

ENERGY FOCUS

NEWSLETTER OF DOMINICA'S ELECTRICITY REGULATOR

March 2014



Independent
Regulatory
Commission



Regulating Electricity, Promoting Our Energy

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STAKEHOLDERS CONSULTATION ON DOMLEC'S DEPRECIATION POLICY

The Independent Regulatory Commission held a consultation with stakeholders of the electricity sector to discuss DOMLEC's Depreciation Policy on March 6 2014. This forms part of the process to grant a tariff review to DOMLEC.

The Commission is of the view that in order to ensure timely completion of its review of any application for a tariff review submitted by DOMLEC it would be minded to consider certain critical issues in separate proceedings leading up to the tariff review itself. The issues, which are critical inputs to the tariff determination, are:

- Depreciation Policy
- Determination of Weighted Average Cost of Capital (WACC)
- Determination of Asset Base
- Approval of Investment Programme

The Commission will, if requested by DOMLEC, conduct its review of and make determinations on these issues prior to the formal submission of the tariff review request on the presumption and condition that the Commission's Decisions on these issues will be used by DOMLEC as the input in the tariff request.

IRC Executive Director Lancelot McCaskey said we have to look at DOMLEC's operating cost.

"A part of that operating cost would be depreciation that DOMLEC puts in its income statement from year to year or from month to month. So we decided that one of the first things we are going to get out of the way is the depreciation. We decided that we are going to establish a Depreciation Policy that would feed into the tariff review when that time comes. We also decided that we are going to look at some other issues. It was done in this way because according to the Act we have just 60 days from the time DOMLEC says here is an application for a rate review. We have just 60 days between accepting that application and giving a decision on the rates, the new rates that are to be put in place."

General manager of DOMLEC Colin Cover said the operating cost of DOMLEC is significant and believes it's not wise to go into a rate filing using depreciation rates that are more than twenty years old.

The depreciation rates that DOMLEC undertook in 2013, we believe, portrays more accurately the picture of what is happening in the company today.



Stakeholders at Consultation



IRC Executive Director-
Lancelot McCaskey



DOMLEC General Manager
Colin Cover



Stakeholders at Consultation



Depreciation Consultant
Peter Huck.



IRC Regulatory Consultant
J Paul Morgan

How does Depreciation affect electricity rates? When establishing rates the Commission must look at, how much money does it take to run the company and this amount of money that it takes to run the company is called the "Revenue Requirement". The IRC then allows a profit on top of that amount. The smaller the Revenue Requirement the less the customer pays. Under the old depreciation rate that DOMLEC presently uses, the depreciation expense for 2013 would have been \$11 million. Using the new rate that DOMLEC is proposing, depreciation expense for 2013 would be \$8.4 million. This means that if the new rates are agreed on the Revenue Requirement would decrease by \$2.6 million annually on average. It will not stay at \$2.6 million because every year as new equipment is added the amount of depreciation changes a little.



Minister for Energy Hon Rayburn Blackmoore



Stakeholders at Consultation

So this means that if the new rate is adopted customers will be required to pay approximately \$2.6 million less annually for their electricity bill. The choice is yours.' The stakeholders examined the depreciation policy document

Comments on the first response were published on March 24th and the deadline for responses in April 18th 2014. The Statement of Results and the Commissions decision will be published in May 26th 2014

SOLAR ENERGY FOR GOVERNMENT PREMISES

Government is contemplating using solar nenergy at its offices. Consultants from NRG Solar based in the United States met with IRC Executive Director Lancelot McCaskey, Regulations Manager Francis Paul, Utility Engineer Justinn Kase and Financial Analyst Connie Joseph.

The group is in Dominica negotiating with Government the possibility of installing Solar panels on Government premises. They met with IRC personnel to better understand the role of the IRC in the process.



Solar panels (Photo Courtesy www.swissmetalassets.com)



Consultants with IRC Executive Director and Members of IRC Regulations Department

VISIT BY FRENCH CONSORTIUM

A four man delegation representing the French Consortium met the Commission to be brought up to speed on Dominica's geothermal exploration project. They have had opened discussions with DOMLEC and wish to have regular meetings with the IRC.

