Office of Utilities Regulation

DIRECTIVE

DIRECTIVE TO JAMAICA PUBLIC SERVICE COMPANY LIMITED (JPS) REGARDING THE POWER PURCHASE AGREEMENT BETWEEN JAMAICA ENERGY PARTNERS (JEP) AND JPS FOR DOCTOR BIRD 1 & 2 – 124.36 MW POWER GENERATION FACILITIES

OUR

OFFICE OF UTILITIES REGULATION

2026 NOVEMBER 25

DOCUMENT TITLE AND APPROVAL PAGE

1. DOCUMENT NUMBER: 2026/ELE/009/DIR.002

2. DOCUMENT TITLE:
DIRECTIVE TO JAMAICA PUBLIC SERVICE COMPANY LIMITED (JPS) REGARDING THE POWER PURCHASE AGREEMENT BETWEEN JAMAICA ENERGY PARTNERS AND JPS FOR DOCTOR BIRD 1 & 2 – 124.36 MW POWER GENERATION FACILITIES

3. **PURPOSE OF DOCUMENT:**
To direct the Jamaica Public Service Company Limited (JPS) to finalise and execute the Power Purchase Agreement between Jamaica Energy Partners and JPS in accordance with its commitment following on from the Office of Utilities Regulation's (OUR's) directions issued on 2026 February 23 and the subsequent execution of the Interim Power Purchase Agreement dated 2026 June 02.

4. **ANTECEDENT PUBLICATIONS:**

Publication Number	Publication Title	Publication Date
2026/ELE/003/DIR.001	Directive to Jamaica Public Service Company Limited (JPS) regarding the Extension of Power Purchase Agreement between Jamaica Energy Partners and JPS for Doctor Bird 1 & 2 – 124.36 MW Power Generation Facilities	2026 April 10

5. **APPROVAL:**
This document is approved by the Office of Utilities Regulation and the decisions therein become effective on 2026 November 25.

On behalf of the Office:

.....
for Ansord E. Hewitt
Director-General

2026 November 25

OFFICE OF UTILITIES REGULATION

DIRECTIVE

2026/ELE/003/DIR.001

(Issued pursuant to Section 4 of the Office of Utilities Regulation Act AND Section 5 of the Electricity Act, 2015)

IN THE MATTER OF:

THE EXECUTION OF POWER PURCHASE AGREEMENT BETWEEN JAMAICA ENERGY PARTNERS AND JAMAICA PUBLIC SERVICE COMPANY LIMITED FOR DOCTOR BIRD 1 & 2 – 124.36 MW POWER GENERATION FACILITIES

AND

THE OFFICE OF UTILITIES REGULATION ACT

AND

THE ELECTRICITY ACT, 2015

AND

THE INTERPRETATION ACT

AND

THE ELECTRICITY LICENCE, 2016

TO: JAMAICA PUBLIC SERVICE COMPANY LIMITED

WHEREAS:

A. The Jamaica Public Service Company Limited (JPS/Licensee) is a company duly incorporated under the laws of Jamaica and is a licensed provider of electricity services and authorised to generate, and exclusively transmit, distribute and supply electricity for public and private purposes.

B. Pursuant to Condition 2(3) of the Electricity Licence, 2016, (Licence) JPS shall "provide an adequate, safe and efficient service based on modern standards, to all parts of the Island of Jamaica at reasonable rates so as to meet the demands of the Island and to contribute to economic development".

C. Condition 2(5) of the Licence requires that the Licensee purchase electricity from independent power producers (IPPs) for transmission and distribution through the national grid to enable it to meet its obligations under the Licence.

D. Condition 2(6) of the Licence provides that the Licensee shall discharge its obligations and perform the duties imposed or authorised under the relevant laws and shall enjoy the rights and exercise all powers conferred by such laws.

E. Pursuant to section 4(d) of the Electricity Act, 2015 (Electricity Act), the Office of Utilities Regulation (OUR/Office) is responsible for the regulation of the electricity sector generally.

