of consumer matters every year, fielding 4,725 complaints in 2022.

The unit also enjoys an excellent customer satisfaction rating of over 90 per cent based on feedback from customers who have utilised our services. Significant investigative work has also been carried out on widespread consumer issues and actions have been taken when necessary and the findings shared with the public. The unit publishes quarterly performance reports as well as that of the utility providers. This report is shared with the public and is available on our website.

Brown claims that the OUR has not done enough to engage with consumers and other stakeholders. The OUR has an active outreach programme in which it plans and executes meetings with residents and accepts requests for speaking engagements at community meetings etc. Over the past 24 months, for example, the OUR has executed 19 public education outreach activities, four consultation exercises with residents in communities regarding tariff applications, and quite a number of webinars. This is despite the advent of COVID-19, which hampered some outreach activities.

We also have weekly and bimonthly radio features to update customers on utility matters or address their utility complaints. In addition, the availability of our corporate plan to the public well ahead of the beginning of each financial year, detailing the OUR's performance against targets; a culture of inviting public input and comments on its decision; and the availability of our staff to explain and account for decisions all run contrary to the assertion of lack of transparency.

The OUR wishes to reassure the public that it is constantly aware of concerns about utility rates and service and is committed to working within its powers to improve on these matters in the interest of consumers, utility providers, and the country. We also invite Brown and the rest of your readers to not hesitate to engage with us for a better understanding of the work we do and the matters within our span of control.



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