

ENERGY FOCUS

NEWSLETTER OF DOMINICA'S ELECTRICITY REGULATOR

December 2013



Independent
Regulatory
Commission



Regulating Electricity, Promoting Our Energy

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The Independent Regulatory Commission created history on October 7, 2013 when two new licences were presented to DOMLEC. It has been decades since DOMLEC was first issued licences to operate in Dominica.

DOMLEC was issued a Generation Licence. This licence gives DOMLEC the non exclusive right and privilege within Dominica to generate electricity. The second licence is a Transmission, Distribution and Supply Licence which gives DOMLEC the exclusive right and privilege to transmit distribute and supply electricity in Dominica. Both licences are for 25 years and will begin on January 1st 2014.

Generation Licence

In deciding on this period, the Commission had due regard to the provisions of Section 31 (1) (c) which requires that the "duration" of the Licence shall be related to the useful life of the generation facilities. The Commission noted that this issue was discussed extensively at the public consultations and the consensus of participants was that that, all things taken into consideration, a 25 year licence for generation is not unreasonable, this being linked to the remaining life of the existing hydro plant. Having considered DOMLEC's records, taking into account the conclusions of an assessment by an independent evaluator and the consensus at the public hearings, the Commission concluded that a term of 25 years would not only satisfy the statutory requirements but also the technical, accounting and rate making imperatives.

Transmission, Distribution and supply Licence

The Commission, consistent with its Decision at Document Referenc:2009/001/D will grant an exclusive transmission, distribution and supply licence licence to DOMLEC subject to the following:

Developers of generating facilities that will Document Refrenc:2009/001/D interconnect with the transmission and distribution system by virtue of a Power Purchase Agreement will, as a general rule, be required to provide interconnection to the system at the high voltage (HV) side of the generator step up transformer. Under specific circumstances, subject to the approval of and grant of a transmission licence by the Commission, the developer may build, own and operate the transmission interconnector to the system.

Developers of energy resources that are primarily intended for cross border sale of electricity may, with the approval of and grant of a transmission licence by the Commission build, own and operate the associated transmission system infrastructure to enable such cross border arrangements. If circumstances require and it is prudent to do so, the developer may be eligible for a transmission licence to build and operate the transmission lines to interconnect with the transmission and distribution operated by DOMLEC.



IRC Chairperson Bernadette Lambert hands over licences to Director of DOMLEC Grayson Steadman

Assignment or Transfer of Licence

Should DOMLEC wish to assign or transfer the Licence it must request in writing the consent of the Commission. The Commission has 60 days of the receipt of such a request to reply informing of its decision on the application.

Transfer of Shares of Licencee

The Licensee must advise the Commission in writing of any proposal to transfer shares in the ownership of the licensed business which will have the effect of changing the controlling interest in the Licensee.

Reconsideration and Appeal of Commission Decisions

The licensee may appeal the Commission's decisions taken in regard to the licence. The process is a two stage one where the licensee firstly requests the Commission to reconsider the decision and if not satisfied with the Commission's reconsideration the licensee may file an appeal to the High Court. Either party has the right of appeal to the Court of Appeal if dissatisfied with the outcome at the level of the High Court .

LICENCES TO DOMLEC

Transitional Arrangements

On the Commencement Date, in order to enable a smooth transition to the full force and effect of this Licence, all conditions which would normally have effect under the ESA and Rules, Directives or Determinations of the Commission shall remain in effect until such time when these are logically and practically superseded by the actions taken under the Licence.

DOMLEC's Duties as System Operator

The Licence provides for certain critical functions to be discharged by DOMLEC in its role as the System operator. Among the most critical of these is a duty:

- to dispatch sufficient generating capacity to meet system requirements and to ensure that dispatch is at least cost;
- in keeping with specific procedures to secure long term system security and reliability by the timely addition of new capacity
- to establish and operate a merit order system, for generation sets that are subject to central dispatch.

Tariffs

The Licence provides for DOMLEC, within 7 days of the Commencement Date, to submit a timetable for the filing of an application to the Commission for a tariff review, and that the date for such a filing shall be no later than 9 months from the Commencement Date without the approval of the Commission



IRC Executive Director- Lancelot McCaskey



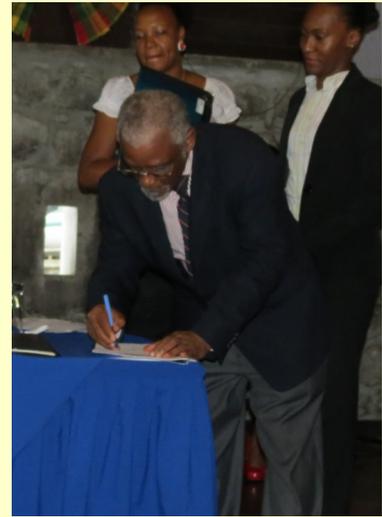
IRC Chairperson Bernadette Lambert



DOMLEC Legal Advisor
Sir Henry Forde OC



IRC Commissioner Eisenhower
Douglas PhD.