F. Pursuant to section 5 of the Electricity Act, the OUR, where it considers it necessary, may give directions to any licensee with a view to ensuring that the needs of consumers are met. Sections 5(a) and (b) of the Electricity Act provide as follows:

> *"**The Office may, where it considers necessary, give directions to any licensee** or specified organization with a view to ensuring that –*
>
> *(a) the needs of the consumers of the services provided by the licensee or specified organization are met…":*
>
> *(b) the Single Buyer operates efficiently and in a manner designed to -*
>
> *(i) …*
>
> *(ii)…*

(iii) afford its consumers economical and reliable service."(Emphasis added)

G. Similarly, section 4(1)(a) of the Office of Utilities Regulation Act (OUR Act) empowers the OUR to exercise regulatory authority regarding the generation, transmission, distribution and supply of electricity.

H. Pursuant to section 4(2)(a) of the OUR Act, the OUR, where it considers it necessary, may give directions to any licensee with a view to ensuring that the needs of consumers are met. Section 4(2)(a) of the OUR Act provides as follows:

"The Office may, where it considers necessary, give directions to any licensee or specified organization with a view to ensuring that –

(a) the needs of the consumers of the services provided by the licensee or specified organization are met...":

I. Additionally, section 4(3)(b), of the OUR Act empowers the OUR to take measures as it considers necessary or desirable to protect the interests of consumers in relation to the supply of a prescribed utility service. Section 4(3)(b) states:

"(3) In the performance of its functions under this Act the Office shall undertake such measures as it considers necessary or desirable to: –

...

(b) protect the interests of consumers in relation to the supply of a prescribed utility service..."

J. Pursuant to section 19 of the Electricity Act, JPS, the Single Buyer, is obliged to enter into power purchase agreements (PPAs) with each independent power producer. Further, section 19(2) provides that no PPA shall be entered into unless the OUR has in writing approved the terms and conditions thereof.

K. Section 40 of the Interpretation Act provides as follows:

"40. Where in any Act power is given to any person to do or enforce the doing of any act or thing all such powers shall be understood to be

also given as are reasonably necessary to enable the person to do or enforce the doing of any act or thing."

L. Jamaica Energy Partners (JEP) is a company duly incorporated under the laws of Jamaica and is a licensed independent power producer pursuant to the Jamaica Energy Partners Supply of Electricity Licence 1995 and is authorised to generate electricity and sell electricity to JPS by way of a PPA.

M. By PPA dated 2006 January 12, JPS and JEP entered into an agreement for the sale and purchase of electricity (JEP PPA), which was scheduled for expiration on 2026 March 01.

N. The terms and conditions of the PPA provided that JEP would make available and sell to JPS the Dependable Capacity and net Energy Output of baseload/cycling power from its generation facility with an installed capacity of 124.36 MW. The supply of 124.36 MW from the JEP generation facility is critical to maintaining the stability, reliability, and security of the grid's electricity supply.

O. As the regulator for the electricity sector and JPS being a regulated entity, the OUR, by letter dated 2026 February 23, sought to ensure the reliability, adequacy, safety and efficiency of the service that it provides to the public. JPS objected to the OUR's directions regarding the extension of the PPA and refused to engage JEP in negotiations on the extension, citing the OUR's lack of authority to direct it to do so.

P. Further, despite the OUR's overtures to resolve the conflicting positions, during the period 2026 March to May, JPS, without regard to the OUR's position, removed JEP's 124 MW capacity from the generating pool of IPPs, thereby removing JEP's supply of electricity to the grid, citing the lack of a valid PPA arrangement with JEP. Consequently, by letter dated 2026 April 20, the OUR indicated that JPS, by its actions, placed the reliability of supply at serious risk, as evidenced by a significant reduction in the reserve margin during a particular period, for which JPS did not provide an adequate explanation in its response.

