

## Stakeholder Consultations on DOMLEC Licences

**The Independent Regulatory Commission** (IRC) has recently concluded the third phase of the negotiation process with DOMLEC, for new licences for DOMLEC to generate, transmit, distribute and supply electricity in Dominica beyond the expiry of its present licence.

DOMLEC's present licence is due to expire on December 31st 2015, and so negotiations for the new licences began in September 2012.

Prior to the third phase of negotiation, draft licences were submitted to DOMLEC and both parties engaged in face to face discussions to review the terms of the proposed new draft licences.

In January and February 2013, the IRC held a series of public consultations with stakeholders in Roseau, Portsmouth, Marigot and Grand Bay. These consultations sought to identify issues to be considered prior to completing the negotiation process with DOMLEC, and to hear the views of stakeholders on the proposed terms and conditions of the new licences.

During the consultations, particular emphasis was placed on the following:

### *Draft Generation Licence*

1. Pursuant to Section 31 (1) (c) of the ESA the IRC determined that the initial term of the Licence shall be related to the useful life of the *Generating facilities* which shall be [fifteen years or that period which shall be fixed after completion of a study to be carried out by an independent consultant to determine the useful life].
2. With regards to the 'initial' term of the licences, DOMLEC expressed the view that the terms of the generation and the transmission, distribution and supply licences should be tied and concurrent, and has therefore asked that the initial duration of the Generation Licence be a minimum of 25 years.



Stakeholder consultation in Roseau

### *Draft Transmission, Distribution and Supply Licence*

1. The Commission proposed giving to DOMLEC an exclusive licence
2. (a) The Commission's proposals was for (i) an initial term of 20 years based on the premise that investments in transmission and distribution infrastructure are assigned an economic life of 20 years and (ii) that DOMLEC's performance be reviewed every 5 years and that the licence term be extended by five years where it is assessed that the company has met its commitments under the Licence  
(b) The Commission also agreed to allow third parties to supply un-served areas under specific conditions  
(c) DOMLEC's request for an initial term of 25 years (as opposed to the 20 years proposed by the Commission)

In general, the consultations were well attended and provided platforms for rich discussions among stakeholders.

The next stage of the consultation process involves the issuance by the IRC of a Statement of Results of the consultations and comments thereon. This will be followed by a final round of negotiations and the preparation of final documents (April-June 2013), taking into consideration the issues which arose from the public consultations.

# Synergy between IRC and CREDP-GIZ

Independent  
Regulatory  
Commission



Regulating Electricity, Promoting Our Energy

CREDP

Caribbean  
Renewable  
Energy  
Development  
Programme

**giz** Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH

On behalf of:  
 Federal Ministry  
for Economic Cooperation  
and Development

**I**n 2012, the IRC began a synergistic cooperation with CREDP-GIZ, the Caribbean Renewable Energy Development Programme, implemented by the German International Cooperation agency GIZ.

CREDP-GIZ's main mandate is to seek ways to remove barriers for the use of renewable energy and application of energy efficiency measures in the Caribbean region. Thus, assisting regulatory bodies and other institutions in capacity building falls under the CREDP portfolio.

Terms of Reference (TOR) for cooperation and collaboration between both parties were developed during July/August 2012. The TOR encapsulated the following:

The first task which ran from September 3 to 7, 2012, dealt with the development of discharge series (quantifying of the water flow to the turbines) for the three hydropower stations—Laudat, New Trafalgar and Padu—to serve as input for a generation planning simulation model.

The second task which took place in December, comprised general advisory services on a number of issues from which the most pressing were selected and discussed in the available time.

These included:

- Fuel efficiency mechanisms to encourage efficient use of fuels for thermal electricity generation;
- Introduction of a Renewable Energy (RE) quota to encourage and manage the generation of electricity by renewable energy sources, including the respective cost implications for all stakeholders;
- Explore the implications of the small (local) versus large (local and regional) option of geothermal development and its cost implications for electricity consumers and Dominica by extension;
- Determination of electricity tariffs and feed-in tariffs that reflect the reality and encourage the installation of RE generators, including the discussion of the term 'avoided cost' of electricity generation with diesel fuel and the impact of renewable energy on the overall tariff;

While the advisory related to Task 2 activities were held on a more general level, discussions with the CREDP expert provided valuable background information and useful insight from an international perspective.

Since the first quarter of 2012, CREDP-GIZ's St. Lucia-based Energy Consultant, Mr. Sven

Homscheid has worked closely with the IRC's Utility Engineer, Mr. Justinn Kase on various tasks listed above. The consultant also visited Dominica on two occasions (in September and December) to work with the IRC.

During the visits, attention was directed towards developing the discharge series for the hydropower generation model and discussing pertinent issues relating to technical regulation.

Work was done to a high extent on several aspects of electricity regulation as stated in the Terms of Reference. Both parties shared information on many technical and non-technical issues which proved very beneficial to the Commission in conducting its regulatory activities.

The relationship between the IRC and CREDP-GIZ is expected to continue and their contribution in terms of expert advice and technical knowledge will enhance the IRC's ability to meet the demands placed on the organization.