IRC's Executive Director Lancelot McCaskey explained that the commission is working closely with government in the geothermal process. He said although Geothermal will provide adequate electricity DOMLEC will be allowed to have back up or stand by if needed.

The Delegation also had the opportunity to speak with Regulations Manager Francis Paul and Utility Engineer Justinn Kase.

At the end of the meeting they were satisfied that the IRC had facilitated the introduction of geothermal energy and is capable of doing what is necessary when the geothermal project is fully operational.



Geothermal project site

IRC Staff treated to lunch on Valentine's Day



VISITORS MEET WITH THE COMMISSION



Alastair Brookes (l) & Andrew Rae of New Zealand (r)



Regulations Manager Francis Paul (l) and IRC Executive Director Lancelot McCaskey



Executive Director with Paul Moya Rojas and Michael Fadelle



Utility Engineer and Francis Paul

CARILEC COURSE



IRC Utility Engineer- Justin Kase

The participants had the opportunity to meet with the business community and other stakeholders with the objective of providing the stakeholders with the insight into what regulation would mean and the impact on the electricity sector.

Kase says he also saw the activity as an opportunity to interact with the lecturers.

Utility Engineer at the IRC Justin Kase attended a Caribbean Electric Utility Service Corporation (CARILEC) course on The Challenges and Opportunities of Regulation in St Lucia. Kase who was the only regulator at the course says he saw this is an opportunity to reinforce his understanding of regulatory theory and the various stages of the regulatory process.



Lecturers



In session



YOUR Independent Authority established to ensure that YOU receive the highest quality of electricity at fair and reasonable prices, while maintaining the financial viability of the electricity utilities and protecting the national environment .

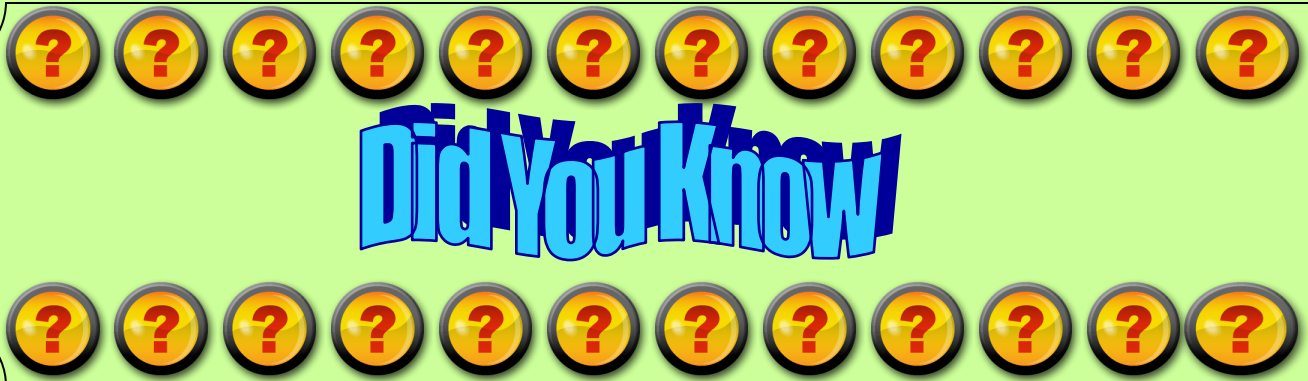
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- When a specific date is agreed upon, your service provider must complete a new connection of supply within 5 working days after submission of all payments and documentation . This is to ensure that consumers receive service within a reasonable time, once all requirements have been met.
- A customer should not receive two consecutive estimated bills. This ensures that customers are billed on the basis of actual meter readings and are not subject to a lack of confidence in estimated bills rendered by your service provider.
- Your service provider must respond in a substantive manner to a customer's billing and payment queries within 15 working days. This encourages your service provider to pay close attention and to be responsive to customers' queries and complaints.
- Your service provider must mail the first bill within 45 days after providing a new connection or establishing a new account. This ensures that customers are not burdened with too long a period to be billed for new services.



KNOW YOUR RIGHTS

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 Kalinago Territory: Sineku, Crayfish River, Salybia, Bataka

St Andrew:

Marigot

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

WORD SEARCH ELECTRICITY REGULATION

R R K I L O W A T T P C T C R
E E R T A R I F F L O N T O E
D M G E Q E T K J N E V R M S
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