Q. In the circumstances, the OUR, after refuting JPS's challenge to its legislative authority, issued a Directive to JPS entitled *"Directive to Jamaica Public*

Service Company Limited (JPS) regarding the Extension of Power Purchase Agreement between Jamaica Energy Partners and JPS for Doctor Bird 1 & 2 – 124.36 MW Power Generation Facilities," ("Regulatory Directive") dated 2026 April 10, directing JPS to comply with the OUR's instructions in the following terms:

> *The Office **HEREBY DIRECTS** as follows:*
>
> *(i) JPS shall **NEGOTIATE and EXECUTE** a Side Letter Agreement with JEP outlined in OUR's letter dated 2026 February 23 to **MAINTAIN** system reliability and stability, thereby minimising the risk to national energy security and grid stability.*
>
> *(ii) JPS shall **SUBMIT** the executed Side Letter Agreement to the OUR for approval on or before **2026 April 17**.*
>
> *(iii) On or before the expiration of the six-month period, JPS shall **ENGAGE** JEP to **NEGOTIATE AND CONCLUDE** an agreement on the level of reduced dependable capacity and revised pricing for the new PPA, which shall become effective upon OUR approval.*

R. The OUR refers to the full text of the Regulatory Directive, which provides the complete contextual background regarding the issuance thereof, which, for the avoidance of doubt, is hereby incorporated by reference.

S. Following the issuance of OUR's Regulatory Directive, OUR met with JPS and JEP to discuss the critical nature of the matter and to chart the way forward. Consequently, in compliance with OUR's regulatory directives to restore JEP's generation capacity to the grid, and given the urgent need to ensure grid stability, reliability, and energy security, JPS and JEP executed an Interim Power Purchase Agreement ("IPPA") dated 2026 June 02 for a period of six (6) months, subject to certain conditions.

T. The necessity for JEP generation capacity became even more evident due to delays in integrating renewables into the grid and JPS's failure to exercise its Right of First Refusal (ROFR). Therefore, as part of the compromise regarding the long-term PPA, it was agreed among JPS, JEP and OUR that the said negotiated long-term PPA will commence on 2026 June 02, and OUR will determine the period and the applicable tariff. OUR, JPS and JEP

had envisaged that the negotiations for the long-term PPA would have been completed on or before 2026 December 02. Hence, a provision was inserted in the IPPA for its termination upon the execution and coming into force of the new long-term PPA.

U. At the tripartite meeting on 2026 June 01, JPS committed to negotiating with JEP regarding the long-term PPA. By letter dated 2026 August 12, to JPS and copied to JEP, OUR indicated that the parties should commence formal negotiations regarding the long-term PPA and the other PPAs to facilitate the implementation of the proposed natural gas conversion of the JEP Doctor Bird II and West Kingston Power Partners (WKPP) facilities, to which JPS has not responded to date. A copy of the said letter dated 2026 August 12 to JPS is attached hereto as **"Appendix A"**.

V. Given JPS's lack of response and being advised that there was no engagement with JEP regarding the long-term PPA negotiations, the OUR, on 2026 October 13, convened a tripartite meeting to discuss the proposed PPAs and the planned conversion of the generation facilities to LNG and JPS's commitment to negotiate and execute the long-term PPA. In that meeting, JPS representatives indicated that, based on directives from the company's executive leadership, JPS is currently not in a position to execute the PPAs under discussion (including the long-term PPA, which will protect the reliability and stability of the grid) due to uncertainties associated with the ongoing electricity licence negotiations and its impending expiry in 2027.

W. By letter dated 2026 October 14 to JPS, OUR, considering that this was tantamount to bad faith in light of the compromise arrived at in the 2026 May 27 tripartite meeting, sought clarification of JPS's position on the JEP 124.36 MW capacity and the execution of the100 MW PPA. In the said letter, the OUR pointed out that the JEP PPA represents existing generation capacity and that JPS's position has major implications for the country, citing the following:

(i) the removal of 124.36 MW of existing capacity from the grid in 2026 December, which would amount to a dereliction of JPS's responsibility under the Licence and jeopardise energy security and place supply reliability at severe risk.

(ii) the major implications for the timely implication of generation infrastructure projects that are important to the development,

reliability and security of Jamaica's electricity sector. This would negatively affect the Jamaican energy market and favour JPS thermal plants, making future electricity prices relatively higher and creating an uncertain environment.