DOMLEC Director Grayson Steadmen signs to receive licences.



Minister for Energy Hon Rayburn
Blackmoore



MESSAGE FROM NEW IRC CHAIR BERNADETTE LAMBERT

The IRC is a creature of statute, namely the Electricity Supply Act, No 10 of 2006, from which it derives its powers of regulation. What this means in essence is that pursuant to section 19 of the said Act, “The Commission shall have sole and exclusive authority to regulate all electricity entities that are subject to the Act and shall have full power to regulate all licensees with regard to all economic and technical aspects of regulation in accordance with the Act, especially with regard to the determination of tariff or electricity charges.”

Whilst the IRC remains ever mindful of government’s policies on electricity generation, transmission, distribution and supply, it is a body that is independent in the execution of its functions. Accordingly section 18 of the Act is clear that, “The commission shall be independent in the performance of its functions and duties and shall not be subject to the direction and control of the Government or of any person, corporation or authority, except that the Commission shall have due regard to the public interest and overall Government policy as embodied in legislation.”

In keeping with its mandate, as espoused under the Act, the IRC is committed to the performance and

the fulfillment of its duties in a manner that is open and transparent to the extent that the electricity supplier, the public and in general all stakeholders feel confident and comfortable in their interaction with the Commission. In furtherance of this objective the IRC has promulgated its Rules of Practice and Procedure, which outlines its modus operandi in dealing with entities operating in the electricity sector in Dominica.

We at the IRC encourage all stakeholders as well as other interested entities to visit and explore the website which holds a library of information ranging from, the process involved in obtaining licences to the IRC’s newsletters as well as news and updates relative to the local electricity sector and the proper method for the lodging complaints and settlement of disputes. Of course we also welcome visits from members of the public at the IRC’s office, where much of this information is available in print.

The Commission, in the exercise of its regulatory functions, continues, further, to focus on upholding the interest of the consumer. We are able to do this by close monitoring of the electricity sector in an effort to ensuring that electricity prices – barring external factors which the



Bernadette Lambert- New IRC Chairman

electricity supplier has very little (if any) control over - are always kept at their lowest. This commitment to closely monitoring of the sector allows for greater reliability and consistency to the consumer both in terms of the quality of the service received as well as expectations for the monthly bill. It is important to note as well, that the consumer is not the only one to benefit from this; the electricity supplier enjoys resulting benefits flowing from increased efficiency and an overall more rewarding relationship with the consumer.

We at the IRC will continue to act consistent with the powers conferred upon us in maintaining the highest regulatory standards that has come to be expected of us. We do look forward to continued fruitful, fair, open, and transparent collaboration with Government, the energy generators, electricity supplier and the consumer.

APPLICATION FOR DEPRECIATION REVIEW

DOMLEC, applied to the Commission for a depreciation review prior to an application for review of their existing electricity rates. General Manager Colin Cover, Financial Controller Marvelin Etienne and Junior Accountant Quentin Gregoire of DOMLEC presented the application to IRC Executive Director Lancelot McCaskey, Regulations Manager Francis Paul and Financial Analyst Connie Joseph .

DOMLEC executed a depreciation rate study as of December 31 2012 which revealed the equipment at DOMLEC can be used for much longer than previously indicated. DOMLEC is seeking approval of the capital balances, depreciation reserves and depreciation rates. It is DOMLEC's view that it is critical to review and adjust where necessary . Their

application revealed that the depreciation rates being used have been in use for the past 25 years. It was also based on broad industry averages that approximate the average useful life of the assets of similar electric utilities. DOMLEC claims there is a difference in the lives of the assets then and those being used now.

These assets have been in operation for 38 years and DOMLEC has sufficient information on them to accurately determine their useful life.

DOMLEC believes if the depreciation study is accepted by the Commission it will give a more accurate portrayal of the true depreciation rate of the assets being used than the broad industry averages presently being used.