FROM TOP: Sven Homscheid, CREDP-GIZ Energy Consultant; Justinn Kase, IRC Utility Engineer

# New Technical Standards Committee for Electricity Sector

**T**he Electricity Supply Act No. 10 of 2006 mandates the Independent Regulatory Commission (IRC) to develop technical standards for the electricity sector in Dominica. Its genesis lies in the responsibility to protect the health and safety of the general public and to promote the efficient use of electricity whilst paying particular attention to the environment.

To fulfill this mandate, the Commission in collaboration with the Dominica Bureau of Standards has constituted a Technical Standards Committee which will serve as the National Technical Standards Committee (NTSC) for the development of standards for the electricity sector.

The Committee consists of representatives from the Independent Regulatory Commission, the Dominica Bureau of Standards, Government Inspectorate, Electrical and Engineering fraternities, Dominica Coalition of Service Industries/Construction Industry, Dominica Association of Industry and Commerce, Dominica State College, the Electrical Division and the IRC's Consumer Advisory Committee (CAC).

Mr. Keith Benjamin of the Consumer Advisory Committee and Francis Paul of the IRC were elected Chairman and Vice-Chairman of the Committee respectively. Justinn Kase of the IRC has been appointed Secretary and Henrich Anselm of the Dominica Bureau of Standards, Assistant Secretary.

The new committee has so far formulated a Terms of Reference and has also developed a draft work-plan which is expected to be ratified and



National Technical Standards Committee

adopted in the near future. Following some preparatory work, the Committee is set to begin the task of developing Standards and Codes of Practice for the electricity sector.

In the development and adoption of technical standards, the Committee will consider the following:

- Protection of the general public against injury that may result from faulty equipment
- Promotion of the efficient use of energy and conservation thereof
- Promotion and assistance in competency development and the upgrading of skills and expertise of personnel within the electricity sector
- Advise and assist industrial, commercial and trading organizations on matters related quality, health, safety, environmental and technical integrity
- Assistance in improving the quality and standards of electrical installations

The Technical Committee will help:

- Facilitate the IRC with the timely production of national electrical standards

- Promote the alignment of national standards with international standards
- Adoption of international standards as national standards where appropriate and relevant
- Develop national electrical standards where no international standards exist in specific areas of work
- Assist in promoting the efficient use and conservation of energy
- Promote activities that will result in a greater awareness, understanding and application of electrical systems, equipment and facilities in Dominica

It is envisaged that this Committee will be effective in assisting with the improvement of health and safety, conservation of energy and the protection of the environment, and at the same time enhancing local skills thus improving the quality of electrical work done on the island. The overall objective of the Committee however, is to establish electrical Safety Codes and Standards for Dominica in line with other independent developing nations around the world.

## World Bank and IRC discuss way forward in regulating Dominica's electricity sector

**W**orld Bank officials met with Management and Staff of the IRC in January to determine how the Commission can make the most of regional and international funding opportunities and what skills are required by its employees to ensure a sustainable regulatory environment in Dominica.

In 2007, the World Bank helped to develop the legislation creating the Independent Regulatory Commission and funded a project to establish the Commission.

Consultants Kevin Johnston (Economist) and Rafael Ben (Energy Specialist), reviewed the Commission's accomplishments to date as well as its capacity building programmes and suggested ways in which the World Bank may assist in providing additional resources to enable the IRC to be more effective in executing its duties.

The officials also took the opportunity to discuss the role of the Commission as an electricity regulatory body, and how this may change with the advent of Geothermal Energy in Dominica.

Geothermal Experts Sam Abraham and Jim Randle conducted several presentations to IRC staff on the Geothermal Energy Project currently being undertaken in Dominica. During discussions, the IRC contingent gained valuable insight into the development processes involved in extracting geothermal energy.



World Bank consultant Jim Randle presents slide show on Geothermal Energy to World Bank officials and IRC management

These training exercises formed part of the World Bank's initiative to scale up Geothermal Energy in developing countries. The Bank's financing for supporting geothermal developments has increased from \$73 million in 2007 to \$336 million in 2012, and now represents almost 10 percent of the Bank's total renewable energy lending.

### Guaranteed Quality Service Standards (GOSS)—DOMLEC's Performance

**I**n 2009, the IRC developed a Quality of Service Standards (QSS) Regime for the electricity sector, with the aim of providing the necessary protection to electricity consumers.

Based on set benchmarks, DOMLEC is required to provide the highest quality of electricity to consumers, as well as good customer service. Should there be a breach in its 'Guaranteed Standards' the utility is mandated to pay penalties directly to the consumer as follows: EC\$12 per breach for residential customers and EC\$33 for commercial and industrial customers.

While the Regime allows DOMLEC to make automatic payments to consumers for specific breaches, a number of standards such as GSO3, GS04, GSO5 and GSO9 require consumers to make claims with the utility in order to receive compensation.

As assessment of DOMLEC's performance levels on Guaranteed Quality Service Standards for the quarters ended November 2011 and November 2012 revealed that during both periods, the total number of breaches declined by 285 or 90.5% and the work done on time decreased by 2,054 or 45.5%.

The breach payments paid to customers' accounts also decreased from \$960 for the quarter ended November 2011, to \$260 for the quarter ended November 2012, representing an overall \$720 or 75% reduction in breach payments.

These significant reductions in the number of breaches and breach payments made in 2012 have clearly demonstrated an increase in DOMLEC's performance levels on Guaranteed Quality Service Standards in the last year.