X. The OUR also pointed out that JPS is a separate legal entity from its shareholders and, given the nature and centrality of JPS's business to a modern society, continuity is required beyond the expiry of the licence or the transfer of ownership to another entity. The OUR requested that JPS clarify its position by 2026 October 20, especially since the JEP 124.36 MW is not an addition of new generating capacity. A copy of the said letter dated 2026 October 14 to JPS is attached hereto as **"Appendix B"**.

Y. JPS failed to respond to OUR by the stipulated deadline of 2026 October 20. Consequently, OUR, by letter dated 2026 November 6, wrote to JPS, reminding JPS of its failure to respond to OUR's letter dated 2026 October 14 and indicated that the response should be submitted by 2026 November 11. To date, JPS has not responded formally to the OUR regarding its engagement and discussions with JEP. A copy of the said letter dated 2026 November 6 to JPS is attached hereto as **"Appendix C"**.

Z. As the regulator for the electricity sector and JPS being a regulated entity, the OUR is mindful of JPS's obligations to take steps to ensure the reliability, adequacy, safety and efficiency of the service that it provides to the public. In other words, pursuant to legislative and Licence provisions, the OUR is cognisant of JPS's statutory obligations as a transmission, distribution, and supply licensee and System Operator, to ensure the sufficiency of generation capacity to transmit, distribute, and supply to customers, and to maintain a reliable system generally.

AA. Further, the OUR is mandated to regulate the electricity sector, including PPA matters. The OUR is cognisant of its own statutory obligation to minimise the risk of unreliable service to consumers. Pursuant to relevant legislation, the OUR is empowered to require JPS to take all reasonably necessary steps to maintain the reliability of the electricity supply and the stability of the grid. This includes the ability to give JPS directions for the negotiation and execution of PPA generally and specifically where the supply, reliability and stability of the grid, is in imminent danger.

BB. Consequently, the Office, to ensure adequate supply of electricity, and to remove or reduce the reliability and grid instability risks attendant on the removal of 124.36 MW of generation capacity from the grid, on 2026 December 02, the expiry date of the IPPA, especially, heading into a period when there is expected high demand for electricity supply. Further, the OUR is mandated to ensure that the reliable electricity supply remains available beyond the expiry date of the Licence, 2027 July. In addition, JPS, as the incumbent licensee, has a similar licence obligation to ensure that its current decisions promote the sustainability of the system beyond the expiry date of the Licence.

The Office **HEREBY DIRECTS** as follows:

(i) JPS shall **NEGOTIATE and EXECUTE** the long-term PPA with JEP for the 124.36 MW to **MAINTAIN** system reliability and stability, thereby minimising the risk to national energy security, reliability and grid stability for the immediate and long term.

(ii) JPS shall accord the level of immediacy and urgency and refrain from removing JEP 124.36 MW generation capacity from the grid in the event it fails to comply with this Directive.

(iii) JPS shall **SUBMIT** the initialled PPA with JEP to the OUR for approval on or before **2026 November 30**.

(iv) On or before 2026 November 27, OUR shall share the revised pricing for the PPA, which shall be included in the initialled PPA to be submitted and shall become effective upon OUR's approval of the PPA.

(v) JPS shall, after the execution of the long-term PPA, **NEGOTIATE** and **EXECUTE** the other long-term PPAs with JEP for the conversion of Doctor Bird II and WKPP facility to LNG to **MAINTAIN** system supply, reliability and stability, thereby minimising the risk to national energy security, reliability and grid stability for the long term.

TAKE NOTICE that failure by JPS to comply with this Directive within the time specified herein will render it liable to enforcement action pursuant to section 9 of the OUR Act or any other remedy available under the Licence.

AND TAKE FURTHER NOTICE that this Directive becomes effective on the 25th day of November 2026.

BY ORDER OF THE OFFICE OF UTILITIES REGULATION

.....

for **Ansord E. Hewitt**
Director-General

2026 November 25

APPENDICES A – C

Appendix A - Copy of OUR's letter dated 2026 August 12 to JPS

Appendix B - Copy of OUR's letter dated 2026 October 14 to JPS

Appendix C - Copy of OUR's letter dated 2026 November 6 to JPS