IRC and DOMLEC personnel discussing depreciation review application



NEW IRC COMMISSIONER

Elizabeth Hill is the Accounts Manager at Fine Foods Inc. A position she has held from August 2012. She is responsible for coordinating and managing the Accounts Department functions and staff and ensuring the efficient and accurate discharge of accounting duties.

She obtained a Bachelor of science Degree in accounts from the University of the West Indies St Augustine Campus in 2009 .



GENERATOR SAFETY QUICK GUIDE:

- USE CERTIFIED ELECTRICIAN TO INSTALL
- CALL ELECTRICAL DIVISION TO INSPECT
- REGISTER/ LICENCE WITH IRC
- DON'T OVERLOAD
- DON'T ATTEMPT TO CONNECT DIRECTLY TO ANY BUILDINGS ELECTRICAL SYSTEM

IRC GOES TO OOCUR

BY CONNIE JOSEPH

The Independent Regulatory Commission of Dominica participated in the Organization of Caribbean Utility Regulation OOCUR's 11th annual conference which took place in Belize from November 6 to 8, 2013. The conference was held under the theme: "Challenges to Regulatory Power in Borderless Societies". The program of activities took the format of presentation of papers and panels discussions.



Participants of OOCUR's 11th Annual Conference

On the first day of the conference, Ms. Connie Joseph, Financial Analyst IRC presented a paper on the topic "The Role of the Regulator in Fraud Prevention in a Regulated Utility." The presentation focused on the fundamental objectives, roles and responsibilities of the Regulated Agencies and the techniques the Regulators must administer when examining and monitoring the operational activities of the regulated utility, in the area of fraud prevention. In the final analysis, stakeholders will be able to place reliance and confidence on the overall operations of the regulated utility in the quest to achieve greater level of efficiency.



Connie Joseph giving presentation



Lancelot McCaskey (left) moderating



Francis Paul giving presentation

On the second day, Mr Francis Paul, Regulations Manager, IRC presented a paper on the topic "The Dominica Electricity Needs – A Plan for Sustainability." The presentation looked at the potential for the generation of renewable energy in Dominica, by noting the number of existing volcanoes, the level of rainfall and the amount of sunshine due to the geographical location of the island and made the case that given these resources, Dominica can become one of the first countries in the region to meet all its energy needs through renewable sources. On the final day of the conference Mr Lancelot McCaskey, Executive Director, IRC moderated session eight of the presentation of papers.

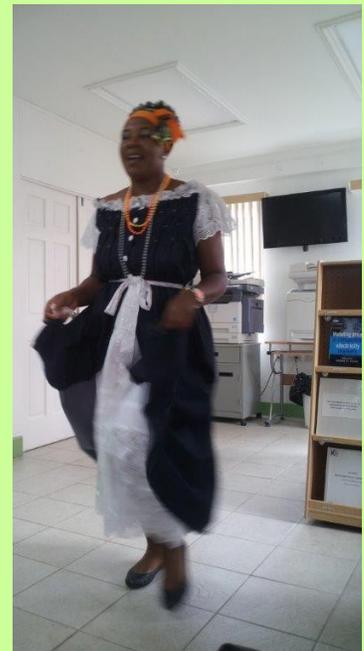


Bernadette Lambert signing OOCUR constitution



Heads of Commissions in the region

CREOLE DAY ACTIVITIES AT THE IRC



**Independent
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Consumer Advisory Committee

The Independent Regulatory Commission (IRC) saw it necessary to establish the Consumer Advisory Committee (CAC) to provide advice and feedback to the IRC on its directions, policies, and services as they affect consumers.

The Objectives of CAC are

- to serve as a formal mechanism to exchange ideas and concerns related to electricity services as identified by CAC members and consumers in their communities.
- to assist in the education of consumers on electricity matters
- to serve as a communications vehicle to Dominica through the various communities on the work and plans of the IRC and its impact on the country and consumers.

The Committee comprises of 15 representatives across the island

The Independent Regulatory Commission seeks applicants to fill three vacancies on its Consumer Advisory Committee

The following parishes are in need of a representative.

St. David

East:

To serve the communities of Castle Bruce, Good Hope, San Sauveur and Petite Soufriere,

North East:

To serve the the Kalinago Territory: Sineku, Crayfish River, Salybia, Bataka

St. Patrick

in the South East serving he the communities of Grand Bay, Pichelin, Fond St Jean and Petite Savanne.

St Andrew:

Marigot

Visit the IRC office on 42 Cork Street or call 440-6634/ 4407247.



God gave us the greatest gift that first Christmas day.

May He be your light and guide .

May you have a blessed and prosperous 2014

Independent
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